

Testimony of
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Before the
United States House of Representatives,
House Committee on Energy & Commerce –
Subcommittee on Health

Hearing: Examining the Current State of Cosmetics

March 27, 2012

Good morning Mr. Chairmen Pitts, Ranking Members Waxman and Pallone, and Members of the Subcommittee on Health. Thank you for this opportunity today. My name is Deborah May and I am President of Wholesale Supplies Plus in Broadview Heights, OH.

I am honored to offer testimony on behalf of the handcrafted soap and cosmetic industry. These small and micro businesses produce quality, customized products. With more than 200,000 such companies nationwide, they make significant economic contributions in communities throughout the country. My hope is that as the Subcommittee moves ahead with legislation to improve cosmetic safety, it will include provisions that recognize the products and contributions of the handmade soap and cosmetic industry.

I became a handcrafted soapmaker 16 years ago, not by choice rather by necessity. At the time, I was a Registered Nurse in the ICU at The Cleveland Clinic. But on August 1, 1996 I gave birth to my second daughter who was diagnosed with cortically blindness and severe autism.

In the months that followed, I lost my job because of my daughter's around the clock medical care. Our bills became overwhelming. My husband, a Catholic high school teacher, and I were drowning in debt. Our secure, predictable middle class life was gone. I sought support through online forums with other mothers facing similar challenges. Through one exchange, I was introduced to the art of making handmade soaps and lotions. I found a handcrafted product forum online and these women taught me how to make products safely, comply with ingredient labeling laws and answered all of my questions. I was amazed how easy it was to make small batches of handmade cosmetics.

I began to give my products out to friends and family. Before I knew it they were encouraging me to sell my products for profit. Although fearful, I took a deep breath and registered for a local high school craft show. People loved the products and I went home with empty crates and a cash box full of money. After that, I registered for every craft show I could find.

Caring for my daughter was my first priority, but I had found a business that allowed me to do both. I landed my first wholesale account through a customer whose brother owned a shop in California. He was delighted I would make 10 bars of custom soap in any combination of scent and color and fill the order within 48 hours.

At home, I built my business, and it worked. I loved what I was doing, and most important, it saved my family from foreclosure and allowed us to begin to pay the overwhelming medical bills.

The following year, I began teaching adult classes on handcrafted soap and cosmetic making. Families were financially hurting and many were looking for a way to make ends meet. In 1999, I founded the company Wholesale Supplies Plus. My goal was to teach others how to make their own handmade cosmetics and provide supplies in quantities and sizes micro-businesses could afford.

Today, Wholesale Supplies Plus is one of the leading ingredient suppliers for very small businesses producing handmade soaps, lotions, bath salts and other topical cosmetics. Since

2010, my company has serviced over 80,000 unique businesses in the United States. We are on target to exceed \$10 million in sales this year and have 35 employees.

I wanted to share my personal story of how I began my handcrafted products business, because it is not all that different from most people who are hand producing soaps, lotions and cosmetics.

Recently, handmade industry leaders pooled data that confirms the industry is over 200,000 small businesses hand producing small batches of soaps and cosmetics. Ninety-five (95) percent are woman-owned and average between 1 to 3 employees that translates to between 200,000 and 600,000 jobs in the U.S. These small businesses help families and retirees pay mortgages, rent, food and household bills.

The handmade cosmetic industry support Congress' efforts to ensure safe cosmetics, and we believe our products are of the safest on the market. Our ingredients support this claim, as 95% of what is used by hand-made cosmetic companies is food-grade products found in grocery stores. The remaining 5% are natural essential oils and synthetic chemicals currently deemed safe when used as directed by the ingredient manufacturers. Handcrafted soap and cosmetic makers are not splitting molecules to make new ingredients or traveling to the rainforest to find new plants that prevent wrinkles. Sugar Scrub, a best seller, contains food-grade olive oil and sugar with an aroma such as lavender oil.

The handcrafted soap and cosmetic industry support the principle of identifying ingredients of concern. If the FDA determines an ingredient is unsafe, we don't want it in the products our family uses and won't sell it to our customers.

We support the principle of the giving the FDA recall authority for cosmetics. Frankly, I imagine most consumers believe the FDA already has that authority.

We support the principle of requiring adverse event reporting of serious reactions that cause loss of life and/or hospitalization.

We support the closing of labeling loopholes such as the current incidental ingredient exclusion that is used to hide such things as preservatives from the consumer. If a product label reads “preservative free,” consumers should have confidence that there are no preservatives.

We support small business exemptions for facility registration allowing small and micro businesses to make products for themselves, friends and family without the fear of breaking federal laws. Small business exemptions are vital to the handmade product industry – to encourage entrepreneurial growth and create local jobs.

We support small business exemptions for fees. Registration fees will be a barrier for entering the market and will shutdown all but a few of the 200,000 companies now in the handmade industry. For growing, established businesses, I urge the Subcommittee to consider a sliding scale. A company selling \$2 million in products should not have to pay the same fee as a company selling \$100 million.

We do not support a requirement to register with the FDA individual product batches or requiring the producer to register each ingredient supplier used in that batch. The handmade cosmetic industry makes very small, custom order batches. We may make 50 jars of different sugar scrubs several times a week and buy sugar and olive oil from several different grocery

stores or food warehouses. Under the considered provision of notifying the FDA of a change in suppliers, it presumes truckload bulk purchases of ingredients. That is not the case with small businesses. We buy as needed and it fits in a shopping cart.

Emerging small businesses grow by making and marketing products. If legislation is written in such a way that it strengthens the standing of safe ingredients then the volumes of paperwork for batch reporting serves only to give large corporations, that buy in truckloads and produce millions of units in a single batch, an even greater market advantage. Quite simply, in one month if a small business were to make 100 batches of 10 differently scented sugar scrubs using 10 different sugar suppliers, the reporting requirement would result in a minimum of 1000 reports for just one product. If soaps and lotions are included, the business is easily looking at 5000 reports in a 30-day period.

I am not here to seek exemptions for Wholesale Supplies Plus or companies like mine that have had the good fortune to grow. I am here so that the 200,000 small businesses making handcrafted cosmetics have the same opportunity for growth and the chance to become the next success story...like Bert's Bees, Mary Kay Cosmetics and even James Gamble of Proctor &, Gamble -- all of whom started as handcrafted micro businesses.

As President Ronald Reagan said during his first inaugural address, "government can and must provide opportunity, not smother it: foster productivity, not stifle it." On behalf of the handcrafted soap and cosmetic industry, I hope to work with the Subcommittee to enhance cosmetic safety while fostering opportunity and growth for small companies.

Testifying today has been an honor and a privilege. Thank you.

Small Handmade Cosmetic Manufacturers (by state)

State	Small Businesses By State
APO (Military Address)	44
AK	350
AL	2,766
AR	1,844
AZ	3,970
CA	19,086
CO	4,480
CT	2,296
DC	420
DE	588
FL	11,738
GA	6,542
HI	624
IA	2,028
ID	1,352
IL	7,528
IN	4,592
KS	1,932
KY	2,922
LA	3,480
MA	4,472
MD	4,032
ME	1,756
MI	8,736
MN	4,156
MO	4,660
Column Total	106,394

State	Small Businesses By State
MS	1,874
MT	982
NC	6,898
ND	466
NE	1,052
NH	1,490
NJ	5,080
NM	1,368
NV	1,552
NY	11,692
OH	11,874
OK	2,632
OR	3,228
PA	9,558
RI	582
SC	2,340
SD	488
TN	4,526
TX	13,172
UT	1,950
VA	5,334
VT	744
WA	5,706
WI	4,644
WV	1,464
WY	584
Column Total	101,280

Grand Total of Both Columns	207,674
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Data is an estimate based on cumulative data shared by:

Wholesale Supplies Plus, Inc.

Bramble Berry, Inc.

The Handcrafted Soapmakers Guild