

# Of the People, by the People, for the People

by Teresa Day

More than 12 million jobs have been eliminated from the U.S. economy since December 2007, and according to the Brookings Institute, it could take 12 years to re-create what's been lost. Many individuals are looking to the direct selling model for a different answer.

## Of the People

The Economic Policy Institute estimates 4.4 unemployed workers are available for every job opening. This number does not take into account the estimated 2.3 million "sidelined" workers—people who have lost jobs recently but are not yet trying to re-enter the workforce—making the ratio between job openings and available workers even higher.

In the midst of multiple opinions about causes and cures for our current economic state, the activity surrounding small-business ownership appears to be increasing. Direct selling companies have processed more applications to start businesses than ever. In fact, just among the top 20 revenue-grossing companies—there are an estimated 2,000 U.S. companies using the direct selling business model—more than 500,000 new applications are processed in any given month.

Yet the numbers of individuals starting their own direct selling businesses are not counted in the Department of Labor's statistics, nor are they recognized by most economists as significant indicators for the economy. With collective gross revenues of U.S. direct selling companies topping \$28 billion annually, it might be a statistic worth considering.

## By the People

In direct selling, individuals market and sell products and services *directly* to the consumer, either through individual contact or group selling, such as the in-home party. Individuals own their own businesses but still have the support of a parent company. The direct selling model has similarities to the franchising model, another type of popular business ownership. Unlike the franchisee, however, the direct seller is an independent contractor with complete control over building and conducting the business. Most direct selling companies advocate a robust ethical code and encourage adherence to ensure optimal relationships among fellow contractors (business owners) and consumers.

The direct selling industry is very democratic, inviting all segments of the population to participate in business ownership, regardless of income, education or assets. The age range of direct sellers

mirrors the age range of adults: 18 to 65+, with some surveys indicating up to 22 percent of direct sellers are over 55 years old. The product categories are just as diverse, including nearly every product or service imaginable, from energy to financial planning, from health and wellness to beauty, from home improvement to self-improvement.

## For the People

Direct selling is also an extraordinarily philanthropic industry, with nearly every company, regardless of size, participating in some kind of charitable endeavor, whether it is setting up its own foundation, partnering with humanitarian organizations, or regularly supporting existing charities. Companies such as Amway, Nu Skin, Herbalife, Shaklee, The Pampered Chef, Tahitian Noni and XANGO also are among first responders to help when disaster strikes, here in the United States and across the world, offering millions of dollars in reconstruction efforts, products, and even basics such as food and blankets to affected people. Amway's generosity is rooted in the belief of its founders and owners that "we need to share our resources with the communities where we do business," says the company's president, Doug DeVos.

Participating in the generosity of the industry provides another compelling reason that people want to sign on with direct selling companies. According to USANA's Chief Marketing Officer Kevin Guest, the industry attracts people who want to make the world a better place. "Our entire business is about helping others," he says. "It seems only natural to me that altruism would spill over into other aspects of their lives as well." USANA partners with The Children's Fund, delivering food and vitamins to children across the globe, and even making it possible for employees and associates to volunteer in other countries.

Direct selling company CEOs are also known for their personal philanthropy in support of many causes around the world. A recent example of this giving spirit can be found in Andrea Jung, CEO of Avon, who gifted her entire long-term bonus of \$5,362,500 to the Avon Foundation for Women, which has raised more than \$800 million to support women's issues such as breast cancer awareness and ending domestic violence.

Direct selling: of the people, by the people, and most definitely, for the people. ■





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