

Make Money



at Home

Sell scrapbooks or skin care, candles or cookware. Home-party businesses are more popular than ever—and a fun way to earn extra cash. BY JANE ZAREM

You've probably heard of Tupperware parties. Maybe you've also attended gatherings recently where someone was selling cosmetics, baskets, gourmet foods or one of the many other kinds of products sold through home-party businesses today. If so, you probably understand why these parties are so popular among women. It's hard to beat being able to hang out with friends and neighbors, meet new people and shop at the same time, all while relaxing in the comfort of someone's home. What's more, getting involved in a home-party business can help you supplement your family's income with part-time work that lets you set your own hours. Should you give it a try? Here are some things to consider before deciding.

The Selling Points

The home-party concept began with Stanley Home Products in 1938, when the company sold mainly household cleaners, brushes and mops. It was such an immediate financial success that by 1940, the

company, now part of the Fuller Brush Company, was selling its goods exclusively through home parties. Despite all the changes in women's roles and work opportunities in the years since and all the new ways people can now shop from home, these businesses are still going strong. According to the Direct Selling Association, a national trade group based in Washington, D.C., home-party businesses posted about \$10 billion in sales in 2003, or about a third of all revenues generated by the direct sales industry; businesses that sell products directly to customers either one-on-one or through home parties. And 80 percent of the 13 million Americans working in direct sales are women.

Few people make big money in this line of work. Median annual direct sales revenues in 2003 were \$2,400 per salesperson. But people who work in the home-party business say that women who are serious about the venture and have good people skills can earn enough to contribute significantly to the family income.

10 Top Companies

If you're interested in home-party businesses, here are some to check out. Start-up costs are listed.

- Creative Memories** (creative-memories.com): Scrapbooks, albums, organizers, \$370.
- Discovery Toys** (www.discovery-toysinc.com): Educational toys, books, software, \$99.
- Home Interiors** (homeinteriors.com): Home decor accessories, \$99.
- The Longaberger Company** (longaberger.com): Baskets, fabrics, pottery, \$129 to \$399.
- Mary Kay** (marykay.com): Beauty products, \$100 and up.
- The Pampered Chef** (www.pamperedchef.com): Kitchenware, gadgets, cookbooks, \$90.
- PartyLite** (partylite.com): Candles, accessories, \$350 in show sales.
- Stanley Home Products** (shponline.com): Home-care and personal-care products, \$20.
- Tastefully Simple** (tastefully-simple.com): Gourmet foods, \$170.
- Tupperware** (tupperware.com): Plastic housewares, \$35 to \$75.



Sales consultants can earn 15 to 50 percent commissions, plus bonuses for reaching certain goals

All direct-sales companies are structured as either single-level or multilevel marketing businesses. Single-level companies such as Avon pay commissions and bonuses based on product sales. That's a sales consultant's only source of income. Multilevel, or network, marketing companies, on the other hand, sometimes pay smaller commissions and bonuses, but a consultant can also earn income by bringing in other sellers and getting commissions on their sales too.

Most home-party businesses are multilevel marketing companies. Re-

cruiting new people—who will sell products and perhaps enroll more new people—is one of the keys to success in these businesses. The extra commissions you earn from other people's sales customarily extend only a few levels down and are paid by the company, not deducted from an individual seller's earnings. But having people working under you and reaching certain sales goals is how you move up from being a consultant to being a team leader, manager or director—and commissions, bonuses and other benefits increase as a result, sometimes dramatically.

How to Join the Party

The first level of involvement in the home-party business beyond simply attending an event is to agree to host a gathering. Hostesses do not usually earn money, but they do get gifts and product discounts based on the volume of sales that their parties generate and how many guests agree to host future parties. Susan Hongo, 35, of Fairfield, Connecticut, hosts three or four parties a year, mostly for the kitchen and cookware

products sold through the Pampered Chef and the candles and accessories sold through PartyLite. "I like having my friends and family come to the parties," says Susan, a manager of investor relations at a financial institution who enjoys cooking and entertaining in her spare time. "And the free products and discounts I get are a great perk."

Keep in mind, however, that hosting a party costs money. You have to pay for the refreshments, for example, and any food used in kitchenware demonstrations. "I usually spend \$150 or so for food and drink," says Susan. It also takes time to compile a guest list, issue invitations, prepare for and clean up after a party, and deliver orders when they arrive. (Party guests usually pay up front when placing orders, and products are sent to the hostess to distribute.) True, hostesses receive gifts and discounts for their efforts, but these fringe benefits can end up costing you more if you're not careful. Susan estimates that she spends about \$250 on products each time she hosts a party, because she can't resist the discounts and because the money she spends adds to the party's total sales—and the higher the sales, the bigger her discount. Hostesses may also feel obliged to attend any future parties that their guests agree to host and could feel obligated to buy something at these parties too, as a favor to the hostess or person selling the products. The quality of merchandise sold by home-party businesses is generally quite good, but these expenditures can still add up.

The next level of involvement is to become a sales consultant. Consultants arrange parties with different hostesses and demonstrate products and take orders at these affairs. They earn commissions that can range from 15 to 50 percent of total sales depending on the company and may also receive bonuses when their monthly sales exceed certain amounts. Marcie Bow earns a 22 to 25 percent commission on average monthly sales of \$2,500—or about \$7,500 a year—doing four parties a month for the Pampered Chef. "I work as much as I

The Work-at-Home Challenge

By Hannah Storm, anchor, CBS News' *The Early Show*

No matter what kind of work a woman does, doing it from home isn't easy. After a show I usually spend the rest of the day working at home. But I want to be available when my kids get off the school bus. I find that when you are working and parenting at the same time, both can suffer. It's important to try to keep them separate. Here are some guidelines I try to follow.

Have a separate work area. Designate a specific space in your house as the place where you work, even if it's just a desk in a corner of a room. I'm lucky to have a home office. When I'm working, I close the door. This lets my family know I'm busy and helps minimize interruptions.

Keep regular hours. Try to structure your day as if you were going to an office. Everyone in the family should know your work schedule. Children especially need to understand why you can't be available at certain times.

Protect family time. Try not to let work intrude during the important hours starting when your kids come home from school and lasting through dinner. Preserve this chunk of quality time to help kids process their day, to be involved in their homework and to share a family meal.

Guard against distractions. Don't check your e-mail during family time. Leave cell phones and pagers in your office area. Remember, just as you don't want your children tugging on your sleeve during a business call, they don't want your work interrupting your time with them.



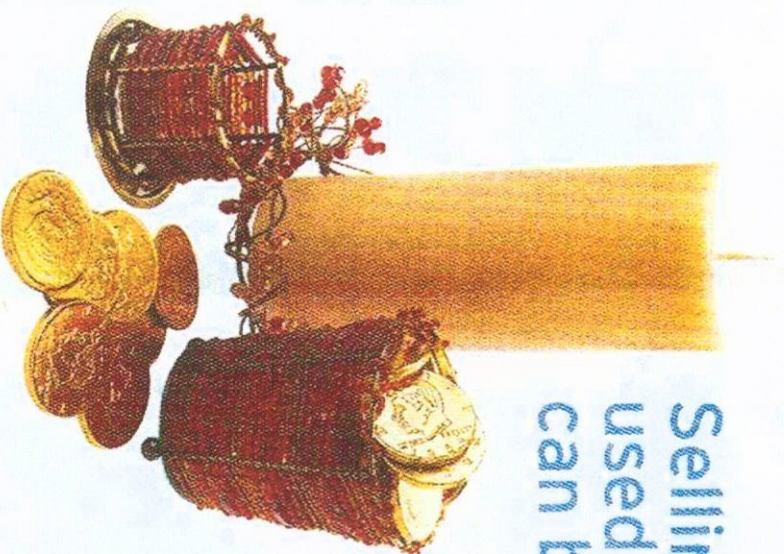
To learn more about home-party businesses, catch "In the Family Circle" on CBS News' *The Early Show* the week of October 17.

want whenever I want to earn extra money for our family," says Marcie, 39, a stay-at-home mother of three in Fairfield, Connecticut.

Stephanie Gambino books 10 to 12 parties a month as a consultant for PartyLite. "Because candles are consumable, many of my customers buy regularly," says Stephanie, 38, a computer programmer who lives with her husband in Stamford, Connecticut. During her parties, which she schedules for evenings and weekends, Stephanie demonstrates new and best-selling items, offers ideas on decorating with candles, discusses care and safety issues, and takes orders afterward while refreshments are served. The parties last about three hours, and she estimates that she puts in about another hour every evening handling paperwork and arranging future parties. Stephanie sells about \$400 worth of merchandise at each party and gets a base commission of 25 percent of sales and a 7 percent bonus on total sales when they exceed \$1,800 a month—which she says they often do.

The third level of involvement is to

Selling items that get used up, such as candles, can boost sales.



bring other new sales consultants into the business. Stephanie has recruited two new people and now also earns a 2 percent commission on their sales. "It's my own business," she says. "I set my own goals, and time is my only real expense. My overhead is low because I work from home, and my administrative costs—mileage, phone, stamps—are all tax deductible." On average, Stephanie says, she earns about \$7,500 a year.

Proceed with Care

While most home-party companies operate along the same general lines, you'll find slight differences among them. One is the amount of up-front financial investment involved. Most companies don't require or encourage consultants to keep products in stock, but a few do—and purchasing this inventory can be costly. Susan Honggo says that when she tried selling cosmetics for one company a few years ago, she was encouraged to buy a large stash of products so customers wouldn't have to wait for delivery of their orders. "That's the incentive to work hard and get your money back," she says. But Susan didn't have much luck booking parties. She ultimately did sell most of her inventory, but it took time.

Most companies do require consultants to purchase a starter kit of demonstration products, but the cost of these kits is usually reasonable—seldom more

than a few hundred dollars and often much less. Some companies also provide the kit for free if you book a certain number of parties or meet established sales goals within a specified time. "Most people earn the kits because it's fairly easy to do," says Stephanie. "You can also apply your initial commissions toward the cost."

As is true in any business, you won't make money if you don't work at it, and you're unlikely to get rich even if you do work hard. But the money you make could help you fulfill more realistic goals. Stephanie was looking for a way to earn extra money to help pay for her part-time college studies when she attended her first PartyLite home party in 1999. Watching the consultant do her demonstration, Stephanie thought, *I can do that!* She was right. The money she soon began earning helped pay not only for her college courses (she earned her bachelor's degree in 2002) but also for the new car she gave herself as a graduation present. "It's a lot of fun for me," says Stephanie. "I meet nice people, I instruct them on candle care and safety, and I earn money doing it. And the more I do, the more I earn."

Do's and Don'ts for Beginners

Most direct-sales businesses are honest and legitimate. But some aren't, and it isn't always easy to tell them apart. Attorney Jeffrey Babener, of Babener & Associates in Portland, Oregon, represents a number of direct-sales businesses and offers tips on finding a good company.

Pick a proven product. Choose a company that sells real merchandise that people will want to buy—not just tapes or brochures, for example. Pass up products that seem overpriced or don't come with a guarantee.

Make sure the merchandise matters. Select a company that pays commissions for product sales in addition to any it may pay for recruiting new members. If it pays only for recruiting, it may be a shady operation.

Don't fall for get-rich-quick claims. Find out how much you must sell to earn certain commissions and how likely you are to do it. Inquire about average income and ask how many people fall into which income brackets.

Keep your own cash. Beware of companies that charge you thousands just to sign up as a salesperson, that require you to pay for expensive training, or that insist you buy unreasonable amounts of costly products.

Ask what if? Find out what happens if you decide the business isn't right for you. Can you recoup any of the money you may have invested? Some state laws require companies to buy back inventory that can be resold.

Do your homework. The Direct Selling Association offers an online directory of member companies with brief descriptions of what each company sells and how it is structured. Go to dsa.org/directory/index.cfm?fuseaction=showCompanyResults. For a free manual on starting a business and other useful information, go to mlmlegal.com, a multilevel marketing Web site sponsored by Babener & Associates.