



Arbonne Intelligence products

## ARBONNE INTERNATIONAL TAKING IT TO THE NEXT LEVEL

ARBONNE'S CHAIRMAN AND CEO BOB HENRY AND PRESIDENT RITA DAVENPORT MANAGE UNPRECEDENTED GROWTH WHILE FORGING A FUTURE WITH PASSION AND VISION

When a 26-year-old direct selling company manages to more than quadruple its sales force in only two years, someone is doing something right. At Arbonne International, that someone is Chairman and CEO Bob Henry who, since coming on board in 2004, has led the Irvine, California-based company through record growth.

Of course, Henry didn't do it alone. When Harvest Partners Inc., a private-equity investment firm, acquired Arbonne in 2004 and named Henry CEO, the team took over a company on the rise. "I had the vision for a business that was doing a lot of things right, but could be done better," Henry says. "I felt we could improve a lot of the things the company was doing." For example, Henry says, "We had wonderful people like our president, Rita

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Davenport and Candace Keefe [Sr. Vice President, Product Development and Field Events], but we really didn't have the management strength we needed in the areas of customer service, distribution and warehousing. In addition, we were growing

so quickly, we needed to add more support to both product development and marketing.”

To understand where Arbonne is as a company today, you have to look back to its early beginnings. Founded in the United States in 1980, the vision to provide skin care products unparalleled in quality and effectiveness was led by a Norwegian entrepreneur, Petter Mørck. This idea, coupled with the opportunity to change people’s lives, intrigued motivational speaker, television personality and now Arbonne President, Rita Davenport, who joined the company as a consultant in 1988.

### Impacting the World Through Arbonne

“I joined Arbonne because I had always looked for what Arbonne offered and had never found it,” Davenport says. “My personal goal in life has always been to impact the world. I found the vehicle to do this with Arbonne.” In less than a year, Davenport won Arbonne’s President’s Award, was their No.1 Parade of Champions winner and was promoted to Regional Vice President. “At the time, I had two small children, a local television show and was averaging more than 100 speeches a year,” adds Davenport. “With Arbonne, I had found my niche. I just knew that this was what I was supposed to do, and this company has been my passion ever since.” This passion persuaded Davenport to move from the field into the home office as Arbonne’s president and an investor in the company in 1991. Since then, Davenport has led the sales force of independent consultants with motivation, training, recognition and her unique ability to communicate on a personal level with thousands in the field.

### Based on Botanical Principles

Arbonne’s original skin care and color products have grown from just 19 in 1980 into more than 250 skin and body care, color, nutrition, weight loss and aromatherapy products, plus more than 50 seasonal products, and more than 100 business aids and training support tools in 2006. The company’s skin care products are based on natural, botanical principles and have influenced the product line growth, which now includes both inner and outer health and beauty products, based on the same founding principles.

Arbonne’s skin care line ranges from the “not-so-basic” Arbonne Intelligence skin and hair care products, to “beyond basics” acne and blemish Clear Advantage products, to their successful anti-aging lines with RE<sup>3</sup>. The company’s body care line includes products for sensitive skin and for babies, as well as two natural balancing cream products.

For mind and body, Arbonne’s Aromassentials line includes three unique essential oil blends that awaken, reactivate and help to unwind through aromatherapy. Arbonne’s About Face color line includes customizable colors in warm, neutral and cool ranges for simplified selection. Technology recently took About Face to the next level with anti-aging color formulations that offer beauty and benefits.

Weight loss and nutrition round out Arbonne’s product offerings. The company’s Figure 8<sup>®</sup> Weight Loss program is



Arbonne International’s Irvine, Calif., headquarters

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supported by great-tasting products and an extensive Web site where consultants meet to chat, post recipes, receive recognition and find a diet buddy. The Figure 8<sup>®</sup> line also includes a 2-step cellulite system for transforming skin while using the weight loss products to transform the body. Arbonne’s Smart Nutritional Hybrids™ supplement packs are available for men and women and were recently introduced to replace their Complete Essentials supplements in the Arbonne Bio-Nutria® line of nutrition products.

### Innovations in Product Development

“Our secret weapon in product is our Sr. VP Candace Keefe,” Henry says. “She has a tremendous sense and passion for product development, packaging and staying ahead of the curve with creativity and innovation.” Henry adds that their research and development arm in Switzerland, guided by the product profiles created by Candace’s team in the United States, is another key factor. “Through AIRD, the Arbonne Institute of Research and Development, and an exclusive relationship with one of Europe’s foremost formulators, we are able to gather knowledge and expertise from a global source, a value that Arbonne has been able to uniquely harness for years.”

When asked what ignited Arbonne’s growth after more than two decades of steadiness, a variety of factors were offered by both Henry and Davenport. “The growth momentum started about

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four years ago, following a shift in business focus coupled with the introduction of Arbonne's NutriMinC® RE<sup>9</sup> anti-aging skin care line," Henry says. "The shift in focus included stabilizing the compensation plan that had previously been tinkered with on a regular basis." Davenport agrees, "At this time in our history, we were committed to consistency and stability and making sure we offered security. Our consultants and prospects wanted to know that Arbonne—the company—was in it for the long haul."

In 2003, Arbonne introduced NutriMinC® RE<sup>9</sup>, the first of several lines of anti-aging skin care products, and it has since become Arbonne's best-selling brand. The original "nine" products had the tagline, The REvolution in anti-aging skin care. "NutriMinC® RE<sup>9</sup> was and still is REvolutionary because it was the first skin care system to uniquely combine nine anti-aging elements, RE<sup>9</sup>, in a patent-pending system for the face and products for the body," says Candace Keefe. "This line took a previous line of products and enhanced the formulations with an amazing combination of ingredients that have produced life-changing results for our company, our consultants and their clients."

NutriMinC® RE<sup>9</sup> has since expanded to 13 products, as well as a line specifically formulated for men, NutriMenC™ RE<sup>9</sup>, and a reformulated sun care line, BefoRE Sun with RE<sup>9</sup> elements. "The strong belief in our products, the results they produce, and the lives they can change have given our consultants something rare and valuable to share with friends and family, the proven formula for propelling any network marketing business," Henry says.

### Experience—A Key to Growth

"One other thing that has been very important in the recent upsurge—because we have grown significantly since the Harvest Partners acquisition—was the addition of network

marketing experience to the management staff, including myself," Henry says. "I think bringing in key people and meeting with all of our top leadership demonstrated how committed we were to growing the business. Letting them know that we understood the drivers of the business gave them the sense of stability necessary to gain their confidence in the new ownership and the direction we were taking."



Arbonne Chairman and CEO Bob Henry

Since 2002, Arbonne's growth momentum has continued at a remarkable pace. Sales increased 70.6 percent that year, followed by a 111.8 percent increase in 2003. In 2004, sales grew 98.2 percent, followed by an incredible 164 percent increase in 2005. Halfway through the year, 2006 is also on track to be another record-breaking year for Arbonne.

How has Arbonne managed this incredible growth? As Henry mentioned, strengthening management staff was his first order of business, as well as the contributing factor for meeting the challenges of rapid growth. "By bringing the right people in, we were able to attack a variety of issues," Henry says. "When I joined the company, we didn't have a full-scale finance department. We added a very experienced financial professional as CFO, Mark Lehman, to build this important area. His private-equity and international experience were the perfect fit for our plans. Next, we added a Sr. VP of Operations, Carol Hukari, a seasoned network marketing executive who took over the purchasing and distribution side of the business. Her tremendous background in sales, marketing and operations from both the network marketing and advertising industries has helped us grow all areas of operations, including adding staff and supporting processes."

Speaking of staff and processes, Henry also worked to build an HR department to accommodate growth in the corporate office and warehouses. Since 2004, Arbonne's employee head count has also more than quadrupled. "To spearhead this department, we added Lourdes Ahn as our VP of Human Resources," Henry says. "Her extensive experience and savvy for managing people has enabled us to attract high-caliber people to support employee growth in every area of the company."

With an eye toward global growth, Henry brought in an executive who has helped develop international businesses for several direct selling companies. "To support our efforts in Canada and future international expansion, I added another seasoned network marketing executive, Jack Crowley, our Sr. VP of International Operations," Henry says. "His extensive experience in the industry and abroad opening markets will help us expand when it is time. We have products that lend themselves very easily to international growth. Now we have the right person to pick the



NutriMenC™ RE<sup>9</sup> men's products



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“Arbonne is a personal development business disguised as a personal care product company.”

—Rita Davenport, President, Arbonne

top leaders for Valentine’s Day,” Davenport says. “I send flowers for their birthdays, table arrangements for Thanksgiving and Tiffany gifts for Christmas. I know that women love Tiffany’s, they love chocolate and they love flowers. And they especially love to tell others about it. It’s the best investment we can make as a company. People are leaving corporate America because of the lack of recognition. So, for a large company to still have that personal touch is unique and invaluable.”

Recognizing and rewarding an achievement and individual contributions is a priority for both Henry and Davenport. “We look for ways to edify our people,” Davenport says. “Our Spirit of Arbonne Award is one of those ways. It’s given annually to a consultant who exhibits the true spirit of Arbonne through charity or a selfless act made possible by their Arbonne business. One of our winners this year was a new RVP who is deaf. Despite her handicap, she was able to build her business with Arbonne, as well as share the opportunity and enhance the life of other handicapped individuals. Another winner flew in the parents of her new RVP, all the way from Poland, as a surprise during her car presentation. Every one of our leaders has worked hard, and they’ve worked smart to put this company on the map. So, we work hard to continually recognize their efforts and accomplishments.”

### Investing in Training

Arbonne’s growth isn’t exclusive to sales. In 2005, consultant sponsoring grew more than 180 percent. Monthly recruitment reached an astounding 92,000 new consultants this past May, bringing their total sales force to just over 1 million active consultants in the United States and Canada. Looking at their current training programs may help explain this incredible growth. Arbonne currently offers two unique programs absolutely free to their consultants via the Internet. “Let me say with capital letters that we use training to support the business,” Henry says. “We don’t look to training as a profit center. We put our money where our mouth is, and we invest in training.” In 2004, Arbonne Learn & Burn™ was introduced at arbonne.com. Weekly audio trainings are posted online for listening and downloading, then burning to CD. A library of more than 85 recordings includes interviews between top consultant leaders and Davenport, as well as insight from industry experts. In 2005, Arbonne University was launched online. More than 50 modules are currently available to consultants, focusing on five key areas of the business. Each module includes audio, visual as well as a testing element to

measure success. Certificates are earned as all modules in each course are successfully completed.

Both the Arbonne Learn & Burn™ and AU programs use field leaders to convey each training message. “Utilizing the people who have actually walked the walk and talked the talk, our top leaders, to develop and communicate these trainings has been instrumental to the success of these programs,” Davenport says. “Our top leaders also train at our events. Our new consultants want to be trained by those who have already done it. Why reinvent the wheel if you don’t have to? It is also a great way to recognize and edify our top leaders.”

So, what is the vision for the future of this company that already is in constant motion? “Even though most of our growth is in North America, we continue to see opportunities in many of the domestic markets,” Henry says. “One of our strategies is to continue efforts in the United States and Canada; the other is international growth. We will not, however, open any foreign markets without first doing a full market study, as well as upgrading the necessary systems to support it.”

### Arbonne Is All About People

Both Henry and Davenport rave about what they think is the most important element of Arbonne’s success: its consultants in the United States and Canada. “Our business is all about supporting our wonderful consultants,” Henry says. “And the biggest kick I get in the world is the knowledge that we’re doing all we can to support them in their efforts. It gives us the opportunity to be a contributor.” Davenport adds, “The greatest reward is what you can do for other people. People work harder for praises than they do for raises. The greatest part of my job is giving them an ‘atta girl’ or an ‘atta boy, way to go’ when they succeed. Arbonne is a personal development business disguised as a personal care product company.”

Arbonne’s main goal is providing a better future through results-oriented products and an opportunity for changing people’s lives. When it comes to ensuring better futures, Arbonne doesn’t just stop with its consultants and clients—community contributions are a positive way to give back. Henry is proud of the company’s generosity. “In 2005, we donated \$150,000 to the American Red Cross disaster relief fund on behalf of each new consultant,” he says. “In 2006, we increased our goal to \$200,000 split between the American Red Cross and Davenport’s charity-at-heart, the Sojourner Center for battered women in Arizona. We donated \$8 for every consultant who was promoted to the next level of management. The plan was to reach our goal by year’s end. We reached \$200,000 after only five months into 2006! For me, it’s gratifying when, through the efforts of our consultants, we’re able to give a lot back to the community, and see people grow and develop and make contributions to things that are bigger than themselves because of Arbonne.” 🌟