

# The Ins And Outs Of A Home-Based Business

BY LOU ANN GOOD

Pottstown (Berks) — For both the seasoned and the novice home-entrepreneur, the one day seminar sponsored by Berks and Montgomery extension services on Tuesday at the Sunnybrook Ballroom, Pottstown, was crammed with information. Lectures and workshops by professionals on the subject provided participants with the ins and outs of "Sewing and Crafts for Profit."

Dr. Allan and Judy Smith, co-editors of numerous books on sewing for profit, told how to price and package products for business success. He stated that only 3 to 5% of the women who try to market their handicrafts do it successfully.

Many home-based workers are good at producing their product but they aren't good at marketing. To be successful, you must find a way to do both even if depends upon hiring a business associate.

He urged the audience to decide

how successful they want to be. He asked, "Are you prepared to give up your social life and adapt your family life to make way for a sewing or craft business?"

To be successful, would-be entrepreneurs must find a need and fill it. Consumers are motivated by originality and practicality. If there isn't a market, no matter how clever or cute a product is, you can't make a profit.

Packaging can escalate sales of products. Labels are important. Packaging does many things: protect, display, mail, advertise and instructions in required. Smith commented that L'eggs derived most of their success from the clever packaging of their panyhose into plastic eggs. On the other hand, some items cost more to package than to produce.

Prices are determined by recording how much the material costs. Decide where you can purchase the best materials at the lowest



Organizers of the seminar Michelle Rodgers, Berks County extension home economist, center; and Nancy Stevens, Montgomery home economist, right; chat with Judy Smith who with her husband has published numerous books on sewing for profit.



Innovative Ideas never end. Marlon End of Perkiomenville plans to market her Super Shopper, a coupon filling and rebate system.

prices. Watch for close-out sales.

Consider the following: How much time is involved? How much profit is expected and will the item sell at this price? Is your price competitive with similar products on the market? Mark-up for store items is usually 33 1/2 to 50%, but home-based businesses usually need to be willing to take less, especially when first beginning.

Ask yourself, "Does producing the goods make me feel good?" If you don't enjoy making something, it isn't the business to pursue. Can it be mass produced? After all these questions are answered, it may be evident that some items are not practical for the market.



Dr. Allan Smith examines a sewing project by Susan Hess who questions how much she should charge.

### Locating a market

What should you know about selling at craft fairs, flea markets, exhibits and on consignment? Freida Terrel, crafts marketing specialist from North Carolina State University cooperative extension, told participants that proper marketing gives the greatest return for time and material and converts merchandize into money. Therefore, avoid flea markets because those customers are looking for bargains.

Three markets exist:  
•Retail — selling directly to the customer.

Provides location, insurance coverage, liability coverage. Displays a variety of merchandize to

attract customers. Has advertisement and promotion. Mark up not all profit since seller usually requires 50% of the selling price.

Stores are reluctant to carry items if they know customers can purchase items from you at a lower price.

### Fairs, Shows, Festivals

Avoid pitfalls by checking out the following:

- How long has the fair been running?
- Is it a juried show?
- From what area do customers come.
- Where it is advertised?
- Average gross sale of exhibitors?
- How much does average customer buy or spend?
- Repeat customers?
- Entry fee?
- Legal requirements, such as sales tax?
- Provisions in case of rain?
- Is staff available to assist exhibitors?

### Wholesaling

— selling indirectly such as to a shop which in turn sells to customers.

- Conditions for filling order?
- Does shop expect a discount?
- Can you meet delivery date?
- Billing procedure?
- Read and understand the order form.
- Does shop have a tax exempt number or do you need to collect sales tax?

### Consignment

This entails giving your work to a retail shop that reimburses you after the item is sold. Check state laws for selling on consignment as it varies from state to state.

•Craft person gets exposure to market.

- Can lead to wholesale sales.
- Can test market demand.
- Craft person receives higher share if item sales. Retailer may keep only 30 to 40%.
- Drawbacks:
- No money until item sold.
- Dealer not motivated to push item since he doesn't have his money tied up in it.
- Dishonest merchant may not pay until long after item is sold.
- Capital is tied up with no assurance that item will sell.
- No control over damage and shopper abuse.

Location of market most critical decision. Need traffic and people. Craft guilds can help. Exhibits are a low cost promotion as are lecturing and teaching. Advertising in magazines, catalogues, newspapers can be costly, but sometimes bring effective results. Some do sewing and crafts by being commissioned to do work for fashion designers, interior decorators, and so forth.

Successful business requires organizing and using time well. Organizing to consider:

- Keep quality consistent
- Obtain and use finest materials available
- Use good designs and marketable colors
- Look objectively at product. "We have a tendency to fall in love with our projects we need an unbiased opinion from one who is neither a friend or family member.
- Develop skills in design and technique.
- Maintain uniformity and

(Turn to Page B17)



Sue Cleaver and Mary Jane Chronister of York attended the seminar to learn how to start their own sewing business.



"Farm women in depressed farming areas often turn to doing contract work in their homes," Dr. Kathleen Christensen, left, said. She warned the audience to be aware that some companies take advantage of these. Seated beside her are Gerry Kock, center, Pottstown, and Barbara Tribett, Boyertown.