



Direct Selling: A Popular and Accessible Path to Entrepreneurship

This booming sector takes ethics seriously, yet proves that running a business can be fun.

Building a strong brand and generating consumer demand are important parts of any business model, and for the past 75 years it's been almost an article of faith that advertising is key to achieving those two goals.

But what if there were another way to build a business, one that didn't rely primarily on advertising? Welcome to the world of direct selling, the oldest "Next Big Thing" in the world of commerce. Direct selling relies almost exclusively on word-of-mouth promotion, peer-to-peer sales, and network building.

Direct selling is a \$32 billion-

a-year business in the U.S. alone, and it's used by some of the world's most recognizable brands to market products and services to consumers, says Joseph N. Mariano, president and CEO of the Direct Selling Association (DSA). Its defining characteristic is the use of an independent sales force that provides personalized service to customers, along with the opportunity for individual direct sellers to start, manage, and grow their own business with minimal upfront capital investment. The direct-selling model works particularly well with products and services that benefit from demonstration

or explanation, but virtually every kind of product or service can be sold through this channel, Mariano says.

Direct selling differs from other business models in another significant way, says Wendy Lewis, co-founder and COO of Jeunesse, a direct selling company that specializes in healthy living products, with distribution in more than 100 countries. "The best thing about our company, and the direct selling industry as a whole, is that this model is quite different from traditional business—it's a lot more fun. It's a great opportunity to run a profitable business on a global platform, but it's also a

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great way to connect with like-minded, uplifting people and build lasting, rewarding relationships,” she says.

To be sure, direct selling has battled some challenges that have arisen from a general lack of understanding about what it is and does, not to mention the misdeeds of a few bad actors who sought to exploit its basic approach in deceptive or unethical ways. That’s part of why the DSA, which traces its roots to a 1910 trade association of traveling salesmen—the original direct sellers—exists. “The industry has given itself a special obligation to deal with both consumers and individual

regulatory approach,” Mariano says. (For more, see the box below.)

Entrepreneurial Appeal, Squared

Direct selling draws budding entrepreneurs from all walks of life, and lots of them: It’s estimated that about 14 percent of U.S. households have a member who is a direct seller. In many cases, direct selling becomes a complementary business to an entrepreneur’s other business pursuits. Team National, a membership savings company that offers factory-direct home furnishings and other products, reports that a

significant percentage of its 418,000 independent marketing directors also operate other businesses. In fact, Team National has so many

entrepreneurs doing double duty that it has created a Business Exchange network within its existing network.

“Our business model is based on the concept of leveraging group buying power to save members money on products and services they were already going to purchase,” explains Angela Loehr Chrysler, president and CEO. “Business owners tend to network with other business owners, and they’re all interested in saving money, so the large number we have as members is a development that really occurred organically.” Chrysler says that while the mix of products and services that Team National offers—everything from office furniture to AT&T cell phone service to ADP payroll processing—is a major part of the company’s appeal, “but we also have a large number of members who find

themselves generating incremental revenue. We have story after story about business owners who purchased our membership never planning to take advantage of the optional earnings program, but they naturally tell other business owners about it, and before they know it we’re sending them a commission check.”

The key to success in direct selling, as in any other business, lies in seeking out and listening to other people who are successful, learning their techniques, and incorporating them into your own business, says Lewis, a lifelong entrepreneur who, with Jeunesse co-founder and CEO Randy Ray, built and sold two successful health care IT businesses in the ‘80s and ‘90s.

Like many direct selling companies, Jeunesse offers its distributors lots of help to grow their businesses, from award-winning, online marketing resources to expert training events around the world. “Our goal,” she says, “is to make it easy for hard-working people to build connections, convert prospects, and financially prosper.”

That sentiment could serve as a motto for the entire direct-selling industry.

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direct sellers through ethical and legitimate business practices and with the highest level of customer service,” Mariano says. “That’s the *raison d’être* of our existence.”

The association’s membership is testimony to the broad appeal of direct selling: It has about 180 companies representing some 17 million independent direct sellers, and there are about 50 companies with membership applications awaiting approval at any given time. The review process is rigorous and averages about 18 months before a company can become a full, active member. “We want to make sure that all our members abide by the highest standards of consumer responsiveness in the marketplace and by our code of ethics, which encapsulates the tenets of our self-

The DSA’s Code of Ethics

The DSA Code of Ethics spells out in detail consumer and sales force protection standards that member companies and independent direct selling consultants must meet. For example, consumers are entitled to a full refund for purchases returned during a cooling-off period of at least three days. Individual direct sellers who leave the business are entitled to a 90 percent buyback by the direct selling company of certain items purchased within the past 12 months.

