

THE
ECONOMIC
CLUB OF
CHICAGO

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The First Dinner Meeting of the 2017-2018 Program Year was held on October 12 at the Fairmont Chicago: Millennium Park, and featured Club board member Mary Dillon, chief executive officer of Ulta Beauty. Former Chair Ilene S. Gordon opened the meeting with a ceremonial "passing of the gavel," marking Mellody Hobson's First Dinner Meeting as Chair of the Club.

Since Ms. Dillon started as chief executive officer of Ulta Beauty in 2013, annual sales have reached a high of nearly \$5 billion, with the company employing 35,000 people and maintaining over 1,000 stores. The company also boasts a loyalty program of 25 million members, who account for roughly 90 percent of its sales. While many retailers are closing doors, Ulta Beauty continues to expand, with plans for another 100 stores next year. In addition to selling various beauty products, the stores also have beauty salons offering services that include haircut and styling, facials and skin treatments, brow waxing, manicures and makeup application.

Ms. Dillon asserted that the beauty industry will continue to be relevant, as it has through the course of known human history. As she explained, cosmetics have existed in every culture for at the least the last 6,000 years, popularly observed in ancient histories like Egypt.

"Think about the images you've seen of Cleopatra. She truly made the smokey eye and winged eyeliner a thing," she said, to laughs in the crowd. "[The beauty industry] is getting more dynamic today, in the increasingly multi-cultural world and country that we live in, through the fluidity of gender definition, the importance of social media, the explosion of beauty bloggers and the fact that more photos are taken today than ever in human history."

Ms. Dillon is credited with Ulta Beauty's turnaround and for "rebranding the company from a discount retailer to a premium brand," as Chair Mellody Hobson explained. After speaking about the industry, Ms. Dillon shared her own story and the principles that have guided her over the course of her career.

"After leading businesses across various industries in Chicago for 30 years, I've learned a few things: articulate my values, build teams who align with those values, and bring [those values] to life in our business and communities," said Ms. Dillon.

She credits the development of these values to her work ethic established at a young age. A Chicago native, Ms. Dillon grew up at 72nd and Damen, which is now West Englewood, and was the daughter of a steel factory worker. Both of her grandfathers emigrated from Ireland in the early 1900s. She cleaned houses and waitressed at R.J. Grunts to pay her way through college at University of Illinois at Chicago, and landed her first job in the

business world at Quaker Oats. From there, Ms. Dillon worked in marketing at companies across various industries, including Kibbles'n'Bits, Gatorade, McDonald's Corp., and U.S. Cellular.

"This journey is truly something that I'm proud of and also makes me very dedicated to creating opportunities for others, especially those without access or networks," said Ms. Dillon.

When it comes to Ulta, she's particularly proud of its company culture that encourages open communication and listening among managers and associates. Ms. Dillon looks to provide career growth opportunity internally, in addition to customer service that puts Ulta "guests" at the center of everything the company aims to achieve.

Chair Mellody Hobson moderated the Q&A with Ms. Dillon, which delved into topics that ranged from diversity and inclusion to e-commerce.

Ms. Hobson asked about the long tradition of white, blond women being the beauty ideal in the cosmetics and beauty industries and whether that idea of beauty is beginning to expand. She shared her own experience of going to a beauty store in Las Vegas and not finding any foundation for non-white skin tones.

"I feel beauty as an industry is a microcosm of biases we carry around with us," said Ms. Dillon. Although the company is very mindful of diverse representation, she explained that some vendors in their store continue to only represent a very specific idea of beauty.

"We have to keep challenging everybody more to have the right range of shades," said Ms. Dillon.

Ms. Dillon discussed the target demographic of Ulta Beauty, the "beauty enthusiasts," who are individuals with a greater than average passion for beauty products. This target is what she believes sets Ulta apart in the modern era of retail, and why she does not fear Amazon's continued expansion.

"People do not understand that truly, there's a big segment of shoppers - 57 percent of our shoppers that are beauty enthusiasts - they love to shop in person and online, and that in store experience plus our services, is never going to go away," she said. "You have to have an experience people want, that is exclusive, that's fun and engaging with a visibly human component to it."

After the program, the Young Leaders' committee held an After Party which Ms. Dillon also attended. This post-program reception gave members 45 and younger the opportunity to talk to Ms. Dillon on a more intimate level.