

BOTTOM LINE

HOW STELLA & DOT IS GIVING OLD-FASHIONED DIRECT SALES A MOBILE MAKEOVER

HOW A DOING-IT-ALL MOM BECAME AN ENTREPRENEUR—AND USES TECH SAVVY AND COMMON SENSE TO KEEP HER BUSINESS RUNNING.

BY JANE PORTER

Seven years ago, Jessica Herrin was driving around with a trunkful of jewelry. She was packing, shipping, and often hand-delivering orders to women who had purchased them at one of her Stella & Dot trunk shows. Herrin had a six-month-old baby at home. She was working around the clock. She was exhausted.

When she founded Stella & Dot in 2003, Herrin had envisioned it as a direct sales company that would give its sales people, called "stylists," a way to live balanced flexible entrepreneurial lives. Based on her own experience, she knew things had to change if she wanted to really scale the business.

In the past year in particular, Herrin has given the old-fashioned direct sales model a mobile makeover. And it's working. Stella & Dot has 16,000 active stylists around the world and in 2013, the company made more than \$220 million in sales, up from \$100 million the previous year—thanks in large part to the company's massive mobile push and integration of new technology.

Stella & Dot is what Herrin calls an "omni-channel business"—one that blends the in-person experience with technology. "For a lot of e-commerce companies, their challenge is competing with a company like Amazon. That's why omni-channel retail can stand apart. It has something Amazon can never offer—a warm body on the end of each sale," she says. "The use of technology has really unlocked how profitable this business can be."

Here are four ways Herrin has worked mobile technology into her business model to help grow the company.

A VIRTUAL COMMUNITY WITH ON-THE-GO TRAINING.

How do you train 16,000 stylists spread around the world? Stella & Dot has online affinity groups including ones for military spouses, stylists of color, stylists over 50, and the list goes on.

But the company uses more than just social media to connect stylists. Last month, it launched a mobile-optimized "Stylist Lounge," which gives stylists mobile access to notifications, weekly training videos, peer-to-peer online training, and specific tools depending on how long they have been selling with Stella & Dot.

"WHAT USED TO BE A LOG IN AND CLICK, CLICK, CLICK IS NOW A SWIPE AND A TAP."

When new stylists log in, for example, they are given step-by-step guidance on how to create their website, send their first trunk-show invitation, and make their first hostess call. More seasoned stylists in charge of teams can access business insights about their team and

all stylists can easily choose and share from a collection of customized social media messages. "What used to be a log in and click, click, click is now a swipe and a tap," says Herrin, who calls the mobile push an "on my phone or bust" model.

STAYING LEAN AND SAVVY ABOUT INVENTORY.

Direct-sales models often require sellers to have inventory on hand to sell to customers, which means unsold stuff can quickly start to pile up in their closets. Instead of doing this, Stella & Dot uses trunk shows to test inventory. Last year, the company launched an iPad app for stylists called Dottie that not only allows them to place orders

directly to the distribution center in real time when a customer makes a purchase, but also includes tons of images of products that might not be on hand.

The danger, of course, is that the human connection the company so values could be compromised by stylists having screens in front of their faces. But it's a worry that's been taken into account when designing the app. "We've obsessed over the ease of use," says Herrin. "We want it to be intuitive so that it doesn't take away from the human connection."

Another addition is the social media group called the Style Council, made up of hundreds of the company's top sellers. The group has direct access to the design and merchandizing teams and votes on the pieces in each season's collection that are showcased most prominently. "The feedback is very constant in real time," says Herrin.

GETTING ORDERS OUT INSTANTANEOUSLY.

Gone are the days of driving around with trunks full of inventory to deliver. The Dottie app includes a form customers fill out when placing an order, which then gets directly sent to the distribution center. Before that was created, stylists had to keep track of orders on paper that they might not have a chance to submit until the following day. The automated form also lets customers double-check their information, which cuts down on mistakes.

A BUILT-IN MARKETING MACHINE.

At Stella & Dot, stylists play a huge role in marketing. They upload trunk-show photos to the Stella & Dot Instagram feed and are encouraged to post about their work on Facebook. But social media aside, the company has also created a mobile notification that pings stylists when orders are shipped, including the names and notes they took on the customers who made purchases. They can then tap on their phone numbers to make a follow-up call.

Bottom Line: "Our mobile tool isn't just about sales or transactions. It makes our stylists better at customer service," says Herrin. "We are using the combination of high tech and high touch to do better merchandizing."

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