

**THE TRUTH
ABOUT**

STARTING A BUSINESS

“What does it mean
to do what you
truly want to do?”

Bruce Barringer

Author of The Wall Street Journal's Entrepreneurship Weekly Review

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Believe it or not:
There are legitimate
opportunities in direct sales

While most people wince or cringe when they hear the words “direct sales” (or “multilevel marketing”), there are attractive and legitimate direct sales opportunities. The industry is dominated by women (85.2 percent), who normally enter direct sales part-time as a way of earning extra income.¹ There are over 15.2 million people in the United States involved in direct sales, and the number keeps growing.² Well-known companies include Tupperware, The Pampered Chef, Creative Memories, and Mary Kay. Many direct sales organizations are large and growing. The Pampered Chef alone has over 60,000 independent sales consultants. Its consultants conduct over one million in-home demonstrations, called Cooking Shows, every year.³

Many people have negative feelings toward the direct sales industry because they have either personally been subjected to a high-pressure sales pitch or know someone who has. Although the industry as a whole suffers as a result of these types of sales tactics, not all direct sales firms fit this stereotype. The Pampered Chef is an example of a direct sales organization that exemplifies the good in the industry. Started by Doris Christopher in 1980, the integrity and stature of the company is such that it was acquired by Berkshire Hathaway in 2002. Berkshire Hathaway is controlled by Warren Buffett, one of the most respected and well-known investors in the world. In the Foreword to the book, *The Pampered Chef*, in which Christopher chronicles the history of the company, Buffett writes,

The Pampered Chef is an example of a direct sales organization that exemplifies the good in the industry.

“The Pampered Chef is truly loved by its customers because it has found a need and filled it exceptionally well, helping everyday home cooks to become masters of their own home kitchens and making mealtime preparations quick, easy, and fun. It also offers its consultants an incomparable business opportunity, allowing men and women to build a home-based business of their own, based on Doris Christopher’s

personal blueprint for success. When you read the profiles of The Pampered Chef's Kitchen Consultants in Chapter 8, you may wonder what you're doing in your nine-to-five cubicle while these folks are happy cooking their way to fame and fortune."⁴

Most people start with an organization like The Pampered Chef part-time and only make it a full-time job if they do extremely well. The sales typically take place through in-home sales demonstrations or parties, although an increasing percentage of direct sales are taking place online. In addition to selling the product, you recruit others to sell the product for you. You then receive a percentage of your recruits' sales. This facet of direct sales is one of its biggest lures. It allows you to earn income from your efforts along with the efforts of the people you recruit. It also incents the person who signed you up to provide you ongoing mentoring and support, since that person also receives a percentage of your sales.

If you go the direct sales route, make sure you pick a company that sells a product or service that you're passionate about. Since the majority of your sales will come through one-on-one product demonstrations or home parties, you'll need to convey a genuine interest and passion for the product you're selling to be successful. The biggest mistake that people make when they go into direct sales is to become more enamored with the "financial opportunity" than the product or service they sell.

You should also be careful about the specific direct sales organization that you sign up with. Avoid organizations that require you to buy a ton of product upfront or promise that you'll get rich with little effort. One way to minimize the chances that you'll select a company you'll later regret is to restrict your selection to organizations that are members of the Direct Selling

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Association (www.dsa.org), a highly respected industry trade group. To become a member of the Direct Selling Association, a firm has to go through a rigorous one-year application process and abide by the organization's Code of Ethics. Currently, only 213 of more than 1,000 direct sales organizations that exist are members. If an organization is not a member of the Direct Sales Association, and you're still interested in joining, you should, at a minimum, check the company's history with your local Better Business Bureau, your state's Attorney General, and the Federal Trade Commission.

