

CONVERSATIONS WITH MIKE MILKEN



Anastasia Soare

Founder and CEO, Anastasia Beverly Hills

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Mike Milken: Anastasia, thank you for joining me today.

Anastasia Soare: Thank you so much, Mike, for having me.

Every time I think about you, I think about the American Dream – the opportunity to succeed based on your ability and hard work. You came from Romania to the United States 30 years ago, got a job working in a beauty salon, and ended up leading one of the great cosmetic companies. Tell us a little bit about the background and some of the challenges as you came to the United States looking for an opportunity.

Living in Romania for 30 years in a communist regime, it was quite difficult to do anything as a woman. So I had this dream since I was 18 that I wanted to come to the United States. I wanted to have the freedom of speech, the freedom of doing whatever I wanted, to prove to myself that I am smart and I could do things that I would not be able to do in Romania. It was not easy to leave, but thank God I was able to come here. Without speaking the language, I got the job and I have to say that I was so encouraged by my clients, by people that I worked with; everybody was so supportive. Of course I had challenges to scale from

“I am the American Dream!”

working in a little room, to rent a room, to open a salon, to get a credit card, because I had no credit here.

I always used the card of "I'm sure your parents or your grand grandparents were immigrants ... somebody gave them a chance, and please give me a chance." I would prove that I could work hard and I could make things happen. And every door that was closed, I will go back again and again, and persevere. I will not give up. Thirty years later, I was able to get where I am today. I didn't expect that it's going to be easy, but having a business and being able to build a business in this country – and this is the only country on earth that you could do this – it was absolutely amazing.

The freedom of expression that the United States offers you – I don't think many people realize that in many countries you did not have that freedom of expression.

I remember when the communist regime started, around the '50s, people thought, *Oh this is great! This is amazing! Everybody's going to be equal; we'll all live in incredible harmony. You have five houses, okay, let me take your four houses. You will stay in one. And the other four we'll give to other families.*

I remember my grandparents – this is what happened to them. They were taking away their homes, their land, their money, their everything. And you know what happened? At 90, he was living in two-bedroom apartment on the fourth floor with no elevator because they took everything away from him and put him in a typical communist block apartment. For me, witnessing that was why I wanted to come here. Like, I cannot stay here. Every intellectual in the communist regime that wanted to say something was

thrown in jail. You couldn't express your feelings.

"I think my immigrant spirit of adapting kicked in and I said, look guys, we need to do something. We cannot sit here and do nothing because the stores are closed. Let's start a plan of attack, let's start going online, and let's utilize our social media because we have 20 million followers."

What was the worst in my opinion was that everybody was paid the same. Let's say there were two people in an office and one person would work really hard. And the other one will not work. At the end of the month, they will have the same paycheck. After a year, probably you think, why do I need to

work that hard if I make the same money as this guy? So you have no incentive. They will kill your spirit. And that's why I wanted to come here. This is the country that will give you the opportunity. If you work hard and you want to do something, you are able, the sky's the limit.

Look at me! I am that person. I am the American Dream!

Now I know you were studying history and architecture in Romania. How did this impact your view of beauty?

I studied technical design for five years. My art teacher always talked about, if you want to change the emotion on a portrait, just change the eyebrows. He was the one introducing me to da Vinci's technique that he used in all his paintings – the “golden ratio.”

So I came here, and never in my life I thought that I will get into cosmetics, but I realized that nobody paid attention to eyebrows 30 years ago. I needed to find a way of fixing my eyebrows because mine were over-tweezed, very round, and I looked surprised in every picture. I started developing this technique on how to shape eyebrows according to everybody's bone structure and natural eyebrow shape using all the knowledge that I learned in school.

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Then I opened the salon in Beverly Hills, which we still have today at 438 North Bedford drive. I realized that there were not products for eyebrows. I used to mix Vaseline with some eyeshadow just to create this format. And, the clients will say, well, my eyebrow looks amazing now, but tomorrow morning it's not the same. So I started creating the product line. We are today in 2,500 stores in the United States and in 35 countries around the world. And we expanded from eyebrows to full-face makeup.

Let's talk about the idea that you were looking at paintings, and now you could change how a person was perceived by just changing their eyebrows. What is the golden ratio?

So the golden ratio is a mathematical formula that you find it everywhere in buildings, nature. The mathematical formula is 1.618. The human eye is so encoded to recognize this harmony that is created by this ratio.

What we used to do in art classes, you take a piece of paper and you start drawing a portrait. When you start shading, you create a 3D effect. You create the eye sockets, you create the nose. By using shading, the dark color and light color of the paper, you could change everything you want. So I realized that you use that color to control your face, you minimize certain parts of the face using the contouring, and you enhance certain parts of the face using lighter color and highlighter.

So my daughter in 2012, when we just landed on Instagram, said, mom, you talk constantly about this controlling and highlighting and the eyebrow, and how important it

is to be able to create that perfect balance and proportion with the face. Let's start a contouring kit. Contouring existed in Hollywood, but nobody paid attention, the everyday consumer. We were able to bring that and market it on social media, on Instagram, and I have to say that was incredible, phenomenal. We sold it immediately. Then Sephora wanted to have it. And we were able to have it in all our retailers.

But makeup is actually used to create an illusion of perfection. I remember 30 years ago, I used to have clients come with a picture of a celebrity and say, I want to look like this person. And I said, yes, she's gorgeous, beautiful, but you have a totally different bone structure. Let's look at you and find the perfect balance and proportion within *your* face. You don't try to look like somebody else because we all are different. And with the idea of selfies, I think it helped us to emphasize this theory of, it's about you and let's see what we could do with you.

You've built a great company over a long period of time. You've expanded to 35 countries, thousands of stores. You brought in an outside investor in TPG a few years ago and created enormous value for yourself and your company. The coronavirus comes to the world and it starts in Asia, it goes to Europe, eventually comes to the United States. I'm assuming that your interaction with the consumer eventually shifted substantially to them buying online. Whether they were buying online from Sephora or Nordstrom or yourself, life had changed from the previous decades of your experience. How did you adapt?

In 2012, we were the first cosmetic company that embraced Instagram. We know how to do online. We promoted our makeup on Instagram and social media. Then when Instagram started the IG story, IGTV, we started doing that. It didn't happen overnight. I

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couldn't do this on my own. My team was absolutely incredible. My marketing team, my field team, my SVP of sales – everybody internationally and domestic. So all of us got together the first week.

I think my immigrant spirit of adapting kicked in and I said, look guys, we need to do something. We cannot sit here and do nothing because the stores are closed.

Let's start a plan of attack, let's start

going online, and let's utilize our social media because we have 20 million followers on Anastasia, Beverly Hills. And this is what we did within 10 days. We're able to do all this virtual consulting. I'm so proud of my team. We stopped the marketing in the stores and we put all the money in marketing in our own dot-com or retail.

We'll have meetings almost every day – of course, Zooms – and we'll be able to switch and move wherever. We'll see the biggest growth. So you had to be very vigilant and take action very quick. And if you look at the results, the markets started growing online. Of course the stores were closed, but the market for hair and makeup grew over 70% and we grew 154% online.

I think being able to switch into putting everyone online was very important for us as a company, and having 20 million followers on Instagram, we had an audience that we could talk to. It was very helpful for all of us.

So the world has started to reopen differently. What do you see in 35 countries? How different has the reopening been based on where you are?

Europe closed earlier and they opened earlier. They're open right now. Definitely the traffic is lower than it used to be last year or the beginning of the year. I see that the dot-com is still holding on, and people are willing to order online much more than they used to and not going in the store that much. And as you know, being in the beauty industry and selling products, you want to touch them. You want to see them. But I think people are going back to the brands they know and trust. So less for newness, they will go for "I trust and I know this brand and I'm going to go and buy online." This is what I think.

So many companies go outside to find or develop products, and then they bring it in and put their name on it. You've really developed a system over the years to develop new products. How did an art history and architecture student learn not only to become a tech executive, but to develop new products?

You are so kind. When I went to school, we did mechanical engineering and I did technical design. When I started 25 years ago to work on products, I remember they used to come with a compact, because you buy the compact or you do custom molding. Somebody send me a design of a compact, and they said, Oh, this is very expensive. 40,000 or something, a really high number. For me it was very expensive at that time. And I looked at the design like, oh no, this is wrong. The technical design was wrong because it didn't function well. So of course, everything that I learned in class from my teacher, it kicked in and really helped me to see and to complain about it and say no, this could not be 40,000 because it will not function. This compact will not be able to close because the mechanics.

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I have to say that, getting into this business, everything that I learned – and I didn't learn about cosmetics but learning about mechanics, learning about chemistry – I was able to start making products that would solve a problem. Let's say somebody over-tweezed their eyebrow and they had patches missing. I needed to create the products because at that time, 30 years ago, there were no products for eyebrows. So I couldn't say, Oh, let me go to another brand, get this pencil and go to a lab and say, can you copy this for me?

I had to invent the products, and it was a collaboration with the lab and with the chemist. They would give me something and we'd go back and forth. I would tell them that I want something else that would be more functional because I would get the sample and I would work on the client. I think most of the time products are done by a product development team in an office. The way I did it was very practical. I would take the product and use it on somebody's face. I remember I used to give my clients samples and say, use this and let me know how you like it; what do you like and what don't you like about this product? This is how all my products started, but I'm thankful that everything that I learned in school, I was able to apply in everything I've done here.

So as you expand your product line, how long does it take before you're satisfied to bring out a new product under your label?

I do eyebrow products. My daughter does the rest of the makeup. We work on so many projects at any time, because if we are not crazy in love with the product, we'll never launch. To create a product from the concept to the end takes two years, probably, because you have to do stability testing. You have to do, sometimes you take the product and you take the component and you put them together and they will not work together. And then you have to start all over again with the formula. So it's a very lengthy process. That's why we work on so many products at any given time and only launch the ones we really love.

We've had more than one crisis in our country. We now have something that occurs in Minneapolis, with a young man being killed, and it raises an issue of inequality, racism. And I know you were deeply moved in this area. How did you respond?

We all were shocked, and we definitely wanted to do something. As a company, we pledged a million dollars to help Black businesses, then \$200,000 to social initiatives, \$250,000 toward mental health resources, and \$450,000 toward Black-owned businesses.

So right now companies are applying via video to let us know why they think they're the perfect company to get help and why they need the help and how they think we could help them. It was a way for us, as a company, to show our support. And it was very important for me, my daughter, and everybody that worked in the company.

They were so proud for the measures we took. We formed a committee, and I have few of my employees in the committee and some other people outside whom I trust, and they help with making the decisions. It's another organization that, 25 Black women that, they would be mentored as well. So I'm trying to find people I know who could mentor, because money's great and helpful, but I think mentorship is as powerful as the money that they will get.

You are so correct. When we look at the United States, the United States on a philanthropic basis gives more than any other country in the world, but the amount of money, whether it's 400 billion a year, is still small compared to the giving of your time and expertise. Did you have anyone mentoring you when you came?

I think my clients were my mentor. I mean, they would be there on the chair and I would ask questions and they would always help me with advice. How I could measure the mentorship I got from Oprah Winfrey? Every time I would be around her, just looking at her – how she directs herself, how she treats people, how she does her business. I would ask her for advice, and she always was so kind to me. That's incredible. Talking with you and you always give me advice. You always, introduce me to somebody. So I am so thankful for everybody.

Our previous first lady, Michelle Obama, she was so incredible. Every time I would talk with her, she would give me advice and I would always keep it in mind. What can I say now? Working with the most incredible women in this country – from teachers to the most successful women in the world – and having them to talk and give me advice. I will not have money to pay for the kindness and the help I got from them.

Think about opportunities for women in your generation and your daughter's generation. How does she look at the world compared to you?

I came from a generation where it was tough. Probably only other immigrants will understand what I'm talking about. Like my daughter grew up here; I don't think she would ever understand. She heard my stories, but it's different when you live the story. I think the new generation, they have different types of pressure – it's social media, it's the way you communicate with everybody, or the standards of beauty, the standards of how to look. We didn't go through that. We had a different type of problems. So if I put

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it on a scale, I think they have totally different problems, but they still have problems. Kids right now are more stressed than we were.

I remember I was in the store and I had a client and she started crying. I said, what happened? It's like, Oh, I just got my hair cut, and he cut my bangs too short. And I was thinking, is this a reason to be upset? No. You know what is a reason to be upset? To be in Romania, not having food. You would wake up at 1:00 in the morning and in line until 12:00 the next day. And if you are lucky, you will get the chicken. If not, the chicken will finish in front of you and you will be afraid to go home because your wife will kill you because you didn't bring any food home. That's a reason to cry.

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But you see it's a different way of taking all these moments in life. And I'm not judging the new generation because I think they have a lot of pressure, but there are different types of problems, Mike, every generation. I remember my grandfather who went to two wars, and he used to say they used to go into the soil to find roots to eat because they didn't have anything during the war. So it's all relative, you know, problems. We take them in totally different – every generation.

You love to be with people, interact with them. How have you personally adjusted to where you can't go out and touch, hold, see with your own eyes? You're now dependent on telecommunications, et cetera. How did you adjust yourself?

I have to say that it was very hard. The first month, to not be in a conference room with my team was very hard. I love my clients. I love to teach women. I love to show them how they could enhance their beauty. The first month was very hard.

Now four months later, I feel like I'm okay. I need to adjust. There's nothing we can do. We cannot go anywhere. We are home, and this is what we have to do. I think this is the new norm, and it's not going to go away very soon. We have to go out and wear a mask. Our eyebrows need to be perfect! So the next year, this is what is going to be.

You are the American Dream. From not being able to speak English, to coming here, to working for someone else in a small shop, to getting your own shop, and then building one of the great cosmetic companies in the world today. Are there any lessons that surprised you along the way?

I didn't know anything, but I was willing to learn. I was willing to surround myself with people that know more than me. I was like a sponge trying to learn everything. I was able to adapt constantly. Try something. If it didn't work, I will try something else. I always have this concept of having Plan A and Plan B. And if the Plan A doesn't work, immediately get into plan B, because if you plan to do something and you

fail, then you will take a long time to go back and start again to work on plan B. So I was always very adaptable, changing toward where it works. And I think in being very resilient, to be honest with you, and never give up.

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When I wanted to rent the salon on Bedford Drive, the owner said, 'Eyebrows? You will not be able to pay your rent. This is Beverly Hills.' And I said, No, I promise you, this is going to be huge. I'm going to make this street. I'm going to work so hard. I'm going to make this happen. And of course I used my tagline, like, I'm sure you have your parents, maybe they were immigrants, and somebody gave them a chance, and you have to give me a chance. I will prove to you in six months. And the first week he called me, like, *what did you say?* – because there was a line outside – *what did you say you do there?* Outside of the salon was a line of clients waiting to get their eyebrows done. I just didn't give up.

I think it's the flexibility you've shown in the most difficult periods of this COVID-19 pandemic – moving heavily online from stores around the world – but also your response to the challenges of equal opportunity, challenges of African American-owned businesses, opportunities for women – that helps define the culture you've created. Good health, and thank you for joining me today and for agreeing to build a group of people who will mentor others so they can achieve their American Dream.

Thank you so much, Mike. You are always so kind to me. I'm so honored to be on your podcast.