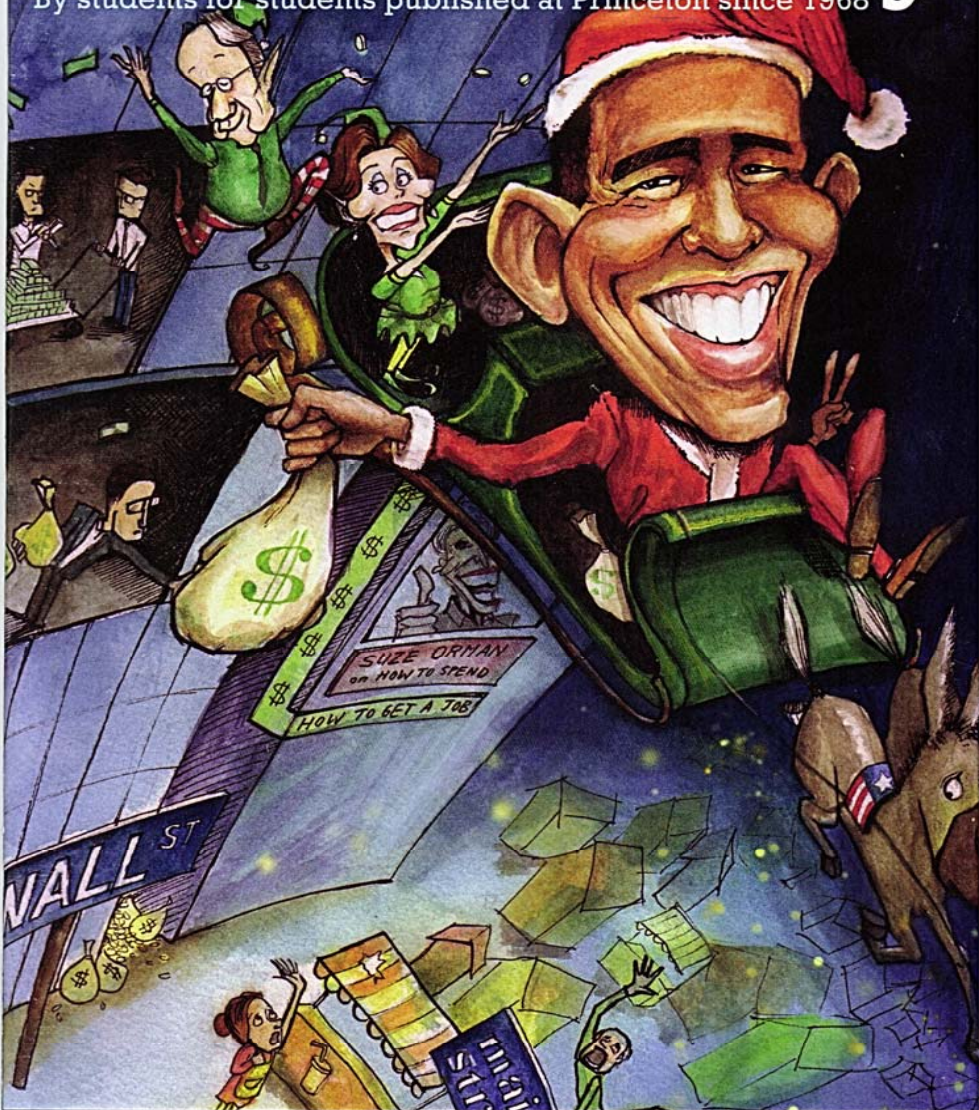


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ERIC STOTZ

Hollywood-Style Fundraising

Eric Stotz is the President, CEO, and co-founder of the Karma Foundation, LLC, a business that throws what have been known to be "the world's biggest parties", at venues such as the Playboy Mansion and the Palms Casino Resort in Las Vegas, to raise money and awareness for non-profit organizations. By night Eric's life revolves around Hollywood glitz and world-class VIPs, by day he's a down-to-earth deli sandwich connoisseur in jeans.

[by Amira Polack, Princeton University]

Business Today: What inspired you to start the Karma Foundation, and what gave you the vision/idea for its business model?

Eric Stotz: I wish I had a good answer to that question. Basically, I wanted to throw awesome parties for awesome people. I think that parties really have the power to bring people together, and I wanted to do something unique and out-of-this-world, something extraordinary. I also wanted to help good causes, so the idea for the Karma Foundation came together naturally.

BT: How did you initially fund Karma and get it off the ground?

ES: I funded the first party myself out of my own pocket. I wanted the process to be organic. The thing is, when you try to fundraise from outside sources, that becomes your business. Know how to sell yourself. Otherwise, you'll be spending too much time, effort, and money in the business of raising money rather than your actual business.

BT: What steps did you take to make Karma as successful as it is today?

ES: It's amazing how successful we've been this year; I really thought we'd get creamed by the economy, but we've continued to sell out every event this year. We've been getting heads of state, even royalty buying our tickets. One thing that doesn't change, even during a recession, is that everybody wants to hang with the cool kids, to do cool things. People still want a taste of the lifestyle that Karma offers, to be a part of an amazing experience – people are 100%

experience driven. With Karma, I get to be the cool kid by throwing the parties. It's pretty awesome.

BT: What are your latest big projects with Karma?

ES: Karma Online is our big project right now. It's our premier luxury lifestyle base for our members, and its infrastructure is going to include a points system. In short, it's gonna be bad to the bone.

BT: How do you select beneficiaries?

ES: We usually select beneficiaries through non-profits recommended by our board members. For each event, we receive about a dozen applicants, which we narrow down to three, then one. We tend to go for smaller organizations so that we can see our marketing impact. Children's groups probably make up the majority... [and] cancer research foundations. We've even thrown a party for a unique program that works with prisons to give homes to dogs in need, as well as companions to inmates.

BT: Due to the mature themes of your events, do you ever run into controversy?

ES: There are certainly people out there who question Karma's philanthropic side, or who'd rather we soften our sexy image. I'll admit – we're a unique animal. Karma isn't what people are used to seeing. They can take shots at us, but at the end of the day we know who we are and we're true to that. We help great causes, make a huge difference, change lives. People can say what they want, but I know charity is a big deal.

BT: Apart from throwing events for worthy causes, do you get much of a chance to interact with them further?

ES: I absolutely insist on it. It's more than helping a cause fiscally; we get our hands in there and can give them great PR as well. A great example is Reading to Kids – just the other weekend, I went to read to first graders and met this kid Ben. He was a little rough around the edges at first, but soon we were hanging out, drawing, and it



turns out he was a really nice kid after all! I'd like to think that I made at least a small difference to some of those kids, showed them that I care. In that way, I think Karma on the whole has a great legacy. I could do this for the rest of my life.

BT: What are your long-term goals for the Foundation?

ES: Ideally, I'd like for us to have between 7,500 and 10,000 members in the long term. I want to cement our position as the number-one luxury lifestyle base in the world, for Karma to become the steamroller of its kind; if you're not riding the steamroller, you're part of the road. There's no in-between.

BT: What are the biggest pieces of advice you would give to young entrepreneurs?

ES: I'd say that to be a good entrepreneur requires good multitasking. Be able to wear different hats and be a risk-taker. Also, channel those skills through a sense of purpose.

BT: What was the most important thing you learned at USC Business School?

ES: That's a good question. I think the most important thing I learned at USC was how to start something difficult and see it through. On top of that, I learned to do the task at hand well and to be held completely accountable for my work.

BT: The 4 pillars of Karma are networking, revelry, philanthropy, and ultimate access. What are your personal "4 pillars" so to

speak – 4 words that best describe you?

ES: Hmm, I'd say noble, peaceful, honest, and civic-minded. I know that last one's two words, but you get the picture.

BT: Karma's Pillar 1: Networking. You obviously have a lot of friends in high places – what are some tips in successful networking? Tricks you've learned over the years?

ES: When it comes to networking, be specific beyond your purpose. Know what you're there for and enroll people in your vision. Do you want a job? A client? Know what you want and what they want, and just give.

BT: What do you think sets the A-listers apart, and how do you cultivate relationships with those types of people?

ES: You just know when people are the real deal. I've been around so many people of different walks in life, and have definitely developed a nose for sniffing out the B.S. Are they being specific or nebulous about what they do and who they know? Are they being superficial? In terms of appealing to people, in general you just have to articulate yourself confidently, play the game, and roll with it. Add and demonstrate value to them.

BT: Pillar 2: In your own personal life, how do you balance a very involved professional career and your philanthropic efforts?

ES: Actually, achieving life balance is not that difficult, mostly because I love what I

do. The most challenging thing for me is balancing my social calendar.

BT: How do you deal with pressure of orchestrating a huge-scale event?

ES: Something important to know when you're throwing an event is that you gotta keep your cool. You set the tone for everyone, and there's nothing in the world that is worth freaking out about. Nothing!

BT: Who have been some of the more interesting guests at Karma events? Celeb sightings?

ES: Hugh Hefner, of course, but we've also had the CEO of Baja Fresh, the Dean of Duke Business School, Cristiano Ronaldo, and Ron Artest.

BT: What was your first job?

ES: Door-to-door sales. That's where I learned to sell, and I kicked ass at this job. I knew how to talk, converse about value, and I was hungry—I really needed the cash. I learned so much and had to deal with so much rejection, but I learned to stomach it and not to take it personally. I learned to think of failure this way: every "no" brings you that much closer to the next "yes." That which doesn't kill you makes you stronger. At one point, my bosses told me, "when we first took you up, we thought you'd fall miserably." I just looked like that nice, sweet kid next door. And I turned out to be the best in the crew. A lot of my friends dropped the job it was so rough, but I loved it. 