

Sell Yourself 1st: Network Marketing Comes of Age

“The lack of belief is a defect that ought to be concealed when it cannot be overcome.”

Lillian Smith

Whether you are brand new to the network marketing industry or a seasoned veteran, every person you approach about your business will want the answer to one underlying question, which is “how sold are YOU?” While this question directly relates to your belief in your company and product, even more fundamentally it relates to your belief in the industry.

That’s right, nothing else you say or show them about your company or product really matters if they can sense that you have significant doubts about network marketing itself. Notice I said “sense,” which means it may not be the words you are saying that communicates this lack of belief. As a matter of fact, one often quoted study shows that as little as 7% of what you communicate comes from your words themselves, while your vocal tone accounts for 38% and your non-verbal gestures, such as body language, accounts for 55%!¹

Even though the precise accuracy of these numbers has been debated for years, the general concept that we communicate with far more than just the words we say is pretty much universally recognized. Said in a more simple way, how you **feel** about what you say is more important than **what** you say. If a prospect senses significant doubt, reservations or hesitancy about your company, product or belief in network marketing, you have most likely sabotaged your efforts to recruit or sell to them.

As a result, it is imperative that you get **110% sold** on your company, product and industry **before** seriously attempting to build a business! If you find yourself reading this and are not 110% sold on your company or product line perhaps the absolute best thing you can do to improve your business is to get “**re-sold**” by your sponsor or strongest available upline team member. If you are not yet equally sold on network marketing, I sincerely believe your lack of belief can be abundantly overcome, not merely concealed, if you have even a modest amount of objectivity and reason.

The Inevitable Stages of All Things New

“All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.”

Arthur Schopenhauer

Department stores, franchises, newspapers, automobiles, airplanes, telephones, televisions, the stock market, personal computers and the Internet, to name just a few, were all initially ridiculed and opposed before ultimately being accepted as self evident. As a few cases in point, in the 1800s virtually all personal products were bought at small “Mom and Pop” businesses. When W.T. Grant came along with the idea to consolidate many different businesses into “department stores,” he was met with big time opposition when many state and local governments at least temporarily passed laws making department stores **illegal**.



When franchising arrived on the scene in the early 1960s, the same type of resistance occurred as the U.S. Congress came within **11 votes** of outlawing the entire concept. Opposition to automobiles, or horseless carriages, ranged from plowing up or barb wiring roads to boycotting business owners or politicians who drove them.

All of these innovations, as well as virtually all major new ideas, encounter this type of ridicule and opposition because:

1. They represent **change**, which produces uncertainty about the future and the potential for personally losing more than might be gained. This potential for loss causes people great anxiety or even fear, and resisting change is a proven way to reduce anxiety.ⁱⁱ
2. They stir up the human emotions of envy and resentment. Although it specifically talks about the resistance that leading people and products experience, this 1915 advertisement entitled "The Penalty of Leadership"ⁱⁱⁱ also eloquently describes the envy and resentment met by all new leading ideas and concepts in general:

"In every field of human endeavor, he that is first must perpetually live in the white light of publicity. Whether the leadership be vested in a man or in a manufactured product, emulation and envy are ever at work. In art, in literature, in music, in industry, the reward and the punishment are always the same. The reward is widespread recognition; the punishment, fierce denial and detraction. When a man's work becomes a standard for the whole world, it also becomes a target for the shafts of the envious few. If his work be mediocre, he will be left severely alone - if he achieves a masterpiece, it will set a million tongues a -wagging.

Jealousy does not protrude its forked tongue at the artist who produces a commonplace painting. Whatsoever you write, or paint, or play, or sing, or build, no one will strive to surpass or to slander you unless your work be stamped with the seal of genius. Long, long after a great work or a good work has been done, those who are disappointed or envious, continue to cry out that it cannot be done. Spiteful little voices in the domain of art were raised against our own Whistler as a mountback, long after the big world had acclaimed him its greatest artistic genius. Multitudes flocked to Bayreuth to worship at the musical shrine of Wagner, while the little group of those whom he had dethroned and displaced argued angrily that he was no musician at all. The little world continued to protest that Fulton could never build a steamboat, while the big world flocked to the river banks to see his boat steam by.

The leader is assailed because he is a leader, and the effort to equal him is merely added proof of that leadership. Failing to equal or to excel, the follower seeks to depreciate and to destroy - but only confirms once more the superiority of that which he strives to supplant. There is nothing new in this. It is as old as the world and as old as human passions - envy, fear, greed, ambition, and the desire to surpass. And it all avails nothing. If the leader truly leads, he remains - the leader. Master-poet, master-painter, master-workman, each in his turn is assailed, and each holds his laurels through the ages. That which is good or great makes itself known, no matter how loud the clamor of denial. That which deserves to live - lives."

3. Perhaps most importantly, innovations and change disrupt the status quo by **shifting business and money from the established to the new. In other words, some people, companies or industries lose business while others gain it.** In fact, if the innovation or change is major enough, multitudes of people can lose their jobs and entire companies, or even entire industries, can disappear. For example, automobiles dramatically shifted business away from carriage and buggy makers, fuel injectors wiped out the carburetor industry, and Compact Discs all but replaced vinyl records. MP3 players are already starting to do the same to Compact Discs.

The net effect of these three factors is that most new ideas, concepts and products, along with the new industries they create, **understandably, predictably** and **inevitably** go through ridicule and opposition - - and the **greater** the idea, concept or product, the **greater** the ridicule and opposition. This is simply human nature, and to think or expect anything less would be very naïve.

However, it is also equally inevitable that if the idea, concept or product has merit or great value, it will eventually be accepted as “self-evident.” The leading department store alone, Wal-Mart, exceeded \$344 billion in sales for 2006.^{iv} The U.S. franchise industry topped an estimated \$1.5 trillion in economic output, employed 18 million people and generated 40% of all U.S. retail sales^v - - not bad for an industry that was almost outlawed less than 50 years ago! The U.S. auto industry was responsible for employing 13.3 million people with 2004 sales of \$802 billion.^{vi}

Obviously, these industries and many more have endured the expected and inevitable tests of ridicule, resistance and opposition on their way to greatness. The power of great ideas, concepts and products is relentlessly unstoppable. This is affirmed in the close to the Penalty of Leadership “*that which is good or great makes itself known, no matter how loud the clamor of denial. That which deserves to live - lives.*” Network marketing is no different, and the fact that it has endured its fair share of ridicule and opposition puts it in very good company - - with a very bright, massively huge future!

Network Marketing: A Brief History

There is nothing so powerful as an idea whose time has come.

Victor Hugo

Although there were traces of it earlier, by most accounts the network marketing version of direct sales officially got its start in 1932 by Wachter’s Sea Products, which is still in business today (www.Wachters.com). California Vitamins was then founded in 1932, which changed its name to Nutrilite in 1939. Nutrilite became a pivotal company in shaping the future of the industry and in 1945 introduced a multi-tiered pay plan that became an industry prototype. In the 1950s the industry picked up steam as former Nutrilite distributors Rich DeVos and Jay Van Andel started the future multi-billion dollar giant Amway, and Dr. Forrest Shaklee launched Shaklee.

Almost from the get go network marketing was confused with Ponzi schemes, which had been around since the early 1900s, and chain letters, which got very popular following World War I in the 1920s and later evolved into true pyramid schemes (the enormous distinction between these concepts and network marketing will be clarified later in this article). This confusion magnified the expected ridicule and opposition that the industry experienced as it started to increasingly take business away from traditional retailers.

Further, since these same retailers spend billions of dollars on advertising and network marketing companies spend virtually none, it also experienced growing ridicule and opposition from the massive print and broadcast media companies who received those billions of advertising dollars. This double hit from retailers and the media, combined with a growing concern about the rise of actual pyramid schemes in the 1960s and a lingering misunderstanding of network marketing forced the industry deeper and deeper into the “opposition stage” in the early 1970s.

This opposition peaked in 1975 when the United States Federal Trade Commission sued Amway for being an illegal pyramid and for restraining trade by refusing to sell its products through retail stores^{vii}. Four years and millions of dollars later, in 1979 Amway emerged from this law suit with a landmark victory that not only legitimized the concept of network marketing but also paved the way for an acceleration of industry growth in the 1980s and beyond.

In spite of the momentum this victory created, when I joined the industry in 1984 it was still far from the mainstream and was **way** out of my comfort zone - - probably much further out of it than it may be for you now! This was especially true considering that at the time I was an attorney who had invested nine years of college into two law degrees and a successful legal practice with a bright future. In my own words, “I joined network marketing before network marketing was cool.”

Now for the most important point so far - - **times have changed!** While there are a few remaining misconceptions about network marketing from people who are simply uninformed, along with a shrinking group of subjectively biased industry critics, the industry is indisputably entering a very massive “self evident” stage. For any objective, impartial person to deny this would be as nonsensical as denying the reality of department stores, franchising or cars!

Entering the Self Evident Stage: Current Industry Facts

The truth is incontrovertible, malice may attack it, ignorance may deride it, but in the end; there it is.

Winston Churchill

Speaking as an attorney, if I were presenting a case for network marketing in court it would almost be a dream come true. The evidence is that strong. Here is just some of it:

- U.S. sales for 2006 were **\$32.18 billion**,^{viii} the 22nd record year in a row, and global sales were **\$109 billion**.^{ix} The actual numbers are significantly higher when you include sales from non-D.S.A. and W.F.D.S.A. companies.
- As of 2006, there are **15.2 million^x** industry members in the U.S. and **61.45 million^{xi} globally**. Although all members are technically distributors, it is important to realize that these figures include people who are actually wholesale or discount buyers who do not build businesses.
- Each **week**, on average at least **175,000** new people join the industry in the U.S., and about **475,000** join it globally. Not factoring in any acceleration of growth, at the present growth rate an estimated **91 million** additional people will join the industry in the U.S. over the next 10 years, and **247 million** new people will join it globally.

- Companies with ownership or significant interests in the industry include **Hallmark, Crayola, Nestle, Unilever, Citigroup, Berkshire Hathaway, AOL Time Warner**, Bertelsmann, Blythe Industries, The Body Shop, Federated Stores, Goldshield, **Remington, Sara Lee**, the **Virgin Companies**, Yves Rocher, Yamanouchi Pharmaceuticals, Zaner Bloser, Hicks Muse, Clayton Dubilier, The Whitney Group, Golden Gate Capital, Harvest Partners, **Lillian Vernon, Jockey, Reader's Digest, L'Oreal**, Vorwerk, Activated Holdings, and Jones of New York Apparel Group.
- Noted personalities that own or recommend building a network marketing business include **Robert Kiyosaki** (*The Business School* and *Why We Want You To Be Rich*), **Donald Trump** (*Why We Want You To Be Rich*), **Warren Buffet** (owns 3 industry companies), **Wayne Huizenga** (founder of Blockbuster), **David Bach** (*Start Late, Finish Rich*), **Robert Allen** (*Multiple Streams of Income*), **Sir Richard Branson** (considered one of the world's most innovative billionaires), **Dr. Charles King** (has Doctorate in Business Administration from Harvard and wrote *The New Professionals: The Rise of Network Marketing as the Next Major Profession*), **Zig Ziglar** (*Network marketing for Dummies*), **Tom Hopkins, Brian Tracy, Jim Rohn, Dennis Waitley** and **Chris Widener**, among others.
- A September 15, 2006 industry report by **CitiGroup** Global Markets Equity Research noted some of the following:
 - “Direct sales [network marketing] companies are part of a \$100bn global industry that is stable, organized, and regulated.”
 - “Direct Sales Is a Vibrant Channel — The US\$100bn global direct sales industry grew 9% last year. It is one of only two major channels to have gained share in the global beauty market since 2000.”
 - “[Direct Sales is] Primed for Mergers & Acquisitions — Fast growth, high cash generation, and low valuations make direct sales companies ideal take-over targets.”
 - “An Industry Renaissance Awaits - We believe the direct sales industry's best years lie ahead.”
- A few notable quotes about the industry include:
 - “*Network marketing has grown steadily over the last 20 years, increasing 91 percent in just the last decade. - - - Yet as impressive as this is, it's not hard to see that the real growth in this business model has only just begun.*” **Paul Zane Pilzer**
 - “*It's the best investment I've ever made.*” **Warren Buffet**
 - “*If I had to do it all over again, rather than build an old style type business, I would have started a building a network marketing business.*” **Robert Kiyosaki**

- *"Network marketing will grow more in the next 10 years than in the last 50 years combined."* **Roger Barnett**, managing partner of Activated Holdings, the New York investment arm of a multibillion-dollar, family-owned private investment company, and Chairmen & CEO of Shaklee Corporation
- *"Unless you are networking, soon, you may be "not working." Network marketing is not just becoming mainstream, it's emerging today as the dominant market trend. It's a trend that can't be stopped. The real question is how can you benefit from this trend?"* **Dr. Denis Waitley**, author *The Psychology of Winning*, excerpted from **It's time... for Network Marketing.**

Lest you miss the obvious, I want to point out that the people and companies listed above are not obscure and insignificant - - these are some of the largest and most successful companies of our time, as well as some literal financial icons who are singing the praises of network marketing. Also, it now seems like it is almost daily that some bit of new positive information surfaces about the industry, whether it is about a Fortune 500 company starting or acquiring a company, a new book, a new high profile company owner, a new growth record, etc.

At this point it should be self-evident that times have indeed changed. This industry is huge, it is here to stay, and it is going nowhere but up - - fast! If you are someone who has some reservations about this, I would highly encourage you to take a few steps back, perhaps re-read this chapter, and re-take an objective look at network marketing. This is certainly not the time to doubt or abandon this budding industry. Or you could be someone who has had your belief damaged by some naysayer or quip about the industry by some well meaning, yet misinformed, personal friend or relative.

If you are in this category, ask yourself "has this person discovered some secret facts about the industry that Citigroup or Berkshire Hathaway haven't?" Or "are they privy to some inside information that Robert Kiyosaki, Donald Trump or Warren Buffet have missed?" Also, who would you think it would make the most sense to listen to when it comes to evaluating financial opportunities? The answers to these questions should be obvious. Don't let someone else, especially someone who knows virtually nothing about the industry or who might be part of the "don't confuse me with the facts, my mind's made up" club, steal your dream or your future!

ⁱ [Albert Mehrabian, Ph.D.](#) is Professor Emeritus of Psychology at UCLA. In 1967 Mehrabian conducted a pair of studies with some colleagues. The first study, *"Decoding of Inconsistent Communications"* was published in the Journal of Personality and Social Psychology. The second was called *"Inference of Attitudes from Nonverbal Communication in Two Channels"* and was published in the Journal of Consulting Psychology. Together, these two small studies are the origin of the 7-38-55 percentages which are used extensively in presentation skills coaching.

ⁱⁱ "Managerial Leadership", Peter A. Topping, 2002

ⁱⁱⁱ The Penalty of Leadership, Saturday Evening Post, January 2nd, 1915 © Cadillac Motor Division

^{iv} Yahoo Finance, <http://finance.yahoo.com/q/ks?s=WMT>

^v www.AZFranchises.com

^{vi} Contribution of The Automotive Industry to the U.S. Economy," University of Michigan and the Center for Automotive Research (CAR), Fall 2003.

^{vii} Federal Trade Commission vs. Amway, 93 F.T.C. 618, May 8, 1979

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- viii www.DSA.org, Direct Selling Association
ix www.WFDSA.org, World federation of Direct Selling Associations
x www.DSA.org, Direct Selling Association
xi www.WFDSA.org, World federation of Direct Selling Associations

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