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Taking the Party Approach Far Beyond Tupperware

By HILLARY CHURA DEC. 24, 2005

Move over Tupperware and Mary Kay. Food, gadgets, candles, baskets, jewelry, pet products, scrapbook supplies, clothing and toys are now crowding kitchen tables of home-based entrepreneurs, just waiting to be sold at intimate parties of family and friends.

Direct-sales consultants like Kelly Anderson of Indiana, Pa., are completing their busiest season, with several parties a week that generate commissions that could well cover their holiday gift costs. The Direct Selling Association estimates that more than 13.6 million Americans are in the business, most part time. The group said that 2004 sales were just shy of \$30 billion, up almost 30 percent from 1998.

Even traditional retailers are getting into the action. Jockey International and the Body Shop, for example, have rolled out direct-sales units, with products that are sometimes identical to those offered in stores. Southern Living magazine also introduced Southern Living at Home, where shoppers can buy products seen in the magazine.

For just over a year, Ms. Anderson has been selling breads, soups, cake mixes and dips from Tastefully Simple. She had been ordering the products for five years, she thought, so why not sell them? Her initial investment in July 2004 was \$250, and \$400 for the first order. She estimates she has made \$2,000 from some 20 parties. Her take is 25 percent of sales.

"It gets me out of the house; I get to mingle with adults rather than just kids all day; and I am making money at it," said Ms. Anderson, a 40-year-old mother of three.

She said she initially was reluctant to go to someone's home with a sales pitch, but "everybody loves to eat, so the product sells itself."

Like many direct-sales consultants, she enlists friends, neighbors and others to hold parties. Hostess requirements vary, with some companies expecting them to buy supplies with the promise of discounts and gifts. Sales representatives like Ms. Anderson, meanwhile, are on hand for demonstrations, questions and formal or informal presentations.

Some people invited to these parties liken the experience to the hard sell of a private nursery school fund-raiser even though the products are good quality and sometimes useful. Most were reluctant to be named for fear of offending the friends or relatives sponsoring the parties.

Terry Kociolek of Severn, Md., does not feel guilty about soliciting friends. To start her Pampered Chef business, Mrs. Kociolek had to enlist four people to do a show. "They're not doing you a favor," she said. "You are doing them a favor. You teach them how to get meals done very quickly, and they can earn \$150 in high-quality kitchen products."

She started selling the kitchen gadgets five years ago and now supervises about 35 people. Mrs. Kociolek still runs kitchen shows where she prepares recipes with Pampered Chef wares. She said hostesses buy no more than \$20 in groceries, which she turns into a meal. They can receive discounts and gifts, depending on how much money the event brings in.

The part-time element was a big draw, Mrs. Kociolek said. A mother of three, her youngest, Michael, is 13 and has learning disabilities. "This is something I can do and still be home when school is closed, and we don't worry about who is staying home with Michael," she said. "You can have a family and a business and succeed. You put into it what you want back out of it."

She said her events averaged \$700 in sales, and her profit was about \$210, though consultants earn less if they have no one to supervise. Her upfront cost was \$90, but she received \$350 in products for shows. Mrs. Kociolek said she primarily worked nights and someone putting on two shows a week would probably have to spend an additional night doing paperwork and other preparations.

Independent sales representatives are based nationwide. For many, the parties are not necessarily moneymakers but a diversion or a way to receive a discount on products they would buy anyway.

Being a supervisor appealed to Cynthia Koenig, an occupational therapist for children, in Chicago. Before her son's birth in October 2004, Ms. Koenig had thought about having a home-based business but found that many required too hefty a membership fee.

She said Natural Family Boutique was appealing to a new mother because of its eco-friendly, family-oriented toys, moisturizing creams, diapers, jewelry and parenting books and CD's. Start-up costs were \$99, with an agreement that she would sell at least \$100 worth of products each quarter.

"Initially I felt I wanted to buy the whole catalog," Ms. Koenig said. "It was a great way to network with other mothers, not so much about selling the product as much as it is having a party with friends."

Because she is in the start-up phase, she said, she earns only about \$200 a year. Much of her time is spent trying to cultivate party hostesses. She said her goal was to recruit people she could supervise. She would then receive a portion of their sales.

"I would sit back and still keep up with parties, but for the most part, the plan is for this to be a great source of passive income for me," said Ms. Koenig, who plans to move to Santa Fe, N.M., with her family. She said another plus was that the business was portable.

Not all home-based consultants work from large houses with plenty of room for stock. Cassandra Wetzel, a full-time civil engineer, sells Longaberger baskets from

her one-bedroom Manhattan apartment. Ms. Wetzel had been collecting for about 12 years and became a consultant three years ago to get the discount.

Her initial cost was \$500 with an agreement to set up six shows, though she said commissions from those events usually cover start-up fees. She estimated she would net about \$1,000 a year after tax.

Ms. Wetzel sells most of her wares via the Internet, though she has periodic informal gatherings at her home with appetizers, drinks and the new items. A mother of a toddler girl, Ms. Wetzel trolls sites like urbanbaby.com, a city-specific online message board for parents, and recommends the organizing baskets, pottery and other products.

She loved the goods so much, she said, "that you naturally kind of want to tell what the product is about and where it comes from."

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