09-22 Interview: Shelly Sullivan (MK Beauty) and Kelly Iversen (Sweat) — Community-Driven Growth, Speed and Agility, Enterprise Value, and Founder Independence

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Location: [Insert Location]

Interviewee: Shelly Sullivan, Kelly Iversen

TL;DR

Shelly Sullivan, founder of MK Beauty, and Kelly Iversen, founder of Sweat, discuss strategies for business growth, enterprise value, and making high-stakes decisions. Key themes include building a genuine community by adding value (Iversen) versus a transactional customer list, and leveraging speed, market agility, and a strong team to outmaneuver larger competitors (Sullivan). They also cover building enterprise value for an eventual sale by focusing on future potential, using the feeling of being underestimated as motivation, and relying on intuition combined with rapid experimentation when data is unclear. Ultimately, success hinges on customer closeness, building a "heart-led" brand, and creating a business structured to operate independently of the founder.

Introduction

1. **Shelly Sullivan (Speaker 3):** Founder of billion-dollar brands ModelCo and MCo Beauty, Sullivan is a marketing disruptor who scaled to thousands of retail stores. Her core message revolves around leveraging speed, agility, and a strong entrepreneurial team to find and fill market gaps overlooked by larger, slower competitors. She emphasizes building enterprise value for future acquirers, staying close to the customer for rapid validation, flying under the radar, and using instinct plus rapid iteration to make bold decisions, such as launching a prestige-quality beauty line in supermarkets.

2. **Kelly Iversen (Speaker 2):** Founder of Sweat, one of the world's largest fitness platforms, Iversen is a leading voice in health and fitness from Adelaide, Australia. Her key contribution is distinguishing between a "customer" and a "community member." She advocates for turning buyers into believers by adding genuine value, sharing the business's "why," and creating experiences that foster organic loyalty. She champions the upside of being underestimated, the importance of heart-led community building, and using a values-based framework for risk-taking and decision-making.
3. **Speaker 1:** The interviewer and moderator who frames questions around business growth, preparing for sale, resilience, handling underestimation, and decision-making under uncertainty.
4. **Speaker 4:** A facilitator who cues discussion and transitions.

Keys_point

1. **Community Over Customers:** Building a community, not just a customer list, is crucial for loyalty and organic growth. This is achieved by adding value beyond the product and making customers feel important (MFI). You can buy brains, but you can't buy heart.
2. **Speed and Agility:** A small business's greatest advantage against large, well-funded competitors is the ability to move from concept to shelf quickly, identifying and exploiting non-obvious opportunities that giants overlook.
3. **Build for the Acquirer:** To maximize enterprise value for a sale, build with the future owner in mind. Focus on future growth potential, not just past achievements, and design a business that can be a "box" a buyer can lift without the founder.
4. **Harness Underestimation:** Being underestimated can be a powerful motivator and a strategic advantage, allowing a business to operate under the radar and avoid premature competitive pressure.
5. **Decision-Making Under Uncertainty:** When data is incomplete, rely on experienced intuition combined with rapid, time-bound testing and swift pivots. Indecision is often riskier than a wrong turn that can be corrected.
6. **Scale Beyond the Founder:** To scale, a founder must build trust in their team, get out of the way, and remove themselves as a bottleneck. This involves packaging the core outcome of a service into a product and developing systems, teams, and brand independence.
7. **Focus and Execution:** Double down on what works and stop what doesn't. Prioritize front-line customer needs, ensure product availability, and maintain customer-facing quality while fixing operational issues behind the scenes.

Insights

1. **Shelly Sullivan (Speaker 3)**
    - Small, agile teams can outmaneuver large corporations by moving from concept to shelf in months, not years.
    - Find a gap competitors won't fill, like offering high-quality products at an affordable price point in unexpected channels (e.g., supermarkets).
    - A founder's role evolves from doing everything to building a strategic team and empowering them to enable enterprise growth.
    - Buyers purchase the future potential they can realize; build the brand to be valuable to the next owner by creating a clean, scalable "business in a box."
    - When data is unclear, act on intuition, apply judgment, and test quickly. Failures are common but can be managed quietly while maintaining the customer experience.
    - Diversify the faces of the brand (e.g., Celeste Barber partnership) to prove value beyond the founder.
2. **Kelly Iversen (Speaker 2)**
    - A transactional customer is not loyal; a community member believes in your "why." Convert them by adding value without expecting an immediate sale.
    - Stop the "hard sell"; people connect with a real story and want to feel important (MFI).
    - Scaling from service to product involves packaging the *outcome* (e.g., confidence) so it can be delivered without the founder's direct involvement.
    - Overcoming fear of being the brand's face comes from confidence in the "why," while stepping back requires building trust in your team.
    - Underestimation fuels motivation and speed. Operate under the radar to avoid attracting early competition.
    - Selling a business is stressful and often romanticized. Distinguish between true burnout and a dead opportunity before deciding to sell, and be wary of losing control in partial sales.
3. **Speaker 1 (Moderator)**
    - Frames key dilemmas for founders: sell vs. double down, building value vs. founder obsessions.
    - Surfaces common founder experiences like being underestimated and the challenges of late-stage entrepreneurship.
4. **Speaker 4 (Facilitator)**
    - Guides the structure and timing of the discussion.

Chapter

1. **[Speaker 1] : How to turn buyers into believers and what works organically today?**

    > - **Kelly Iversen:** A customer is transactional, while a community member believes in your “why.” To build a community, add value without expectation. For example, her free boot camps created an experience people wanted to share. Organically, what still works is being first, adding value, and telling a real story instead of using a “hard sell.” Speed to market is key.

2. **[Speaker 1] : How do you find and fill a gap to beat bigger competitors?**

    > - **Shelly Sullivan:** Don’t compete head-on. Use speed and customer closeness as advantages. Her small, agile team identified a need for affordable, high-quality products and moved quickly to fill that gap.

3. **[Speaker 1] : How do you know when a “wrong” move is actually a huge opportunity?**

    > - **Shelly Sullivan:** She saw supermarket shelves not as a “cheap” channel but as a massive shopfront with a captive audience. She identified a gap for bringing a luxury feel to a boring aisle. It’s about finding the hidden opportunity and taking calculated risks.

4. **[Speaker 1] : What’s the playbook for turning a service into a product?**

    > - **Kelly Iversen:** Identify the core outcome or feeling your service provides (e.g., confidence), then package that outcome into a scalable product (like an app or course) that removes you from the equation. Her own journey went from 1-on-1 sessions to group training (building community) to a scalable app.

5. **[Speaker 1] : Advice for founders who are the face of their brand and struggle to step back?**

    > - **Kelly Iversen:** Fear of being the face is a confidence issue that is solved by doing, not waiting. Focus on your “why.” Inability to step back is a trust issue. You must build and trust a team to carry the business forward.

6. **[Speaker 1] : What was the key lesson in growing your second business faster than the first?**

> - **Shelly Sullivan:** The founder needs to get out of the way. For her second company, she built a strategic ecosystem of people (product, data, supply chain) from the start to create real enterprise value, empowering them with an entrepreneurial spirit.

7. **[Speaker 1] : Years out from a sale, what should founders build now that buyers will actually pay for?**

> - **Speaker 3 (Shelly):** Focus on enterprise value that a buyer can grow; they're buying future potential. Don't fixate on selling—maintain desirability. A strong regional focus can set up a premium multiple.

8. **[Speaker 1] : How should founders handle being underestimated?**

> - **Speaker 2 (Kelly):** Underestimation is fuel. It makes you more motivated and faster. Stay under the radar to avoid attracting early competitive scrutiny.
> - **Speaker 3 (Shelly):** Don't waste energy trying to prove people wrong. Fly under the radar and let execution and results speak for themselves.

9. **[Speaker 1] : When the data is unclear, what is your decision-making process?**

> - **Speaker 3 (Shelly):** Data is never complete. Rely on intuition from experience, take judgment-based risks, and pivot fast. Indecision is the biggest danger. Failures are frequent but can be fixed behind the scenes while maintaining customer-facing quality.
> - **Speaker 2 (Kelly):** Waiting stalls the business. Use a framework: what's best for the business, the community, and yourself? Take calculated risks.

10. **[Speaker 1] : What did buying back Sweat teach you about real value drivers?**

> - **Speaker 2 (Kelly):** You can buy brains, but you can't buy heart. Sweat's value came from its community and the people who cared. If a community doesn't buy into the new ownership, you lose everything.

11. **[Speaker 1] : How do you know whether to double down or sell?**

> - **Speaker 2 (Kelly):** Selling is romanticized but stressful. Ask if you're just tired or if the passion is truly gone. Pitch the business to yourself—if you get excited, don't sell. Be wary of post-sale mental health and losing control in partial sales.
> - **Speaker 3 (Shelly):** Shift focus from selling to creating enterprise value. Buyers want scalable, drama-free businesses. Build teams,

> reduce founder dependence, and let customers become the face of the brand (e.g., Celeste Barber partnership drove 500% uplift).

12. **[Speaker 1] : How did you get into rooms you weren't invited into?**

> - **Speaker 3 (Shelly):** Don't be desperate. Build something valuable, and people will want a seat at your table. Networking should be earned through results.
> - **Speaker 2 (Kelly):** Relentless, creative effort works. She shared stories of a founder who flew to LA on short notice for a meeting and a barber who cycled interstate for proximity and purpose—do whatever it takes.

13. **[Speaker 1] : Leave one operating principle for Monday morning.**

> - **Speaker 3 (Shelly):** Stop what's not working; do what works faster. Focus on customer-facing priorities and product availability.
> - **Speaker 2 (Kelly):** MFI—Make Me Feel Important. Based on a restaurateur's approach, make every customer feel valued to turn them into loyal community members.