

DIRECT SELLING NEWS®



Home News DSN Global 100 Features Financials Perspectives **Exclusives** Resources DSN Magazine Vendor Directory Advertise

News

U.S. News
World News
Executive Announcements
News in Brief

Features

Cover Story
Company Spotlight
Company Focus
Industry with Heart

Financials

Financial News
Acquisitions/Mergers
Canaccord Summary
Company Reports
Stock Watch

Perspectives

Working Smart
Top Desk
Publisher's Note
DSA News
New Perspectives

DSN Exclusives

Special Publications
Exclusive Interviews
Special Reports
DSN Global 100
Bravo Awards

Resources

Direct Selling Associations
Events
Direct Selling Education Foundation
Regional Contributors
Personal Development
DSN e-Store

DSN Magazine

Order Back Issues
Print Subscription
Digital Subscription
Advertise

Vendor Directory

DSN Store | [Subscribe to the magazine](#)



Connect with us on Facebook

Integrate fulfillment with starter kit assembly,
product launches and packaging.

Support your national salesforce with a national fulfillment team. Ask about starter kits and more.

Direct Selling News

September 01, 2016

DSA News

Learning and Building on Collective Experience

by Joseph N. Mariano

Click [here](#) to order the September 2016 issue in which this article appeared or click [here](#) to download it to your mobile device.

The role of the U.S. Direct Selling Association (DSA) has never been more clear: to serve as a “listening post,” a place to collect, analyze and address the aspirations and concerns of the direct selling channel. As we march into direct selling’s future, my role as President of the DSA is to ensure that there is a future, that our business model is promoted and protected—for direct selling companies, for the millions of independent representatives who are the lifeblood of our businesses, and for the millions more consumers who turn to our products and services every day.

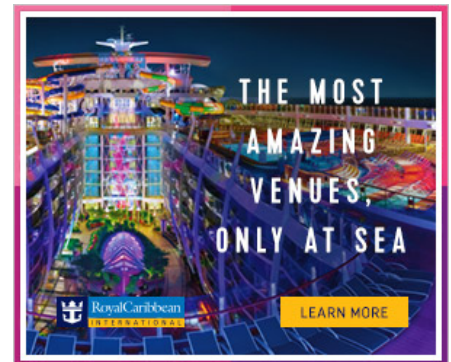
I have no doubt that every leader of every DSA member company aspires to conduct business with the utmost integrity, with steadfast commitment to rigorous standards as set forth in the DSA Code of Ethics. But no matter how diligently we apply ourselves to our salesforce and customers, there will occasionally come—as within any industry—pitfalls and minefields we must traverse. On July 15 of this year, the Federal Trade Commission (FTC) concluded its two-year-long inquiry into Herbalife International, a prominent and longtime DSA member company. Although the settlement is only applicable to Herbalife and does not establish industry standards, it nevertheless provides insights into the FTC’s perspective and views of the direct selling model.

The strength of our Association lies in collaborative relationships—when we get out of our own bubble to support and learn from each other. In facing and surmounting obstacles together, we have the opportunity to analyze our business practices so that we might collectively emerge as more ethical, more transparent and more in tune with the expectations of those who rely on us. Aspects of the FTC settlement speak to these principles, and to how we operate as an industry. It behooves us all to take away what we can from this experience; to apply lessons to ensure our continued success in the future.

Earnings Claims. The perennial direct selling question: Are we selling products, or selling a business opportunity? The answer, of course, is both. However, we need to start focusing more on the consumer and on the marketplace value we create, not on the earnings opportunity we offer. There is no doubt that direct selling is a legitimate avenue for entrepreneurs to grow their own business. But we must increase our efforts to ensure prospective distributors are fully aware—clearly and unashamedly—that for most, direct selling can provide supplemental income. Most distributors will not realize a replacement income, let alone a lavish lifestyle. The DSA Code of Ethics, indeed, prohibits statements or promises that mislead prospective distributors and sets stringent guidelines for earnings representations.

Segmentation of Consumers. Retail customer? Preferred customer? Distributor? Does someone join your program to sell products, obtain products at a discount or a blend of the two? Are they switching from one to the other? Who, precisely, is buying your product, and why—and to what degree are they incentivized to do so? In a meeting I once had with the FTC, I asked what we could do to create better general understanding of direct selling companies. “Tell them to figure out who their customers are,” they said. Our programs and compensation plans can be confusing to the public and to those who have the power to affect our businesses. We need to do a better job of defining “consumer” and “consumption” if we want to further demonstrate the legitimacy of our sales.

The FTC and Herbalife settlement reinforces the importance of the principles and requirements of DSA’s Code of Ethics for all DSA members—to strengthen business practices and standards that protect entrepreneurs and consumers. Your collective commitment in the past to these principles has been awe inspiring, and I am confident that the next steps we take together will be even more impressive and allow our businesses to prosper long into the future. Stand by what we do—the right thing—and continue to wear our direct selling identity as a badge of honor. Consumers, entrepreneurs, policymakers and the public demand nothing less.



Integrate fulfillment
w/starter kit assembly,
product launches
and packaging.



Follow us on Twitter



Share with us on Google+



Join our LinkedIn Group



Subscribe to our RSS feed



Joseph N. Mariano is President of the U.S. Direct Selling Association and the Direct Selling Education Foundation.

© 2017 *Direct Selling News.*

[Privacy Policy](#)

[Terms of Use](#)

[About Us](#)

[Contact Us](#)

[Subscribe](#)