

**RICK HEATH VISION & CULTURE PRESENTATION,
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V12 – 11/11/16 FINAL

GOOD MORNING, BEAUTICONTROL!

I want to welcome you all this morning. It's always great to come together as a team...and it's very special when we have our top leaders who are on the front lines driving our business...with us.

/5/ Please join me in extending a special welcome to our Senior and Platinum Senior National Executive Directors. Having them here is important because I want you all to hear firsthand what's on my mind and my heart. **(Pause)**

I understand that I am your 4th President in the last 8 years...and that the culture and direction of the Company has likely changed as frequently. Clearly...I know there are questions about where we are going.

/6/ Now, I have a question for you (pause):

Let's say you get a text message today saying you've just been invited on a journey and need to leave in an hour.

You don't know where or why or how you are going – only that you'll be traveling for endless hours each day, and no one will tell you when you'll arrive. (pause)

Would you go? (pause)

Okay. It looks like this group would overwhelmingly choose NOT to go on that journey, as mysterious as it may sound.

But guess what: YOU are not the norm.

/7/ According to an article in the Harvard Business

Review, 7 out of 10 people go to work every day, not knowing WHERE their company is going, WHY it does what it does, or HOW and WHEN it plans to get there ... 7

out of 10! ...and that's in companies with clearly aligned strategies! (pause)

We're together today so you can hear me say that the days of not knowing where BeautiControl is going are over.

/8/ I have a vision for our company and can see WHERE we are going and WHY.

Today, I want to share that vision with you. I can't get there by myself...but I am confident that we can get there together! (pause)

/9/ First, I want to thank all of you for hanging in there and putting your trust in every leader who has driven the BeautiControl bus in the past several years.

I have no doubt that each of those "drivers" wanted the best for our Company, but I don't believe there was a

shared vision that held true. As a result, the Company was unable to stay the course to a chosen, long-term destination. You all deserve to have a vision to get behind and a destination to work toward...and I want you to have that. (Pause)

/10/ As a business leader, I've learned that vision is a "personal" thing. It's based on imagination and wisdom gained from personal experience. It's having a vivid mental image and the ability to see and believe what's possible in the future.

/11/ Vision sees past the obstacles and visualizes a destination where everybody wins. (Pause)

/12/ I believe it's your vision of our future that keeps you going. ... despite not always knowing where BeautiControl was headed ... or why, you kept coming in every day,

working hard for 8 or more hours, and believing you'd arrive somewhere exciting – soon! (Pause)

I also believe your vision has been influenced by a BeautiControl culture that you built...that silently instills hope and confidence in spite of business ups and downs, changes in leadership, changes in direction or the absence of a larger, consistent vision.

I can tell you that BeautiControl, has a history of purpose – of knowing exactly where we are going, why we are going there – and celebrating each time we arrive at our chosen destination.

/13/ Purpose, direction and celebration should be embedded in the BeautiControl culture as deeply as our mission to empower people to dream, develop confidence and create a life they love.

/14/ I'm excited to work alongside you to fully restore and unleash our BeautiControl culture, because I know the power it wields in business and in lives. Your lives and the lives of those you touch by what you do every day.

I know it's possible because I "grew up" here and know the power of this culture. And that's why my vision for you and for BeautiControl is so personal. **(Pause)**

Almost a year ago, I received a phone call, and a voice on the other end said, "We have an opportunity for you."

It was Simon Hemus from Tupperware calling...and those are the words I heard when I was asked to come back to BeautiControl after being away for 15 years.

I'll admit that my head had to run the idea around a few times, but my heart was 100% in immediately.

/15/ It took my wife, Noele, and me less than 24 hours to agree that it felt right. And even today, I can't fully express how great it feels to be back at BeautiControl.

What I've brought back is my heart for this business and a passion for being a team player with our wonderful Consultants and Directors – and with **YOU**.

/16/ Because of my deep connection and love for this company, I have followed it since leaving 15 years ago to work around the world with Tupperware. Today I am fully aware of the challenges in front us – and fully confident that we will overcome those challenges.

Here's an example of a challenge we are going to overcome.

/17/ Decisions made over the last few years have created a personal consumption culture in our business.

That means that Consultants are signing up customers to buy products for personal use at a discount rather than creating selling Consultants.

To be clear...there was always the tendency to share the benefit of using a great product at a great price...but never to the extent that I see it today. With that said...it's important to understand that our Consultants work toward the strategies that the Company puts in front of them...just like you do.

/18/ As a result of this consumption focus...sales... our active sales force count and productivity have all declined.

You can see these declines in our Key Performance Indicators over the years.

Driving a consumption model, rather than a selling model, has also greatly affected the productivity of our new Consultants.

/19/ In the first 9 months of 2014, sales of the 29,000 new Consultants who joined in those 9 months were \$16 million in that same period.

During the same period of 2015, we recruited 27,000 Consultants, but new Consultant sales dropped to \$11 million.

And the sales of the 29,000 new Consultants recruited in the same months this year dropped to \$9 million.

/20/ The effect of this consumption focus on the productivity of our new and existing Consultants impacts the entire balance of the BeautiControl Career Plan.

Consultants are making less money because they aren't building a client base to sell to...and they are not moving up in our career plan and advancing to the Director level. And why would they aspire to be Directors?

/21/ Under our current consumption model, the average number of Consultants per Director Unit has increased each year since 2014 ...

/22/ BUT average Unit sales have declined. Most of our Directors are earning less. In fact, about 40% of our Directors are not being "paid as" Directors.

The bottom line?...Many Directors are not making an income that Consultants aspire to.

/23/ The result? We are retaining fewer Directors and less Consultants are advancing to Director...so our Director count has declined. **(pause)**

A vital driver in our business is Consultants moving up to leadership where they can earn more income and influence more people to move up with them.

As long as BeautiControl continues with the current consumption focus...I don't believe we will see this change.

But I see a different future for us! (Pause)

/24/ My vision is that BeautiControl returns to the successful selling model it once was and the profitable career we know it can be. This is what ensures a healthy business for all of us.

/25/ To make this vision reality... we'll need to shift our current primary focus on recruiting consumer Consultants...TO also recruiting more engaged sellers

and leaders who see the value of our business opportunity.

/26/ And here are 4 ways we'll do that:

First, we are going to introduce new programs and tools that help our salesforce develop and build a buying clientele.

/28/ For example: We are exploring a Preferred Customer program that would allow us to continue to acquire customers...but ensures our Consultants acquiring those customers are making money immediately from those sales. This develops a selling culture AND helps our selling Consultants see the value of our business opportunity...because when today's "consumer Consultant" is *actually* a customer, her Consultant is selling to her and has a story to tell her about making

money with Beauticontrol...when she is making money she will tell that story...she will share the opportunity with others...and will move up in our career plan. This in turn strengthens our Company. (Pause)

/29/ Second, we will ensure our new Consultant success system and on-boarding program supports developing sellers. When we reward the right behaviors with programs that drive a new Consultant's profitability in those important, early days...we build a selling culture from the bottom up.

/30/ Next, along with the on-boarding program, we'll focus on something that used to set BeautiControl apart in our industry – Consultant training! It seems like every time we've moved away from a solid training strategy, our business has suffered. And when we've renewed our

focus and invested in training, our business has thrived.

(Pause)

Training will help us get Consultants back on the selling track...both face-to-face and virtual training. In 2017 we will invest in software that will enable us to build out virtual training modules to connect with our Consultants when it works for them...on demand.

/31/ A fourth way we'll create engaged sellers is by refreshing our face-to-face selling experiences – such as the spa – and importantly...opening new and innovative online selling channels. We need to catch up with the digital world we are living in...and we will do that in 2017.

We will explore these ideas and identify other key initiatives to rebuild a selling culture at Beauticontrol.

With our top 12 field leaders with us today and tomorrow that is exactly what we plan to get into! And then we will communicate the outcomes with you and together we will build these ideas out. (Pause)

/32/ Here's another important part of my vision – I see BeautiControl once again attracting countless women and men to an Irresistible Business Opportunity.

Here are 3 ways we'll turn this into reality:

/33/ First, we'll work together to rebuild belief and passion in the earnings opportunity – by telling stories.

We don't tell great stories anymore! We have women in the field whose lives have been changed through Beauticontrol...we need to tell those stories.

We will rebuild our Achiever magazine...it's supposed to edify and tell stories about our top ACHIEVERS to inspire

the reader...but today it's simply another brochure with more discount offers.

/34/ Second – and here's where training comes in again – we'll attract people to our business opportunity when they see that we offer training to help them grow a business and build income. We will build value in the training we offer so people ARE ATTRACTED TO THE TRAINING...and not just a gift for attending.

/35/ And third, we will adjust our compensation plan where necessary to ensure it evokes the right behaviors, AND we'll raise performance expectations that have simply become too lax over the years.

We have significantly lowered the performance bar in the field over several years. This happens when new management makes changes and then makes

concessions in an effort to retain our salesforce during a transition. So it's perfectly logical WHY it happens...but we need to thoughtfully adjust back to performance expectations that rebuild the value of being a Director or even a VIP with Beauticontrol. (Pause)

/36/ Now, here is the third part of my vision: I see BeautiControl exemplifying a High Performance Culture – in both the Field and home office.

What is a High Performance Culture?

For starters, it's the ability for ALL of us to stop, take a hard look in the mirror, and let go of the behaviors and practices that no longer serve our Company's ability to grow.

/37/ A High Performance Culture is one where it's safe for every one of you to provide input and take an active role in renewing and shaping our culture. That will begin today and continue as we progress with adjusting where necessary to drive our business forward.

/38/ As a leader in a High Performance Culture, I need to be "all ears," listening across the organization...internally and in the field...and helping you feel free to play a part rather than feel fear for participating. Those days are past.

/39/ In a High Performance Culture, everyone's input is valued, acted upon when possible, and expected. **(Pause)**

It's important to understand that in successful organizations, it's EVERYONE'S responsibility to help shape culture – it's not just up to your leadership team or me.

So what else will it take to support the vision of returning to a selling culture, attracting countless women and men to an Irresistible Business Opportunity and exemplifying a high performance culture? (Pause)

/40/ It will take a laser focus on what we do well and what needs to change in every department across our business – and it will take a shared vision of how we adjust and adapt to ensure both the near term and long term success of Beauticontrol. We will look at everything over the course of the next few months and do whatever it takes to ensure the success and longevity of our Company.

I see a bright future for Beauticontrol and I believe we can bring that to life together. (Pause)

/41/ Communication is vital as we move in the direction of a thriving Beauticontrol. And my goal is to open communication between every department, between team members, between our internal team and our team in the field...and between you and me.

In the coming weeks and months, we'll outline new communication opportunities and channels, internally and in the field, for sharing ideas, giving feedback about how we're achieving our vision, and more. **(Pause)**

But you don't have to wait to start changing what needs to be changed. Let's take the Nike approach and "Just Do It!" That's how we'll create a High Performance Culture.

(pause)

/42/ At Celebration this past August...I told our Directors that I don't have a white horse – I didn't bring one to BeautiControl when I came back.

But what I did bring is a deep love for a company that gives me a bigger purpose – to help others and make a difference in the lives of people around me: My family...Our field of Consultants and Directors...Our customers. And **all of you** who are making things happen every day. You are the heartbeat of Beauticontrol!

/43/ Steve Jobs once said, “If you are working on something exciting that you really care about, you don't have to be pushed. The vision pulls you.”

The days of coming to work and not knowing where we are going or why - are gone. We will move forward with a vision for BeautiControl that will pull us to exciting new places.

/44/ I learned a long time ago...that the only way to get somewhere...is to go there. I'm ready to go there. I'm playing to win. I invite you to go with me. THANK YOU!