## DSEF CASE STUDY

JONI ROGERS-KANTE & SENEGENCE: THE CULTURE OF OPPORTUNITY, THE CHALLENGE OF GROWTH



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oni, we're the third most Googled cosmetic product for the year," exclaimed the SeneGence executive to company founder Joni Rogers-Kante. For years the cosmeceuticals company had historically espoused a "quiet giant" philosophy: Great products, thousands of distributors (i.e., salespeople), yet operating under the radar screen. On a positive note, customers were excited about the products. However, SeneGence was not prepared for the growth this wave of popularity had spurred. Joni called in her executive team. The number one item on the agenda: What does SeneGence need to do to handle this growth?"

#### SENEGENCE BACKGROUND

Joni was no stranger to change and challenge. She conceived of the cosmetic products—which later became SeneGence—years before launching the company. "I had a baby and a not very good marriage," Joni shared. "I moved in with a girlfriend. I had no assets or money of any kind. I had nothing to lose, so I said to myself, 'This is the perfect time to figure out how to build a business.'"

The idea for the cosmetics brand came about thanks to her eldest son: "When you're holding a baby, they'll touch your face and smear your make up. What if you could have a long lasting make up that also was great for your skin?" Using her friend's airline points, Joni flew to seminars to learn about business. She toured manufacturing facilities, attended several Direct Selling Association (DSA) meetings, and learned about compliance practices and DSA Code of Ethics. She knew what she wanted to create but needed somebody to formulate it. Through her business travels and diligent networking, someone put her in touch with a chemist. "At that meeting we knew we had found each other and—on a handshake—decided to start the company," Joni recalled. The chemist and Joni got to work. The company launched with six patented liquid lip colors in 1999. Joni was the CEO, founder, and first distributor. Joni had previous experience working in the <u>direct selling</u> channel with Mary Kay, "fell in love" with the business model and decided to use that model to <u>distribute the</u> <u>SeneGence products</u>. SeneGence developed a two-fold niche and competitive advantage. First, is the company's proprietary formulations for anti-aging skin and haircare which create repeat customers. Joni elaborated:

"We were the first company to put skin care into color cosmetics. We're the company that introduced long-lasting color to the market. We have a complex validated by third party clinical laboratories—that is really great for your skin. Anything you buy from us—our cleansers, our moisturizers—it has the complex in it. And it has staying power. It's like taking a product line out of Nordstrom and giving a sales force exclusive access." (Appendix 1)

Second in the two-fold niche is the company's strong mission of empowering individuals-primarily womento be successful in business regardless of age, background, or education. Distributors make 50 percent of profits on products they sell. Beyond that, approximately 10 to 12 percent of distributors have built and mentored their own sales organization and receive a commission check based on the success of their team's sales to the end consumer. Joni likens this to typical retail compensation structures wherein managers of top-performing stores are rewarded with a percentage of sales or profit. "Our model allows women to truly run a business from their home so they can do other things," Joni detailed. "We say 'A life of love and abundance starts here' and we mean it." The company has won numerous awards including Best Place to Work. (Appendix 2)

A personal competitive advantage for Joni surfaced when she met Ben Kante—who Joni later married—and has served in several executive roles in the company. Joni says,

He is brilliant, and calm, and can talk me through challenging situations with the business. He was and is an incredibly important partner. It takes a special couple to work together successfully. We wouldn't have it any other way. (Appendix 3)

Today the company has grown to 300 <u>SKUs</u> in skincare and haircare, hundreds of employees at corporate headquarters in California, and tens of thousands of distributors in 17 countries with designs on continued expansion, including China launching in 2022.

#### THE GROWTH SPURT THAT "BROKE EVERYTHING."

Joni sat at the desk in her California home office reflecting on the massive growth SeneGence had recently experienced. The company went from approximately 50 employees, to 500, at headquarters within a two-year period. Joni described the changes brought about by the sudden, skyrocketing growth of the company:

"The exponential growth began when we started bringing young mothers on board who were having babies. When I had my second son, we attracted young mothers to our home-based business. They stuck around and spread the word. We developed a great team of top distributors. On top of that, social media kicked in. So they were posting their excitement over everything....the products, the income, the recognition, the sisterhood, everything. Holy moly—we got to a point where we could not keep our inventory in stock for more than 20 minutes at a time for an entire year. We got tens of thousands of new distributors. We grew so fast over the course of two to three years. We broke everything and had to rebuild. Manufacturing, banking, internet...within the last five years from bottom up. We started getting more processes in place and are now prepared to more than double in size."

Key changes included bringing on a big name— Phillipe Guerreau from Loreal—as president, automating production, instituting new procedures for <u>R&D</u>, working with dashboards and <u>KPIs</u>, and transitioning company processes and systems (for example, ecommerce websites and make up apps) to an online environment. Joni jotted some 'before and after' notes in her planner. (<u>Appendix 4</u>)

#### WORKING 9 TO 4: THE SENEGENCE CULTURE

Part of the SeneGence appeal was its culture and focus on individual goals and success. Joni often called herself "the most boring person in the room" because everyone in the company knew what she was doing every day from 9:00 am to 4:00 pm. She opened up her large, black, bound planner, pointed to her calendar for the week, and elaborated:

I work from 9:00 am to 4:00 pm. I always have. My 14-year-old didn't know I had a job until three years ago. I wake him up in morning. Dad takes him to school. I am finished with my last appointment when he arrives home from between 4:30 and 5:00. Prioritizing my home life first is the most important feature of my calendar. My team and the distributors know that, and they know other things about our private life. When people start understanding the healthy boundaries you insist upon or live by, it gives them encouragement that they can achieve things too in a livable and enjoyable atmosphere. They know other people are doing it too.

Following Joni's lead, SeneGence distributors all have a date book and schedule priorities. First they start with family and personal priorities, then they fill in the hours they are going to work each week. "We are very disciplined. We also have a very detailed corporate calendar on Outlook. It's coordinated by many people, in each of the countries, from day to day. It's a full-time job." Joni, who adds, "It's shocking what you can accomplish over the course of a few years if you're paying attention to what you do every day." (Appendix 5) Distributor success is intentional work, complemented by training and the SeneGence culture. In training, the SeneGence team covers key topics such as communication, marketing, and product knowledge and application techniques. Direct selling through social media is another big training topic, in which, Joni explains, "Newbies learn what to do and what not to do." These topics are taught repeatedly to ensure comprehension and application to each distributor's business. (Appendix 6)

Most important to Joni, and at the center of the SeneGence culture, is its people. She explains:

This industry is driven by people. It's beyond cosmetics. Some of our distributors will give the businesses they have built to their children. We encourage each of them to design a business to best suit them: Their priorities, their family, their lifestyle. I did not finish college and—at one point in my life—had no assets to pass on to my child. I think every mother should have a right to build an asset they can will to their heirs. We're making decisions that will have a long-lasting impact on the company structures and lives of our distributors.

## GIVING BACK: INVESTING IN COMMUNITIES

SeneGence endeavors to make a difference in the lives of women, their families, and the community, with Joni noting, "We have to be amazing citizens and stewards and make contributions wherever we are." A percentage of company sales goes into the nonprofit Make Sense Foundation which supports women and children in need. Funds granted are done so to charities on behalf of distributors in their own communities. This allows distributors to improve the community in which they are building their business. (Appendix 7)

Continuing a legacy of giving back, Joni and Ben are creating economic opportunities in Sapulpa, Oklahoma. When she and Ben started looking toward retirement, she went back to the small Oklahoma town she left as a teenager and started buying acreage and historical buildings. Next, Joni and Ben started transitioning parts of the company there, bringing in commerce and



Joni Rogers-Kante, founder, CEO, and chairwoman, SeneGence



employees to the town. Joni and Ben plan to retire on a ranch they own there, in addition to spending time at the 1950s <u>Teepee Drive In</u> (that they purchased and refurbished) where Joni envisions driving around in a golf cart talking with patrons. (<u>Appendix 8</u>)

#### THE FUTURE OF SENEGENCE

Thanks to Covid, the future is now. SeneGence conducted VR meetings with 50 of the company's top distributors in "SeneWorld." The company sent out VR headsets, scheduled appointments, sat around the table, and held a meeting just as the team would in person. (Appendix 9) Joni commented further on some of the technological issues keeping her up at night:

The only thing we couldn't do in our SeneWorld meeting was take notes. As soon as we get that resolved, we'll be able to use this technology in our online stores, and for online makeovers all in VR so customers can have a more personalized experience. I worry about the metaverse: VR, AR, Bitcoin and NFTs. Then I catch myself. I have to go back and realize we taught our distributors how to use a computer. We taught them what a website was. What email was. When I look at that, I have to remember our people are looking ahead and working on that. We've transitioned before, and we can transition again.

Joni feels confident in the SeneGence product, process, and people going into the future:

We have a really strong core product line that actually works. We have clinical data verified by third parties. We don't launch a product into the marketplace until we know it actually works and delivers or over-delivers. When you put it on you're going to see a difference. Do we have competition? Yes, it's out there. But our formula is still superior. The combination of our compensation plan, long term strategy, and mission for the company ensure we naturally attract a sales force who don't want to be in the typical office building, selling the typical product.

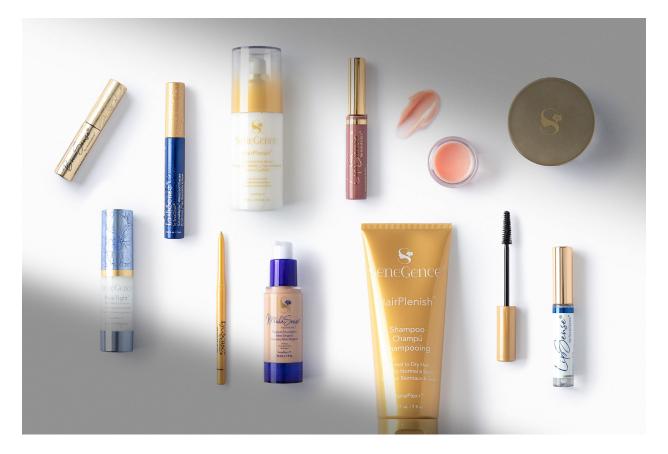
At its core, SeneGence is a family business. Joni's eldest son Alan is the next generation tasked with, as Joni says, "making sure the company is well cared-for and preserved for our 14-year-old." She adds, with a sense of pride and satisfaction:

We built this company on its own dime. We've never had a loan. We've expanded with monies we earned. If you built a company like ours today, it would cost several hundred million dollars. It's been a lovely family experience. I haven't had to choose between my husband or my children or my career.

At 4:00 pm, Joni closed her computer, put away her planner, and took the dog out for a walk. The change, growth, and new processes over the past years had certainly been a challenge. Joni's special relationships with her family and team helped her—in turn—support her distributors. It was not just her job, but her calling, to ensure the company has a secure future so the SeneGence distributors can continue to build their businesses.



## APPENDIX 1 SENEGENCE PRODUCTS

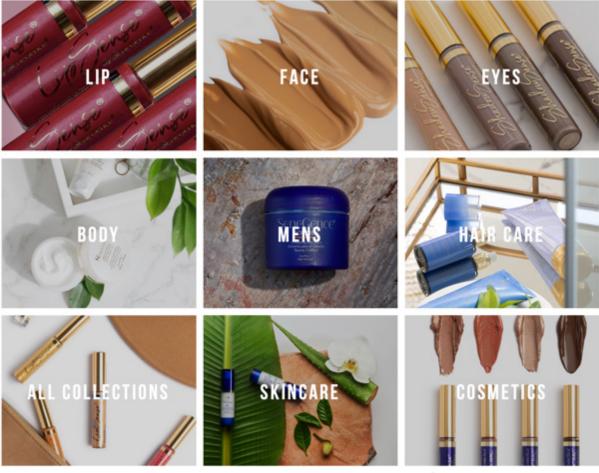


#### The Beauty Is in the Blend

"Our products are formulated with no animal by-products, in compliance with FDA regulations, and made in the USA for strict quality control."

Official Cosmetics Of Miss USA				MORE INFO $ imes$
	SHOP & SAVE JOIN	ABOUT US	BLOG	QLOGIN
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	There is something for	everyone when you	shop with Sene Gencer umpoor	ng l

START SHOPPING



### MAKE BEAUTY YOUR BUSINESS FOR JUST \$65!

Your ultimate starter kit

<u>Website</u>

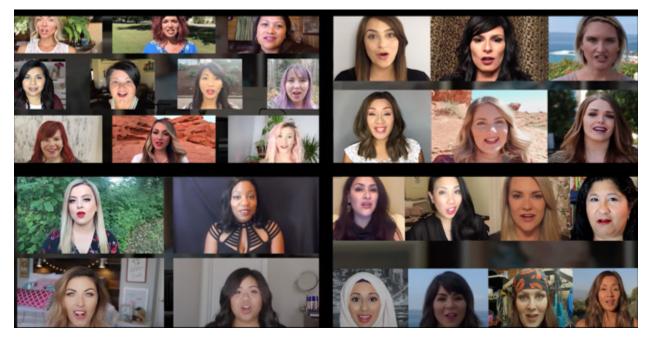


## APPENDIX 2 SENEGENCE DISTRIBUTORS AND CULTURE

#### SENEGENCE MISSION STATEMENT

We empower women around the world to Live Life in Love and Abundance through careers that really work, selling innovative beauty products that really work.

#### It Started With One: You Tube Video on SeneGence



Pictured above: SeneGence distributors featured in "It Started With One" video.

## A LIFE OF love AND abundance STARTS HERE

"We supply our Distributors with virtual trainings, events, business tools, and opportunities they need to build their businesses. Through hard work, dedication, and perseverance, our Distributors have earned gifts, built lifelong friendships, and traveled around the world."

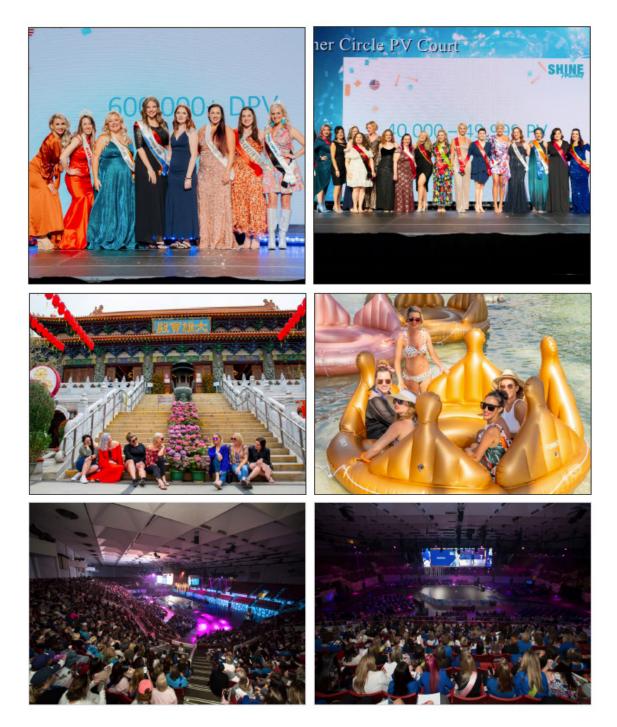


Pictured above: Products and samples included in the SeneGence New Distributor Kit

"We embrace the uniqueness, the funkiness, the quirks. People bring their own party to the team," says Joni. "SeneGence distributors started wearing blue floral logo print which has become an informal uniform."



Pictured above: Distributors at event in SeneGence blue floral print clothing. Proceeds from the SeneGence clothing lines support the company foundation.



Pictured above: SeneGence distributor events. The company holds an annual seminar each year. The largest to date had 14,000 in attendance. During Covid, SeneGence held virtual and hybrid annual seminars (<u>Appendix 9</u>).

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#### RULES OF ENGAGEMENT: HUSBAND & WIFE SUCCESSFULLY WORKING TOGETHER

Ben Kante & Joni Rogers-Kante

#### General Rules of Engagement; "Everything we do, we do for family; intimate and extended"

- Determine annual goals each September for coming year, 5-year, 10 year (moving targets) for personal and business—always start with family, no exceptions.
- Review/update week by week travel, commitment, and activity calendar prior to each successive month.
- Work side by side, yet on separate parallel projects leading towards goals. Keep the other informed and updated for continuity of thought and information important for others understanding of decision making for overall alignment within each's realm of responsibility.
- Do not withhold information—good or bad.
- Be respectful at all times of input, opinion, emotions expressed, and information provided by the other.

## APPENDIX 3 KANTE FAMILY RULES OF ENGAGEMENT

#### Rules of Engagement IN THE WORKPLACE: "We are only as good as the facts we learn/know upon which to make decisions"

- Honor titles and Org chart. When there is a difference of opinion, CEO directives apply with exception of daily physical operational issues; and all supports 100%.
- Clearly defined areas of responsibility and honor those decisions made by the authority in charge.
- If decisions are disputable by the other– follow the 3-pass approach. The other who is not in agreement with decision may present to whoever made the decision other/additional options/solutions three different and separate times that might change the outcome of the original decision. Alternative options must include different facts/options/input. If the original decision makers directive does not change during any of the three option opportunities presented, the original decision stands and all must support 100%.
- Reserve the more passionate disagreements between one another for private discussions away from employees.

#### Rules of Engagement WORK WHILE AT HOME (Vacation, Holidays, & Travel Time): "Guard private time to refresh and renew"

- Ask permission to discuss work.
- When working from home office, ask permission to discuss work if needed after business hours.
- Never argue over business decisions at home after business hours unless mutual agreement to discuss.
- Discuss all aspects of business in front of children so they may learn the good, bad, and the ugly of running a business.



Joni notes on SeneGence "before" and "after" growth spurt.

Leadership team before: After initial success, Joni started to build an executive team. Michael Moad served as chief legal officer to properly document policies and procedures, regulations, and begin to help build a team culture. Ben Kante has served in several roles ranging from operations to strategy.

Leadership team after: SeneGence brought in Phillipe Guerreau as president. Philippe previously worked with Loreal and has been building the structure of the company for the last five years along with the existing SeneGence executive team including Michael, Ben, Joni's eldest son Alan and several long-time employees.

Manufacturing before: "We used to do everything by hand. We'd fill tubes and put labels on by hand. Lots of things needed to be automated."

Manufacturing after: "When we started doing lots of volume, Ben and I went to Italy and had auto machines made. Our chemist was our main 3rd party manufacturing. We bought the manufacturing rights from him so we could manufacture internally. He was very well-paid and still working on projects for us. Now we are ready to grow two (or more) times bigger."

**R&D before:** "In the past, the chemist and I would have a phone conversation. I'd describe to him what I wanted and he'd have it on my desk within the week."

**R&D after:** "Now it takes six months to a year to develop a product. There are many steps and approvals, including checking if the product can be sold in Europe and Australia and elsewhere."

## APPENDIX 4 THE CHALLENGE OF GROWTH

Accounting before: "Early on, we didn't know what KPIs were. It was 'what do we do today' approach. I'd look back over the week's numbers, compare to last year, and have gut instinct about what's going on."

Accounting after: "Now we have a process which is much more numeric with dashboards. It's driven by a team of people who are paid just to do that."

**Online processes before:** "A website and order page and an online store template site for distributors. Facebook pages."

**Online processes after:** "Every social site you could imagine, blogs, online new distributor training portal, SeneLook (augmented reality - virtual make up try on), SeneShop (logoed online clothes and accessories), website for samples, site for events, site for customer tracking. All back-office systems.

**Team before:** Joni would interview team members, assess fit with the mission and culture. The original 50 were hired by heart. What contribution can you make to the team? We'll plug you in where you think you can offer the most. They had the heart, and the passion, and they were problem solvers.

Team after: "Hiring in mass numbers is not a great way to build the company." The 500 were hired by HR. There are measurements provided by HR. There is a loss of culture compounded by work at home and Covid. We have a high turnover rate right now. This would not have happened with my original team. I'm trying to get back to some of that.



Pictured above: Manufacturing and warehouse facilities.

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### APPENDIX 5 A WORKDAY IN THE LIFE OF JONI ROGERS-KANTE

	<b>ay 5, 2022</b> <sub>sday</sub>		SuMo Tu 1 2 3 8 9 10 15 16 17	y 2022 We Th Fr Sa 4 5 6 7 11 12 13 14 18 19 20 21 25 26 27 28	June 2022 SuMo TuWe Th Fr Sa 1 2 3 4 5 6 7 8 910 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
	THURSDAY				Notes
	5				
7 <sup>AM</sup>					
	Drive William to School ; JSerra				
8	Coffe with Jasmine				
9	DSEF Executive Committee Meeting (NEW Join Zoom Meeting: https://us02web.zoom. Tamara A Ingram				
10	What To Say When You Can't Say Anything: Discussing New Approaches https://us02web.zoom.us/w/81894316040?1	DSA Annual Meeting Catch up			
11	Global Events: 2023 Calendar ; Microsoft T	eams Meeting; Melanie Bradshaw	Q		
12 <sup>PM</sup>	DSA CEO Retreat Planning https://us02web.zoom.us/j/82267991316?pw Eleanor Campbell	· · · ·	dzE5Zz09		
	SGII Beauty Bar @ DSA; Microsoft Teams N	-			
1	Phone Meeting with New Distributor Fran	ices Caldwell ; Please call number	below; Joni		
2	Quick Call with Anita - June Sponsoring ;	Quick call with Anita to discus	s June spo		
3	Live with Joni - Opp Presentation ; Zoom;	Joni Rogers			
	Review Calendar for May 6, 2022				
4					
	Jaimie Call; zoom	William and Jamie; jamie@acce	eptu. 🖓 🛛		
5					
	Dinner with Family		-		
6					
oni Roge		1			8/11/2022 9:39 /

Pictured above: Sample day from Joni Rogers-Kante daily planner.



## **APPENDIX 6** SENEGENCE TRAINING TOPICS



Pictured above: Post from Global Training Facebook page on monthly trainings offered to all distributors.

		United	States Corporat	eCalendar		
April 🗸	2022 ~	Sta			United S	States Corporate
			April 2022			
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	31	1	2
3	4	5	6	7 • <u>Seminar 2022</u>	8 • <u>Seminar 2022</u>	9 • <u>Seminar 2022</u>
10 • <u>Seminar 2022</u>	11 • <u>Queen &amp; Above Day</u>	12	13	14	15	16
17	18 • News, Program & Promos (Spanish) • 11AM-Booking- <u>Calendar Control</u> • Inspirational Monday	19 • Social Media & Tools (Spanish) • Booking-Building a Contact List • Demo Highlights • Demo Highlights (French)	20 • Product Knowledge (Spanish) • Product Knowledge • Product Knowledge (French) • Booking-Hostess Rewards & Coaching • SeneBiz	21 • Personal <u>Development &amp;</u> Business (Spanish) • <u>Demo Highlights</u> (Spanish) • <u>Booking-Sponsoring</u> <u>Opportunities</u> • Prospecting (French)	22 • SeneCafe Latino • Booking - Keeping Track of Your Bookings - Fast Start Success -Your First 30 Days	23
24 • <u>Puerto Rico Road</u> Show	25 • News, Program & Promos (Spanish) • DEMOing - How Many a Week? • Insprational Monday • DEMOing - Virtual Demos	26 - Social Media & Tools (Spanish) - Prospecting (French) - DEMOing - What Do You Need	27 • <u>DEMOing</u> - <u>Using</u> Your Beauty Book & Set Up • <u>WOWing</u> (Spanish) • <u>I'm New, What's Next'</u> • <u>Leadership Rankings</u> - <u>Qualifications for Ranks</u>	Development &	29 - SeneCafe Latino - Demo Highlights - Demo Highlights (French) - Fast Start Success- Your First 60 Days	30

Pictured above: Online monthly training calendar—All open trainings, corporate events and travel incentives are noted on the monthly online events calendar.

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#### SeneSential Weekly Calendar and Goal Sheet

	1	Week Ending:				Distributor Name:		
Weekly Goals	Sunday	Saturday	Friday	Thursday	Wednesday	Tuesday	Monday	
Booking/Wowing In Person Booking/Wowing:	8:00	8:00	8:00	8:00	8:00	8:00	3:00	
	9:00	9:00	9:00	9:00	9:00	9.00	9:00	
Online Booking/Wowing:	10:00	10:00	10:00	10:00	10:00	10:00	0:00	
	11:00	11:00	11:0)	11:00	11:00	11:00	1:00	
Demo/Show Sales	12:00	12:00	12:00	12:00	12:00	12:00	2:00	
	1:00	1:00	1:00	1:00	1:00	1:00	:00	
Online Demo/Show Sales:	2:00	2:00	2:00	2:00	2:00	2:00	:00	
-	3:00	3:00	3:00	3:00	3:00	3:00	3:00	
Reorder Sales In Person Reorder Sales:	4:00	4:00	4:00	4:00	4:00	4:00	1:00	
-	5:00	5:00	5:00	5:00	5:00	5:00	800	
Online Demo/Show Sales:	6:00	6:00	6:00	6:00	6:00	6:00	3:00	
	7:00	7:00	7:00	7:00	7:00	7:00	7:00	
New Distributors Sponsore	8:00	8:00	8:00	8:00	8:00	8:00	8:00	
In Person New Distributors Sponsored: Online New Distributors Sponsored:	Total Sponsored	Total Sponsored	Tota Sponsored	Total Sponsored	Total Sponsored	Total Sponsored	otal Sponsored	
	Total Bookings	Total Bookings	Tota Bookings	Total Bookings	Total Bookings	Total Bookings	otal Bookings	
	Total Re-order	Total Re-order	Tota Re-order	Total Re-order	Total Re-order	Total Re-order	iotal Re-order	
	Total Demo	Total Demo	Tota Demo	Total Demo	Total Demo \$	Total Demo	Fotal Demo	

Pictured above: Calendar and goals template provided to independent distributors.

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## APPENDIX 7 SOCIAL / COMMUNITY ACTIVITIES





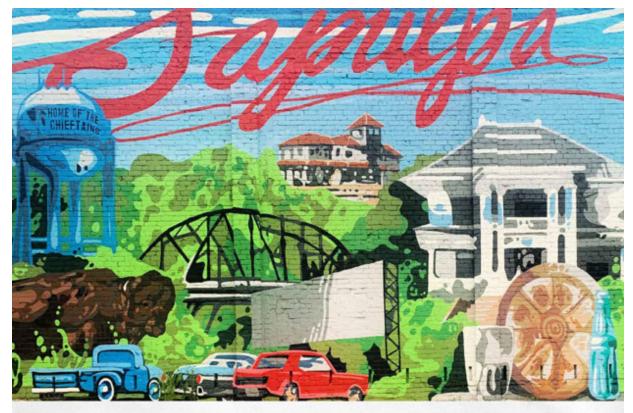
Pictured above: Distributors engage in social causes in their communities with the support of the SeneGence Make Sense Foundation.



Pictured above: SeneGence cause-related campaign on billboard in New York.



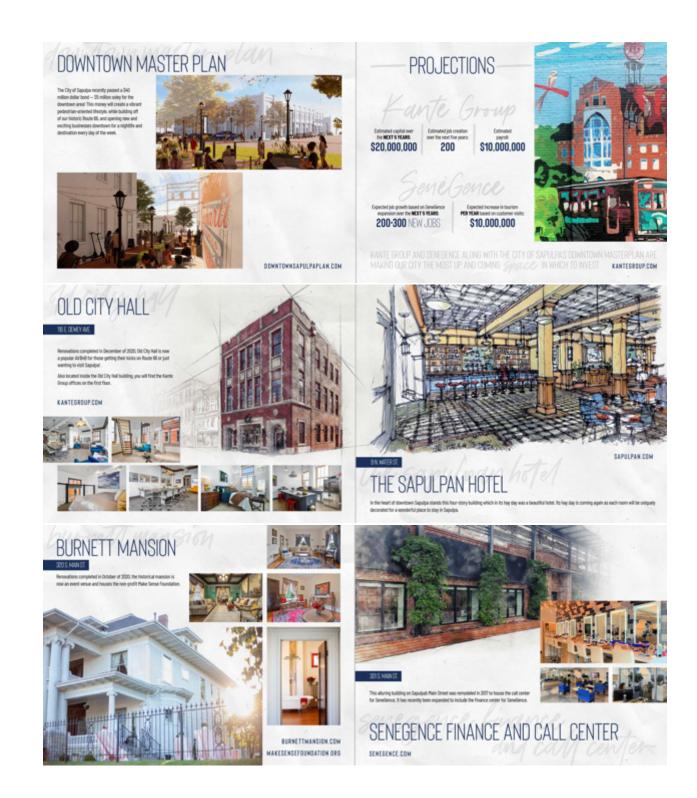
### APPENDIX 8 SENEGENCE OKLAHOMA LOCATIONS AND PLAN

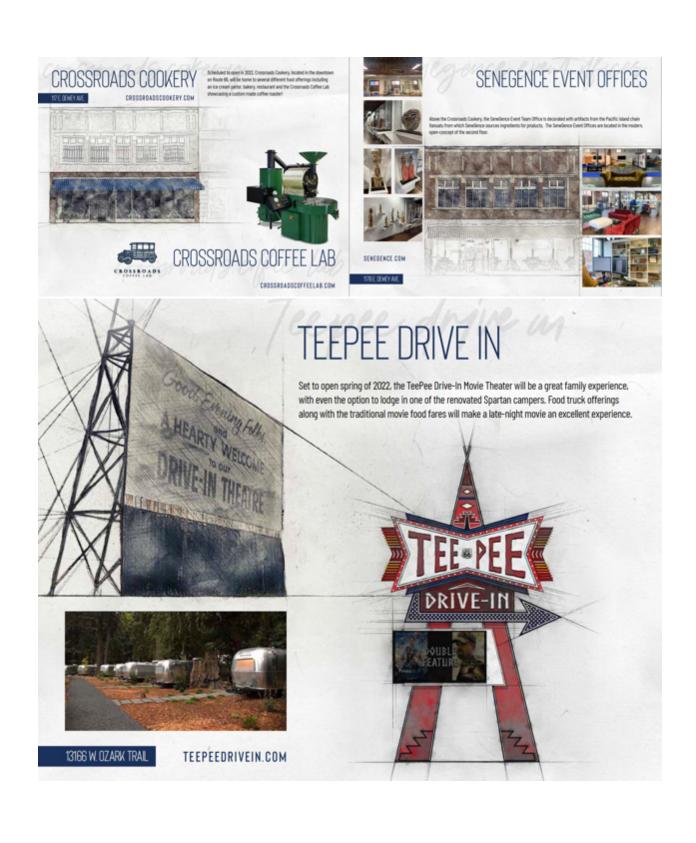


INVESTIN THE Crossroads of America!

SeneGence\*









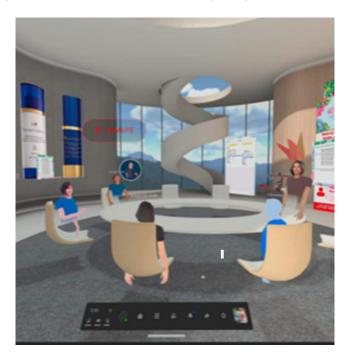
Pictured above: Rogers-Kante Family Ranch



## APPENDIX 9 SENEWORLD VR MEETING



Pictured above: First major Virtual Conference. Held "in the round" in which all attendees could be seen, interacted with and participate in an auditorium-like setting with participants live on surrounding screens.



Pictured above: Small virtual retreat with top distributors. Conference room-like setting using Oculus headsets and avatars representing participants.

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