Innovative Approach to Beauty Consumer Products;

Global Smart Products

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1. Abstract

With a weight loss market in the United States worth more than 60 billion dollars, where eighty percent of the consumers are “do it themselves dieters” there is always an entry alternative to exploit some revenues within this market area (PRWeb.com). The requirements for entry are simple, an innovative product that is functional and serves the purpose of weight loss required by the millions of Americans, who are willing to spend their hard earned money to reach their desired weight level. The key to such innovation is a product that is capable of such weight loss, while increasing the leisure time of the consumer. By this we mean a product that is capable of equal or better results as competitors, which reduces the time spent on exercising. Consequently, StepGym system was developed by Global Smart Products in order to fulfill the needs of millions of Americans for weight reduction and increased leisure time.

As an Executive Assistant at Global Smart Products, I was in charge of assisting during product development and marketing strategy for the lead product StepGym Exercises. The success of our product in the targeted market allowed me to rise and become part of the marketing team and continue to develop my marketing skills by researching and developing new innovative products to generate revenues for this innovative brand. This opportunity has been a great learning experience, which has refined my business skills in every aspect along with my fluency in the English language. As well as, being part of the team which developed the Reputation Management Report for the subsidiary cosmetic retail department for Global Smart Products. The following document will present information about the company Global Smart Products, along with the products and material researched during employment at this company, but most importantly it will emphasize on a reputation management analysis report of the cosmetics product line launched into the American market. Although, some information is proprietary and
cannot be disclosed, I will attempt to provide a full description of the work performed by myself and my marketing team during my employment at Global Smart Products.
2. Company Introduction

2.1 About the CEO

The beginning of the twenty first century initiated a new era in the real estate industry of the United States. This booming market absorbed Ms. Liliana Paez, CEO of Alipa LLC., into the industry as a real estate associate. Her leadership and sales skills led her to become one of the most successful Realtors in the luxury real estate market. Ms. Liliana Paez, throughout her career in the real estate industry, achieved sales above three thousand luxury real estate assets, equivalent to more than four billion dollars, getting fourteen million dollars in profits.

The speculative real estate market came to an end in the year 2007, due to a bubble effect caused by the exponential growth of property prices in the few years the boom lapsed; hence, leading the way to the beginnings of Alipa LLC. After ending her role in the real estate market, Ms. Liliana Paez continued to seek alternate business opportunities by using her leadership and sales skills, along with her accumulated wealth.

2.2 Alipa LLC., begins

Her opportunist character and vision discovered a multimillion dollar product. A product, which after being reinvented, was the initial step to a rapid growth global corporation. In the year 2008 Alipa LLC was created, along with their lead product the Stepgym Fitness Program.

Initially, this product came from a vision developed by the need of the American community to fight a never-ending struggle against obesity. The idea of a superior product that acts as a both a solution to a problem, and a profitable investment was the driver for this corporation’s success. Her vision was followed by months of online research and product development, along with a medical study to support the health characteristics of the Stepgym Fitness Program; leading to a successful product now sold internationally.
Alipa LLC. and its CEO’s vision for global product reach reinvented its corporate image into what is now Global Smart Products LLC. A Florida Limited Liability Company, based in the city of Miami, with the objective of internationally producing and selling innovative products, for the health and beauty markets.

With sales in excess of 10 million dollars (see appendix 10), Global Smarts Products is a rapidly growing international corporation, thanks to the success of its products with clients and resellers all over the world. The company is characterized by their in-house development team and creative department composed of marketing, branding, advertising, social media, research and infomercial production. This provides Global Smart Products LLC the opportunity to stay fully focused on their mission in the industry.

2.3 Mission

Global Smart Products LLC provides extraordinary, technologically advanced products to consumers in the Health, Fitness and Beauty markets, by utilizing the most advanced research strategy, product development, and advertising strategy focused on understanding the consumer needs.

· Increasing sales and profitability by expanding our product assortment and branding.

· Continue to offer clients full marketing and media support.

2.4 Vision

Global Smart Products LLC., vision is to achieve an international presence so that their products are recognized and positioned in over 100 countries by 2015.

Continue to meet the needs of customers and consumers, with a focus on creating and offering the best innovative products available in the market.
Today, Global Smarts Products has a powerful beauty and health presence in countries like Mexico, Colombia, Venezuela, Bolivia, Santo Domingo, Ecuador, Argentina, Brazil, Chile, Peru, England, Spain, Germany, Austria, Hungary, Italy, Malta, Greece, Russia, Poland, Belgium, Czech Republic, Romania, Slovakia, India, Suriname, Serbia, Japan and South Africa. Their trademarks are becoming more and more recognized worldwide.
3. StepGym Product

3.1 The Product that Led the Vision

Step gym is a revolutionary program that includes weight loss capabilities, while using a fashionable product during the daily activities of the consumer. Besides the health benefits of this program, the fashion capabilities of the shoe itself are the main advantage of this product. The consumer benefits not only from having a product that is capable of providing daily usage, but at the same time benefits its health and tones the muscles in the body (see appendix 8). Consequently, the weight loss capabilities for this product are strengthened by a fitness program that includes exercises with the fitness shoe, and nutritional factors to maintain a healthy lifestyle (see appendix 1).

- The StepGym Program features a complete package that includes:
  - The StepGym toning shoe with its unique patented Elasto-shock System featuring a dual memory cushion to increase the results with its usage.
  - The StepGym fitness video; a simple fifteen minutes workout with ten steps which complements the shoe usage.
  - The StepGym nutritional guide. This booklet provides the consumer with nutritional advice to boost the metabolism and help eliminate body fat.
  - Sweat pad to compliment the fitness program which increases bodily secretions and eliminates excess water in the body to keep a lean look.
  - Slim 3X Cream to tone the skin and increase the fat loss capabilities of the StepGym product.
3.2 Functionality & Technology

The StepGym shoe is composed by a patented curved sole with dual-cushion support (see appendix 3) that creates a unique platform for the feet, which activates muscles typically neglected. StepGym’s unique Elasto-Shock system with front and back memory cushion is designed to provide the correct instability which forces muscles to contract more than usual in order to regain balance with each phase of the walking or stepping motion. This advanced technology pushes the muscles to maintain the consumers’ balance, making them work harder (see appendix 2).

3.3 Health Benefits

The StepGym system provides important, sustainable health benefits. StepGym helps eliminate the general back, knee and joint pains associated with the busy lives often led by the present consumer. Its advanced designed-curved sole provides the perfect skeletal support with a unique dual-cushion system that reduces the impact on the joints and ligaments (see appendix 6). Simultaneously, by stimulating the appropriate pressure points in the sole of the feet, StepGym engages the correct muscles to promote good posture, and eliminate back pain (see appendix 4).

Likewise, by activating targeted muscle groups and pushing them to work much harder, StepGym increase the consumers metabolism as it burns up the energy needed to fuel the body’s movements. In turn, an increased and more efficient metabolism burns calories, and weight loss is achieved. Not only does StepGym provide health benefits by increasing the metabolic rate of the body, or reducing the users weight. Also, StepGym is the only product of its kind to provide acupuncture benefits, due to its sole design. Stepgym has an individual middle sensor (outsole) which contains different densities. Every step results in the application of Chinese massage/acupuncture effects to your feet while improving the users health (see appendix 9).
3.4 Medical Study for StepGym

The StepGym Program medical study focused on the effect of the StepGym Fitness Shoe combined with the StepGym Kit and fitness program, on total body appearance, hip and thigh size, and weight loss for normal and overweight men and women.

This medical study included twenty two participants, out of which 4 male and 11 female subjects completed the six week portion of the study. These subjects were examined to assess the effects of utilizing a curved soft sole exercise shoe (known to study participants as the StepGym Shoe) combined with the StepGym Kit which includes a waist band, gel, diet and exercise program (StepGym Fitness Program). The subjects were measured and weighed at the start of the program and at the completion of 6 weeks (see appendix 12) to determine the effect the program produces on total body appearance, pant and dress size, midsection girth, thigh girth, hip girth and weight loss. The results of this study, combined with the results from a second study comparing muscle activity, have indicated that the StepGym Fitness Program is an effective muscle toning, body reshaping, and weight loss intervention strategy (Gaut, 2010). By following The StepGym Fitness Program test subjects reduced a single abdominal girth measurement an average of over 2 inches in six weeks (see appendix 7).

Simultaneously, muscle activity was studied with, and without the StepGym shoe. Ten subjects were tested for the Electromyography (EMG) activity from 6 different muscle groups while walking without and with the StepGym Fitness Shoe. Surface electrodes, used to collect the muscle activity signals, were placed on the targeted muscle area and a ground wire was placed on the subjects right patella. Subjects were instructed to walk on a treadmill at the same pace and incline. At first, subjects performed this movement without wearing the StepGym. After a 10 minute rest period the subjects performed this movement again while wearing the StepGym
Fitness Shoe, with the treadmill set to the same exact pace and incline. EMG activity was recorded, averaged and rectified. There was a statistically significant difference at the targeted inner thigh area in favor of using the StepGym Fitness Shoe (see appendix 11). This implies that subjects had to use greater muscular force from the inner thigh muscles while walking with the StepGym Fitness Shoe. These findings do indicate that using the StepGym Fitness Shoe does increase the effectiveness and efficiency of strengthening and toning muscles of the lower body (Gaut, 2010).

3.5 Market Data

The StepGym fitness program is designed specifically for weight loss while increasing leisure time for the consumer, whose daily activities do not allow them for time consuming alternatives related to weight loss. Consequently, the StepGym shoes are designed to provide a sense of fashion while in use by the female consumers; although men consumers may as well use this product. Therefore, since the StepGym product is focused on female consumers with limited leisure time, the market targeted is essentially female consumers between the ages of 25 years of age to 65 years of age, who are overweight in the United States.

According to the International Business Times, sixty eight percent of Americans suffer from overweight, while only eighty percent of these dieters are looking for a low cost, quick alternative to weight reduction (PRWEB). Taking into consideration the census data collected in 2010, the total population consists of 308,745,538 people, out of which 50.8% consist of female individuals. Consequently, the census data estimates that 53% are between the ages of 25 to 65. After taking into consideration all the inputs, the approximate size of our target market is around 45 million consumers (see appendix 11).
4. Reputation Management Analysis

4.1 Executive Summary

The Reputation Management Analysis Report will focus on the seven categories affecting reputation risk management related to Global Smart Products. Throughout the analysis we will discuss organizational weaknesses and provide information on how to assess these weaknesses. The key point of this study is to present an analysis on how to reduce reputational risks and create and interest in developing a reputation management program related to the following categories: Leadership, Governance, Citizenship, Innovation, Workplace climate, Product & Service quality or organizational performance.

Leadership consists of the ability to influence others. Establishing and leveraging reputation is a key component in this leadership model. All the leadership characteristics effect and are affected by it. The key to real leadership is to ensure that you wield that trust responsibly and you use the influence that your followers give you to achieve the organizations goals in a way that is transparent and has integrity. Reputation and credibility are essential traits for leadership. On the other hand, Governance is related to three primary attributes as predictors of reputation within the private sector: transparency, ethics, and transactions with stakeholders. These three are particular relevant to corporate reputation and overall organizational effectiveness.

Citizenship is one of the most important measures of reputation because it is directly related with the activities a corporation performs that affect the community. Citizenship is measured by the degree in which a company demonstrates responsibility towards the environment, involvement throughout the community, and causes supported.
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Innovation is associated with three reputational attributes: adaptation to market changes, first to market, and innovative organization. Being today’s market a dynamic business environment, these reputational characteristics can be the difference between success and failure.

Workplace Climate relates to the environment and opportunities employees possess. Reputation management focuses on three characteristics: employee rewards, employees’ well being in the work environment, and equal opportunities. These characteristics are the difference between employee retention and employee turnover, and workplace harmony and a tense workplace environment.

Product and service quality is the ability to provide a product or service of good value for the money the consumer is paying. This characteristic has a more important quality which is for the company to stand behind the product it sales.

Organizational Performance is generally related to economic considerations and is measured in the cosmetic industry through five different aspects: accounting, operational, market based, survival, and economic.

The analysis of these characteristics brought areas where improvement is required, for example:

- Develop management program to provide management support to sales specialists when owners are not available.
- Have a clear conflict resolution manual available to employees to cultivate a corporate culture.
- Develop stronger citizenship programs which inform the local communities to increase reputation.
- Employ Marketing strategy to expand through the e-market.
- Engage in advertising activities to increase sales and brand awareness.
The ultimate focus of this analysis is to help Global Smart Products to develop a reputation risk management program which addresses the previous areas and which also sustains the company ready to positively react to possible crises.

4.2 Leadership and Governance

A good Leadership consists of the ability to influence others. Establishing and leveraging reputation and trust from employees are key components in this leadership model. None the less, the key to real leadership is to ensure that you wield that trust responsibly and you use the influence that your followers give you to achieve the organization’s goals in a way that is transparent and has integrity. Reputation and credibility are essential traits for leadership. The leadership aspect of the reputation management study, evaluated the data obtained from Global Smart Products management and employees who completed the interviews. The data analyzed shows that the company is led by a successful upper management team, but lacking the middle management presence within the retail stores. For instance, our data shows that employees worry about not having a specific plan for their daily duties and functions. Also, our data emphasizes the limited communication between lower employee and a superior management, due to equal positioning of all employees within the store level. Leadership positions should motivate employees to achieve company goals, the data collected informs that there is not enough communication between management and employees to resolve issues affecting the store personnel. Considering that a local store management is in fact necessary for Global Smart Products to successfully transfer corporate culture; therefore, making it easier to achieve and succeed company goals.

The leadership aspect study concludes that Global Smart Products retail division is lacking a strong middle management to establish clear communication between the upper management and
sales employees. For instance, employees are not given a specific plan on their daily duties and functions. Also, incentive programs are not clearly described by upper management, hence creating confusion on sales team employees. Equally, there are issues that create lack of motivation on the sales team due to the miscommunication between both ends of the command chain.

On the other end, as per the governance concerns, our research on the financial statements show transparency in their reporting, leading to a reduction in ethical issues which can be created by lack of transparency. Nonetheless, the data does show some minor issues between the relationship with the stakeholders; in this case, possible consumers and employees. These problems again come along from the lack of communication, limited operational procedures, and overpricing of some products from the consumers’ perspective.

The study recommends the following strategies to efficiently manage the company, succeed, and reduce the risk a lack of leadership and governance strategy can create in this corporation:

- Select a Manager coordinator for retail locations.
- Organize a weekly employee meeting to address any issues and concerns that are affecting the employees’ performance.
- Emphasize on the open door policy.
- Always make the employee part of the development of the company by listening to their inputs and suggestions.
- Minimize competitiveness among employees by treating them equally.
- Emphasize the customer-oriented approach.
- Build channel of communication in case of employee complaints.
4.3 Citizenship

Citizenship is one of the most important measures of reputation because it is directly related with the activities a corporation performs that affect the community. Citizenship is measured by the degree in which a company demonstrates responsibility towards the environment, involvement throughout the community, and causes supported. This level of reputation as explained by author Sarah Roberts, “it is about assuming responsibilities that go well beyond the scope of simple commercial relationships”. As an example of negative citizenship effects we have the following research on bio-piracy, a reputational risk related to citizenship that affects the cosmetics industry.

What exactly is bio-piracy? Bio-piracy refers to the development of cosmetic or pharmaceutical products without compensating the native communities that protect and nurture the organisms on which these products are based, according to Michael Gollin author of Legal Perspectives of Bio-piracy. Michael explains that decades ago only a simple local consent from the local community would allow a researcher from a large corporation to arrive and take the biological product for testing. After a few cases against corporations due to bio-piracy claims, some communities have enacted laws against the inappropriate claim of patents on products, which utilize the resources and knowledge of indigenous communities. One of the examples we can provide is the cosmetics company Cognis France, which withdrew a patent on 2009 on the Sacha Inchi plant, whose extracts where being used for production of a line of products. Sacha Inchi found in the Andean mountains was cultivated by the indigenous community, perhaps 3000 to 5000 years ago; therefore, the indigenous community should have the legal rights to the knowledge they required from the plant.
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The article “Bio-piracy: what are the risks to the cosmetic industry”, explains that the major reputational risk comes from the media. When a big player of the cosmetic industry is exposed as stealing the knowledge and resources of indigenous community by the media, the brands reputation will suffer from this negative exposure. This exposure will deteriorate the brand even more because it will go against the ethical and responsible attitudes often thought to be at the core of biological research and herbal usage in the products of cosmetic companies.

There are other legal risks associated with Bio-piracy practice. According to author Vincent Gallon, it is difficult for an indigenous community to protect themselves against a big corporation who has the means to use legal methods when fighting for a patent on a biological product originally from the indigenous community. Gallon explains that the United Nations Convention on Biological Diversity, which attempts to regulate access to living resources, may provide the protection necessary to these communities. Also the National Governmental Organizations are standing up to target those enterprises which are involved in Bio-piracy by exposing them to the media, therefore the final consumer.

Citizenship covers the relationship between the company and social causes, which may improve or damage the reputation of the corporation. Being a supporter of educational institutions, funds for specific causes, and other social events will provide a benefit to the corporation. MAC Cosmetic is a leader in this sector, with its main social cause being MAC AIDS Fund. This exemplifies how a big corporation may benefit from social causes on the eyes of the consumer.

By employing a good Citizenship strategy, Global Smart Products can change the way investors, customers and employees perceive the business. Hence, a positive perception of the company is the reason why it is very important to create and maintain a good citizenship platform. According to the data, less than 0% of net income is being distributed to non-profit organizations, meaning,
is an amount not sufficient to be noticed as a positive impact on company’s image. Therefore, Global Smart Products needs to recreate a citizenship strategy to reverse this perception. On a positive note, the use of mineral based cosmetics, not only can be used as a sales pitch, but can be put into place as a citizenship strategy, in the sense that these products are safe for nature, or better referred as a “green” strategy. Therefore, creating a strategic advantage over other chemical based cosmetic corporations. The main strategic advantage of the proposed “green” campaign is the mineral based cosmetic which is not treated on animals, enclosed in a bio-degradable package. However, the lack of information provided to the customer during the visit to the store, due to a sales focused pitch, keeps the consumer uninformed about these other product benefits which can in turn be part of the sales pitch to lock in the sale.

The following recommendations resulted after the data analysis related to the citizenship aspect of the company:

- Inform stakeholders about all the good qualities of the products, such as the packaging aspects and the non-treating on animals. This information can be offered on the internet, brochures or other media. At the same time, this information can be used as a strategy to attract new customers and close sales.

- Increase collaborative efforts with non-profit organizations. This can be accomplished by monetary donations, or by volunteer work from management, or employees. Similarly, using these efforts as a marketing strategy to increase positive perceptions in the citizenship aspect while helping sales. Or helping sales by offering incentives to charity that come out of the customers purchase, such as: “for every twenty dollars spent on our products, we donate 1 dollar to X charity”.
4.4 Innovation

Over the last decade, consumer health awareness has increased significantly around the world, thanks largely to a growing focus on health issues in the media and an increasing investment in health initiatives on the part of governments. Consumers in the cosmetic industry are also following this tendency and many companies have been trying to capitalize on the new market opportunities. Even though new beauty products are always emerging, there are often only a few that seems to be a new breakthrough for future innovations. Innovation does not only represents new and improved cosmetic products, but also a differentiated service and marketing.

Innovation is one of the most important characteristics of reputation in the cosmetics industry, mainly because innovation provides the competitive advantage over the competitor. Therefore, any company within the cosmetics industry must always remember that the first to the market will have the advantage in sales and brand awareness. The cosmetics industry has to be up to date with innovation generally because of the demand from consumers. We can see that within this industry more and more science and technology is being used to create and promote new beauty products. Johnson & Johnson was the first corporation within the industry to unveil the largest breakthrough in cosmetics called cytomic. Cytomic is a technology that uses bioelectricity to fight signs of aging such as wrinkles and dark sports. All companies understand that bigger businesses are introducing new products with such scientific advancements that now most of all companies are adapting to this change and are trying to come up with new innovative ways to create and promote new cosmetic products. Companies understand that their products need to be better, unique and innovative compared to the others competitors’ products, in order to make their sales growth. Consumers will pay any certain amount of money within their budget to buy cosmetics to beautify or enhance the way they look. As time passes by we will see
cosmetics reaching new levels of creativity and scientific use, due to competitive factors within the industry. Because of these competitive forces, the cosmetics industry is always advancing in a business perspective and that’s why it is a multibillion dollar industry.

The product line that Global Smart Products possesses is technologically up-to-date and overall good quality products compose the line. New products are being introduced on a yearly basis, while at the same time under-productive products continue to be removed from the stands, making it an efficient method and good business practice. On the other hand, when comparing Global Smart Products to other competitors, its product renewal process is somewhat slower than the competitors. Taking into account the size of the company and the niche market it targets, this product renewal process should be accelerated to give side to the company’s growth. Global Smart Products already focuses on “make up artistry”, which gives it a heads up in the industry versus other more traditional cosmetic companies, also the mineral base cosmetic products is competitive advantage over more traditional companies in the industry. However, the tendency for competitors to move into the mineral base cosmetic products over the following years will deteriorate this advantage and eat into GSP’s sales.

On the other hand, e-commerce is also part of innovation, and that seems to be lacking within Global Smart Products sales strategy. Online sales can provide a low cost method to reach more consumers and increase brand awareness. Now, taking into consideration all the data from the research, the following steps should be concidered to create a good pathway into improving innovative reputation.

- Increase focus on e-commerce sales strategy. A study conducted by Mintell International Group assures that women are quite loyal to the cosmetic brand that they use and that 50% of them considerer buying the products on-line.
• Another great area to explore as far as innovation is to extend product line for men also. 60% of the time, men accompany the women during their shopping activities, and sometimes it even represented a negative factor for sales, because the men would rush the potential buyers to leave or not even let them stop to check it out. Now, a good solution would be to have some products for men as well.

• Speeding up the cycle for introducing new products into the market and removing old ones. This method combined with a good marketing and advertising campaign proves to be effective for branding.

4.5 Workplace climate

The workplace atmosphere is being promoted to employees within corporations, as well as becoming an increasingly important characteristic to target in order to maintain employees for longer periods, whose experience provides positive impact to the corporation.

Our findings from the data collection shows that, even though the company promotes two holidays per year, there seems to be missing the opportunity to promote good relationships among staff members with other events. This is achieved by having events in which employees come together as a group and interact, and are important for the development of good relationships which benefit the workplace environment.

On the other hand, our analysis shows that the top management believes to have control of disciplinary action regarding issues within the work environment by employing a employee manual. This information does not correlate with our findings, because our data provides information to believe that not all employees are clear with the steps leading to resolution, or termination of their position.
Now, the findings show that employees are satisfied within this characteristic of reputation management in the sense that promotions within the company are fast to well performing employees; therefore, mostly all employees recommend working for this company, which is a good sign. On the other hand, the data collected shows that some employees believe the compensation for their work doesn’t satisfy for the amount of work they have to do for a sale. This characteristic is very difficult to assess in the sense that every employee values their work from their own perspective, which at the same time might differ between all employees; therefore, it can be biased as to the employee’s perspective, and or the method of data collection.

Our study allowed us to deliberately advise on the following strategies to assess the workplace climate, in order to better the relationship within employees and their satisfaction towards their job.

- Start a program or take an initiative in order to promote good relationships among staff members, maybe more than one member per station.
- Make employees aware of what the disciplinary actions will be if they are doing something wrong
- When the manager handles a dispute between employees not only reduce their hours but also make sure that the problem doesn’t happen again and that the employees are aware of the penalizing consequences if it happens again
- Try to promote or come up with a commission structure for the amount of sales they do in order for the employee’s compensation to be higher or at least up to par with the competition.
- Set out a organizational chart so all employees understand what it takes for them to be promoted and what kind of responsibilities the next level come with
Overall it seems like a good company since most of the employees working there would recommend people to work there

4.6 Product and Service

The cosmetics industry as a whole has many strengths, challenge and weaknesses. The products and services offered by the cosmetics industry must meet the needs and expectations of the consumers. This is based on the fact that this industry is generating more the 10 billion a year in income. The reputation of the products and services in the cosmetics industry has its pros and cons. We can see in this industry that there is a variety of stores, businesses and manufacturing companies’ competing. Even though 75% of the industries income is generated by the top 50 companies in this industry, the competition is still good within the industry because it forcer manufacturers to generate quality products and price competition. The variety of products offered by all the different companies like Lancôme, L’Oreal, Mary Kay, Maybelline, and Neutrogena are all regulated by the FDA. The FDA regulates all these products making sure they don’t bear or contain any poisonous or deleterious substances which may be harmful, contain any color additive, and the labeling may not be false or misleading. This makes the products in this industry reliable and dependable and most of all safe, which is one of the main concerns of its consumers. Some of the challenges that this industry includes are, the groups and individuals against animal testing, and animal cruelty. Many if not all the companies in this industry are criticized and identified as using animals to test their products to make sure they meet FDA requirements. This causes a challenge in this industry because so many groups like PETA and the American Humane Association focus on throwing campaigns towards these companies and giving these companies a bad reputation in order for consumers not to purchase their products.
In the cosmetics industry while there are many companies, we can see that the larger companies have an advantage since they can offer a wide selection of products, therefore giving them an advantage in purchasing, distribution and marketing over smaller companies. Smaller companies tend to focus solely on a specific set of cosmetics and a certain age group of individuals.

The products and service aspect of reputation management assesses the degree of benefit the consumer receives for the dollar amount paid, as well as how the consumer values the corporation from the products and service perspective. When writing a business plan, the focus of the Product and Service Reputation Analysis section is a thorough examination of your target market, those people that you intend to sell your products or services to (Ward, About.com Guide).

Global Smart Products analysis related to products and service, was developed using anonymous questionnaires which relate to these two aspects of the corporation. The approach to compile the data for analysis was to target actual customers who received some type of service or used the products, either in the past or prior to the questionnaire being provided. By using this method we ensured the data was being obtained from the proper audience and the final analysis was as accurate as possible.

The study involved random surveys of customers throughout Smart Global Products database and on site retail locations, which allowed the capture of a more stable population surveyed. The questionnaire was based on ten questions assessing the ratio of new to past consumers, consumer perception of product quality and service quality, consumer usage of product and probability of continuous use, product quality and price comparison to other competitors, and consumer purchase preference. The study also allowed a comment section in order to see other perspectives not addressed in the survey, which proved to be very effective.
New to Past Consumer Analysis:
The data collected shows that 73% of the surveyed are returning consumers, providing assurance for the product and service quality. Although in a business environment we want customer retention, having a higher ratio of past consumers to new ones might be a sign of improper attraction to the brand. Only 23% of the surveyed are new customers, showing a lack of brand awareness. Therefore, strategies should be implemented to increase this aspect of the business (see appendix 13).

Consumer Perception of Product and Service Quality:
According to our analysis of the consumer perception of product and service quality we can see a positive value to the company. The data provided by the study shows a rating of four in a five point scale. As we can see most of the consumers are very pleased with the service and product obtained from Global Smart Products. The chart titled “Question 2 Analysis” (see appendix 14), shows that 78% of the surveyed are either very or extremely satisfied with the product purchased being a great sign for reputation development. None the less, the service quality is superior, with a 68% satisfaction rate within the surveyed population, according to the chart “Question 3 Analysis” (see appendix 15). These findings are supported by showing an 83% recommendation ratio of Global Smart Products in the chart titled “Question 4 Analysis” (see appendix 16).

Product Usage Expectation:
The survey attempts to sustain our findings by assessing the usage of the product by consumers. According to the data collected, more than 50% of the surveyed population will use the product more than three times per week, and only one fourth will not use at all. These statistics support our investigation of the quality of the product, now that continuous use of the products indicates the high satisfaction and quality of the products being sold (see appendix 17).
Global Smart Products versus competitors in the market:

Being a niche company in the mineral cosmetics, according to our analysis, Global Smart Products is positioned above average in both product and price. The statistical analysis of product quality versus other competitors positions Global Smart Products in the top 25%, having a 75% above average responses from consumers (see appendix 18). On the other hand the price category informs that only 54% of consumers are satisfied with the price of the product. Being this a high quality mineral product might overcome the price situation, but from a reputation perspective, is advisable to enact an industry price analysis so the company can be competitive in this aspect (see appendix 19).

Consumer Purchase Preference:

The marketing strategy employed by the company seems to be effective according to the consumer purchase preference. According to our analysis, more than 60% of the consumers surveyed, are likely to be returning consumers (see appendix 20). Again, this supports our previous findings providing strength to our study. The marketing strategy used by the company is focused on retail and minor distribution to e-businesses for the sale of its products. Although the retail in store strategy has a high 83% purchase ratio, there seems to ineffectiveness in the online sales. Only 5% of the interviewees have purchased products online; therefore, this marketing strategy needs to be revised in order to increase online sales (see appendix 21).

After carefully reviewing the data related to products and services on the comments section of our questionnaire, we have concluded that, even though the product quality is exceptional as well as the service provided, there seems to be some issues with the product price being too high. From the negative comments reviewed, the majority target the price of the product.
According to the analysis, it is suggested to take the following measures to improve and maintain reputation related to the products and services of the company.

- Employ a marketing and advertising strategy to increase product awareness:
  - Promotion and advertisement are directly linked to marketing because the promotional campaigns tend to have a huge effect on the reception of the product.
  - Good marketing is something that helps your business grows bigger (articlebase.com).
  - Through this method, the Global Smart Products can address the issue of attracting new consumers and increase brand awareness. Our study shows that the company has no current advertising strategy; therefore this should be considered for the company and sales to grow.

- Provide incentive at purchase for future purchases:
  - This strategy will ensure a returning consumer, and new ones to come.
  - It can also be used to promote future products being introduced to the market, as well as increase brand awareness to present consumers.

- Product price market research:
  - Being one of the major issues brought up by the study, it is advisable to know what other competitors’ price their products, so the company can have a competitive advantage not only in product and service quality, but also price.

- Internet marketing strategy:
  - Our research shows that only 5% of the sales are performed online. The major issue with online sales is the lack of maintenance of the e-commerce web site.
Internetretailer.com explains that during 2010 e-sales grew by 18%, the lack of an e-business is detrimental not only to sales, but also to brand.

- E-Marketing is a low cost strategy to expand sales and brand awareness; therefore, increasing reputation.

### 4.7 Organizational Performance

Global Smart Products is highly recognized for its innovative full-service and attention to detail. Large and small clients, include salons, Estheticians, Professional Beauty Schools and Make-up Artist. As a customer you will have your own Account Executive to ensure you the best-personalized service possible. Their target audience is mostly women between 18 to 60 years old. They try to appeal their cosmetics to a well affluent demographic and to those enthusiasts concerned about quality mineral based cosmetics.

Global Smart Product Cosmetic’s are described as safe and natural. Their basic and most fundamental mission is to develop, Produce and sell the highest quality natural products while delivering a level of service which far exceeds that of their Competitors. Their primary purpose is the services of all kinds of makeup, skin care products and accessories. Their vision is to become a multinational cosmetic company with franchises mainly in the USA and in other countries. Their approach to handling customers is by trying to understand their requirements or limitations by incorporating the right program in front of them and working with all of their resources to find what is going to work with their situation and budget.

Organizational performance in the cosmetic industry is measured in five different aspects: accounting, operational, market based, survival, and economic. Accounting measures are those that rely upon financial information, this measure can be used to identify profitability within a company and its output to stockholders. Operational measures in this industry will provide a way
to define efficiency within a company. The more efficient a production line within the cosmetic industry, the better its performance in this category. According to Ku Teng journal on measures of organizational performance, market based measures should include ratios and values that incorporate the market value of the organization. On the other hand, survival measures are key indicators of the ability of a company to stay in business. For example MAC Cosmetic is one of the key players that has been able to outperform other corporations in this area and be one of the first companies to enter the retail market as a survival strategy, organizational performance in such businesses can be measure by the way the are benchmarking, their business processes, their continues improvements and the international quality certifications such as ISO. This companies are also evaluated by the way the firm is being manage, if the firm is being manage by objectives (MBO) and if the firm have an specific set of management practices that ensure organizational performance in less words if management has implemented a total quality management program (TQM). Finally Economic value measures of performance are adjusted accounting measures that take into consideration the cost of capital and some of the influences of external financial reporting rules. In a way to improve organizational performance cosmetic companies are developing new distribution strategies and developing new markets such as the online market, cosmetic companies are moving into a more strategic planning where no only the employee must perform well but management will have to perform even better, it adds value to the firm because the new management is switching from the high price product with fewer sales to the lower prices but higher sales product. Also cosmetic business organizational performance can be measure thru the FDA and its regulations, if they have followed them or had fail to follow them.

Through careful analysis using RepTrak™ risk assessment, there are several indicators that place a potential liability for Global Smart Product’s outlook on Organizational Performance. Given
the direct analysis of the company’s financial statements and other associated questionnaires to both internal and external stakeholders, it was discovered the pending bill in Congress – Safe Cosmetics Act of 2010 (HR 5786) as a matter to take seriously.

While media coverage may not be detrimental to the company, there still lays the possibility that such a fear-based tactic created for HR 5786 will affect potential future of U.S. investments (ICMD 2010).

This Organizational Performance analysis discovered that the 2011’s total profits and sales were higher than of 2010. This is a very positive outlook for Global Smart Products given their great increase of profits from 2009 to this point of the year. This predictor is by far the most sound in comparison to the others and the only recommendation is to continue luring investors whether by joint-ventures or through the promotions of their franchises.
1. APPENDIX

1.1 Appendix 1: Image
1.2 Appendix 2: Elasto- Shock System
Source: Global Smart Products LLC

1.3 Appendix 3: Dual Cushion Support

Source: Global Smart Products LLC
1.4 Appendix 4: Targeted Muscles

Source: Global Smart Products LLC
1.5 Appendix 5: Fashion Collections

Sneakers, Shoes, Boots, Sandals

Source: Global Smart Products LLC
1.6 Appendix 6: Skeletal Support

LESS IMPACT

Source: Global Smart Products LLC
1.7 Appendix 7: Weight Loss During Medical Study

Before

After

25 Lb
In 6 weeks

Before

After

16 Lb
In 6 weeks

Source: Global Smart Products LLC
1.8 Appendix 8: Functionality

Use StepGym Anywhere

Source: Global Smart Products LLC
1.9 Appendix 9: Accupuncture and Massage zones

Source: Global Smart Products LLC
### 1.10 Appendix 10: Units sold 2011

<table>
<thead>
<tr>
<th>Country</th>
<th>QTY</th>
<th>Country</th>
<th>QTY</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>220,800</td>
<td>Mexico</td>
<td>185,000</td>
</tr>
<tr>
<td>Mexico</td>
<td>295,310</td>
<td>Colombia</td>
<td>13,500</td>
</tr>
<tr>
<td>Peru</td>
<td>9,800</td>
<td>TOTAL RETAIL</td>
<td>198,500</td>
</tr>
<tr>
<td>Chile</td>
<td>6,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>25,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecuador</td>
<td>10,690</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>38,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
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</tr>
<tr>
<td>Dominican R.</td>
<td>10,020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S. Africa</td>
<td>4,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela</td>
<td>7,900</td>
<td></td>
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<tr>
<td>Germany</td>
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<tr>
<td>Panama</td>
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<td></td>
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</tr>
<tr>
<td>Bolivia</td>
<td>2,004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. America</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>5,750</td>
<td></td>
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<tr>
<td>Suriname</td>
<td>3,400</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>14,200</td>
<td></td>
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</tr>
</tbody>
</table>

**TOTAL DRTV** 730,448

Source: Global Smart Products LLC
1.11 Appendix 11: Sample EMG Graph comparison print outs

Subject EMG Reading: Sneaker / inner thigh

Subject EMG Reading: StepGym / inner thigh

Table

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>Inner Thigh</th>
<th>Hamstring</th>
<th>Buttocks</th>
<th>Lower Abdominals</th>
<th>Calf</th>
<th>Quadriceps</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average RMS</td>
<td>Average RMS</td>
<td>Average RMS</td>
<td>Average RMS</td>
<td>Average RMS</td>
<td>Average RMS</td>
</tr>
<tr>
<td>StepGym</td>
<td>.04956</td>
<td>.06625</td>
<td>.04946</td>
<td>.0433</td>
<td>.13945</td>
<td>.24503</td>
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<tr>
<td>Sneaker</td>
<td>.04276</td>
<td>.05352</td>
<td>.04276</td>
<td>.0424</td>
<td>.14083</td>
<td>.18808</td>
</tr>
</tbody>
</table>

The RMS is the preferred value for this type of study because it provides a measure of the power of the signal (degree of activity). RMS represents the square root of the average power of the EMG signal for a given period of time.

Source: Global Smart Products LLC
### 1.12 Appendix 12: Sample Subject’s Health Study

#### Teddie Moore

<table>
<thead>
<tr>
<th>September 25, 2010</th>
<th>November 13, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 50</td>
<td>Age: 50</td>
</tr>
<tr>
<td>Height: 5’ 1</td>
<td>Height: 5’ 1</td>
</tr>
<tr>
<td>Scale: 158</td>
<td>Scale: 142</td>
</tr>
<tr>
<td>Belly: 36 ¾</td>
<td>Belly: 33 ¾</td>
</tr>
<tr>
<td>Hips: 43 ¾</td>
<td>Hips: 40</td>
</tr>
<tr>
<td>Thigh: 22 ½</td>
<td>Thigh: 20 1/8</td>
</tr>
<tr>
<td>OM: 39 % 61 ½ lbs.</td>
<td>OM: 34 8 % 49 ½ lbs.</td>
</tr>
</tbody>
</table>

- Lost 16 lbs.
- Lost 3 inches at belly
- Lost 3 ¼ inches at hips
- Lost 2 3/8 inches at thigh
- Lost 4.2 % body fat, 12 lbs. body fat

#### Susan Kalchman

<table>
<thead>
<tr>
<th>September 25, 2010</th>
<th>November 13, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 40</td>
<td>Age: 40</td>
</tr>
<tr>
<td>Height: 5’ 5</td>
<td>Height: 5’ 5</td>
</tr>
<tr>
<td>Scale: 145</td>
<td>Scale: 133</td>
</tr>
<tr>
<td>Belly: 35</td>
<td>Belly: 34</td>
</tr>
<tr>
<td>Hips: 40 ½</td>
<td>Hips: 39</td>
</tr>
<tr>
<td>Thigh: 21</td>
<td>Thigh: 20 ¼</td>
</tr>
<tr>
<td>Bicep: 11</td>
<td>Bicep: 10 ¾</td>
</tr>
<tr>
<td>OM: 29.7 % 43 lbs.</td>
<td>OM: 22.3 % 29 ½ lbs.</td>
</tr>
</tbody>
</table>

- Lost 12 lbs.
- Lost 1 inch at belly
- Lost 1 ½ inches at hips
- Lost ¾ inch at thigh
- Lost ¼ inch at bicep
- Lost 7.4 % body fat, 13 ½ lbs. body fat

#### Brian Kalchman

<table>
<thead>
<tr>
<th>September 25, 2010</th>
<th>November 13, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age: 46</td>
<td>Age: 46</td>
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<tr>
<td>Height: 5’ 9</td>
<td>Height: 5’ 9</td>
</tr>
<tr>
<td>Scale: 182</td>
<td>Scale: 166</td>
</tr>
<tr>
<td>Belly: 38</td>
<td>Belly: 36</td>
</tr>
<tr>
<td>Thigh: 22</td>
<td>Thigh: 22</td>
</tr>
<tr>
<td>OM: 22.8 % 41 ½ lbs.</td>
<td>OM: 18.8 % 31 ½</td>
</tr>
</tbody>
</table>

- Lost 16 lbs.
- Lost 2 inches at belly
- Lost 4 % body fat, 10 lbs. body fat

Source: Global Smart Products LLC
1.13 Appendix 13: Question 1

Question 1 Analysis
Have you ever purchased from GSP?

No 27%
Yes 73%

Source: Global Smart Products LLC

1.14 Appendix 14: Question 2

Question 2 Analysis
Overall how would you rate GSP products

Very Dissatisfied 2%
Neutral 18%
Extremely Dissatisfied 2%
Extremely Satisfied 32%
Very Satisfied 46%

Source: Global Smart Products LLC
1.15 Appendix 15: Question 3

Question 3 Analysis
How satisfied are you with your service from GSP?

Source: Global Smart Products LLC

1.16 Appendix 16: Question 4

Question 4 Analysis
Would you recommend GSP Products?

Source: Global Smart Products LLC
1.17 Appendix 17: Question 5

Question 5 Analysis
How often do you GSP Products?

- Once per Week: 10%
- Twice per Week: 13%
- 3 - 5 Times per Week: 18%
- 6 or More Times per Week: 34%
- Not at all: 25%

Source: Global Smart Products LLC

1.18 Appendix 18: Question 6

Question 6 Analysis
How would you rate GSP products to other companies’ products?

- Good Quality: 48%
- Excellent Quality: 27%
- Average: 23%
- Bad Quality: 0%
- Worst Quality: 2%

Source: Global Smart Products LLC
1.19 Appendix 19: Question 7

**Question 7 Analysis**

*How would you rate GSP Prices to other companies’ prices?*

- Excellent: 10%
- Good: 44%
- Average: 23%
- Worst: 13%
- Bad: 10%

Source: Global Smart Products LLC

1.20 Appendix 20: Question 8

**Question 8 Analysis**

*For your next purchase, how likely are you to purchase from GSP?*

- Very Likely: 44%
- Extremely Likely: 23%
- Not Sure: 27%
- Very Unlikely: 3%
- Extremely Unlikely: 3%

Source: Global Smart Products LLC
1.21 Appendix 21: Question 9

Question 9 Analysis
Which of the following did you use to purchase GSP Products?

- Store: 83%
- Online: 5%
- No Answer: 12%

Source: Global Smart Products LLC
5. Bibliography


