

— A MONOGRAPH —

DIRECT SELLING IN THE UNITED STATES

A COMMENTARY
AND ORAL HISTORY

— BY MORRIS L. MAYER —



THE DIRECT SELLING EDUCATION FOUNDATION

DIRECT SELLING IN THE UNITED STATES

A COMMENTARY
AND ORAL HISTORY

MORRIS L. MAYER

WITH
KRISTY ELLIS

Direct Selling in the United States: A Commentary and Oral History

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DEDICATION

Direct Selling in the United States: A Commentary and Oral History is lovingly dedicated to the memory of Mary C. Crowley, founder of Home Interiors & Gifts, Inc., a thirty-eight-year-old direct selling company headquartered in Dallas, Texas, which manufactures and markets decorative gifts and accessories for the home.

Above all, Mary Crowley was a humanitarian who believed in people and who developed people by instilling in them the belief that they could become more than they were. She was a visionary—an entrepreneur who established and built a new company. More importantly, she was a social visionary who saw the world not only as a marketplace but as a place where people live, and where the quality of life is important. Mary Crowley had a vision of service buttressed by a strong faith. For all she brought to people and to direct selling, we are grateful.



ACKNOWLEDGEMENTS

This oral history has been a labor of love on the part of many companies and individuals who have been connected with it. And that love has taken many forms – funding, interviewing, writing, editing, designing, printing and so on. We acknowledge these contributions and contributors.

The personal efforts of Mr. John T. Fleming (Avon Products, Inc.), Ms. Laura Dufort (Natural World, Inc.), Ms. Joyce Elven (Mary Kay Cosmetics, Inc.), Mr. Jerry Hardwich (Marketing Directions and Research), Mr. Stuart P. Johnson, (VideoPlus, Inc.), Mr. Les Rich (Avon Products, Inc.), Mr. Nathan Taylor (Encyclopaedia Britannica, Inc.), and Mr. Casey Wondergem (Amway Corporation). They serve on the DSEF Communications Committee and have been unwavering in their dedication to the project.

We also thank our editor, Ms. Anne R. Gibbons of arg editorial services, and the monograph designer, Ms. Jennifer Domer.

Finally, the project would not have been possible without the most generous initial funding of Home Interiors & Gifts, Inc. and additional financial assistance of Avon Products, Inc., Highlights for Children, Inc., Mary Kay Cosmetics, Inc., Premier Design Inc., and Mr. Richard H. Bell.

As senior researcher-author I am using this preface as a personal communication. In the first part of chapter I, you will find the usual prefatory material, such as motivation and rationale for the study; therefore, I am making this preface a little different from the norm.

First of all, I express my deepest appreciation to my junior author, Kristy Ellis. She has become as familiar with the many hours of transcribed interviews as I have (perhaps more so). As important as anything else, Kristy, a doctoral candidate in marketing at the University of Alabama, served as a sounding board and critic when the project was being organized and then written.

Histories are usually presented chronologically. We considered using such a framework, but quickly discarded the idea. After some thirty in-depth interviews with industry leaders, we found it impossible to blend them together in a sequential time frame. Nor could we identify a single “common thread” to bind the various scenarios together.

So what could we do to organize the material in a readable, logical, valuable, and we hoped, enjoyable format? Clearly, we had to stop looking at each transcribed interview as a discrete document. We then began searching for commonalities. We finally latched onto a simple framework that focuses on (1) the nature of the direct seller, (2) the characteristics of the direct selling industry, (3) the great importance of corporate culture in the industry, and (some considerations about the future.

We used the accepted oral history methodology, which is discussed in chapter I. All our information is derived from individuals who contributed to or played a major part in the history of their organizations as well as the direct selling industry. All the respondents told their stories from a historical perspective. Technically then, we can identify this monograph as an oral history, but we prefer to think of it as a thematic approach to the direct selling industry based on personal interviews with a historical perspective.

Our hope is that anyone who reads this monograph will have a better understanding of what direct selling is—and why it is; that the reader will come away with a sense of the development and characteristics of one of our nation’s most viable and perhaps least understood methods of distribution.

INTRODUCTION AND METHODOLOGY

INTRODUCTION

The direct selling industry is pervasive and global, and it traces its roots to biblical times. In the United States, the Yankee peddler is the precursor of the channel of distribution that is today's direct seller, an independent contractor dealing directly with the ultimate consumer. Some of the best-known direct selling companies were founded in the middle of the nineteenth century (for example, Southwestern and Watkins). Some that were "standards" in their times, no longer exist (for example, Realsilk).

We are all creatures of the time in which we live. While we are involved in living, we have little concern for documenting our daily behaviors, prejudices, and successes. We only think about "the past" when we are deeply entrenched in "the future." Often when someone wants to reflect on "what was it like when?" no one remembers "when"—no one is around who even knows the dates of "when."

As long as there is someone who was there when, we have the opportunity to record, for posterity, history (or *herstory* for the gender sensitive). This brings us to the rationale for this document. Thanks to the foresight of the Direct Selling Education Foundation (DSEF), this study was commissioned. The industry was no longer willing to disregard the past. As informed members of the industry were only too aware, some of the great entrepreneurs of the recent past are no longer among us. (Mary Crowley, Home Interiors & Gifts, to whom this oral history is dedicated, is a classic example.) In many cases, the great industry-leading companies are being directed by second- or third-generation family members or close business associates. How long will those who "knew" the original entrepreneurs be available to record and preserve the tradition for those to come? (Sadly, during this project we lost Tom McGrath [Avon], Brownie Wise [Stanley Home Products and Tupperware], Larry Westerberg [Queens-Way to Fashion], and Evelyn Russell [Stanley Home Products], great personalities of the industry. Fortunately, we interviewed Tom, Larry, and Evelyn before their untimely deaths.)

Some knowledgeable and active industry leaders were convinced that the realistic time frame to study was the post—World War II period. Desirable contact persons within this time-frame—the relatively recent past—were available. In fact, many of the pioneers were still active in business or available in retirement. This history essentially covers the last half of the twentieth century and focuses on those companies and people who supported the industry's (Direct Selling Association's) mission. Of course, some entrepreneurs or their spokespersons were unavailable. In such a pervasive channel, it would be impossible to include every one.

We apologize for any omissions, but we believe we have a remarkable and representative base from which to capture the culture, spirit, dedication, and history of direct selling.

In the spirit of all good academic research, we are obligated to define any terms whose meaning may be controversial. *Direct selling*, the central topic and focus of this piece, is such a term. Misunderstanding exists among academicians, critics, and participants alike. The key characteristic of direct selling is that the relationship between the salesperson (representative, independent contractor) and the customer is *personal* and in the presence of each other whether one-on-one (for example, in the customer's home or workplace) or within a demonstration environment (for example, a party in the home of a host or hostess). Direct selling is a channel of distribution, independent of the product category (cosmetics, home cleaning items, cooking utensils, and so on) or the size of the "ticket" (small and inexpensive, or big and relatively expensive).

Confusion exists about the terms *direct selling* and *direct marketing*. Although a case can be made for considering direct selling as a subset of direct marketing, we prefer to consider the two terms as discrete entities. Direct marketing includes those relationships that do not involve personal interaction. For example, telemarketing involves a person (or computer) speaking directly to a customer or potential customer, but not in the presence of one another. Catalogs, direct mail, direct response advertising, and electronic media (for example, Home Shopping Network) are all direct marketing media.

Further misunderstanding occurs because many direct sellers today use telemarketing, direct response advertising, direct mail, and catalogs to enhance the direct selling channel relationships. For example, Encyclopaedia Britannica uses television commercials to support its sales force. But the decision to use direct marketing (or not to do so) is a strategic decision for direct sellers.

We hope that this monograph (or perhaps, more accurately, the historical perspective implicit in it) will be the impetus for the industry to periodically update its own history. We need our heroes; we need to preserve our culture. We congratulate DSEF for ensuring that direct sellers have preserved their immediate past and celebrated their successes. We hope they will continue to do so.

We thank all the industry leaders who contributed so willingly their time and effort. A special thanks is due Dick Bell, who is so much a part of the primary author's education and motivation that he is considered the "spiritual father" of this document. He was the glue that held me together; his influence is felt on every page. He arranged every interview and assured my credibility, accompanying me on each trip. And to Marlene Futterman—whose labors extended above and beyond her job description as executive director of DSEF—it is impossible to express my gratitude for her constant availability at any hour, any day. This has been a labor of love for Dick and Marlene. And I have become a party to this love triangle. My view of entrepreneurship has been forever strengthened, and I will not be the same person again. An oral history has that effect on the author.

Thanks also to Jay Hescoock, who inspired me some years ago, without really knowing it, to take an interest in doing this job; and to Kristy Ellis, who was always there.

This document was conceived as an oral history, and much of it appears in that form. Oral history is a rapidly expanding methodology that is responsible for major changes in information gathering and in the way we view the past. Using oral history as a methodology for reconstructing the past involves probing for recollections and reminiscences of people who were directly or indirectly involved in or knowledgeable about the events in which the researcher is interested.

The researcher-interviewer in an oral history project records the interview on tape—capturing the ideas and impressions of individuals who have not (and most likely will not) leave any semblance of memoirs. Oral history clearly is not a substitute for traditional forms of inquiry, but it supplements and enhances other types of information gathering.

The oral history methodology is particularly useful in documenting the careers, including successes and failures, of business leaders. Subtle motivations and relationships, which are not part of annual reports or other company documents, would be absent from “the story” had not interested individuals used the personal interview technique of oral histories. In our fast-paced, dynamic, and ever-changing business environment, few innovative entrepreneurs whose histories might be valuable have the time (or the interest) to record their lives as they’re living them. The active business executive will not fashion a memoir; the deceased leader cannot.

Rare are the individuals who keep detailed records of events, circumstances, and people who have significant influences on their lives. However, people will willingly talk about their accomplishments, as well as those of peers or predecessors. In such conversations, much is revealed, especially if the setting is comfortable and interviewees understand the nature and purpose of the interview. Oral history, however, is not used exclusively with the elite of our society. Far from it. In fact, oral history has been described as an especially democratic form of research (James Hoopes, *Oral History: An Introduction for Students*, [Hill: University of North Carolina Press, 1944], p. 13). Oral history, in essence, is most valuable because it allows not only the facts to be discovered but also the ideas, attitudes, and emotions of the interviewee to be revealed. The methodology seems ideal for a history of the direct selling industry. Direct selling, after all, is a people business in which feelings, emotions, attitudes play an integral part.

A major difference between oral history and traditional research methods is, of course, the oral historian’s active participation in the process. That participation allows the interviewer to direct the discussion in such a way as to secure information. Admittedly, such interaction between interviewer and interviewee can result in interviewer bias. Consciously or unconsciously, the interviewer may want to “hear” something and may phrase questions in such a way that the respondent actually says what the questioner wants to hear. It is also possible to introduce bias in interpreting the transcribed interview.

Such concerns about bias are noted here in the interest of academic integrity. As in all good research, oral history projects must be governed by the highest level of ethics, and sound standards must be applied to collecting and assembling the material. Having been deeply immersed in the direct selling industry for a number of years, I asked myself, is it possible to take a step back, divest myself of prestudy biases, and objectively address the real nature of the direct seller and the direct selling industry? The answer was an unequivocal Yes. The nature of the oral history methodology and an appreciation of ethical research virtually assured such objectivity. In addition, my coauthor Kristy Ellis has been intimately involved with the project since the transcribed interviews became available. She has no emotional ties with the industry.

When the project was commissioned by DSEF, I (Morris Mayer, at that time Bruno Professor and Coordinator of Marketing at the University of Alabama) was designated principal researcher. I had expressed some years earlier a real academic interest in a history of direct selling. I had attended DSEF academic seminars and served for two years on the DSEF board. I realized that little was documented relative to industry growth and development, especially the major industry leaders and their companies. Simultaneously, certain foundation leaders saw the need for such an undertaking. Thus, the project was born.

Dick Bell, chairman of the board of Highlights for Children, was dedicated to the project and was (and is) perhaps its major proponent. He agreed to accompany me on all the interviews that were to make up the database for the history. Dick gave me the credibility needed to approach the CEOs of major firms to arrange interviews. With some notable exceptions, the time frame for the study was essentially subsequent to World War II, and the sample of firms was composed of organizations that had been active in DSA.

In extensive discussions with Marlene Futterman, Jay Hescocock, and Dick Bell, I targeted issues to discuss with each respondent. After Dick introduced me and explained the importance of the project, I began the interview by asking interviewees to tell me about themselves and to explain how they got into direct selling. Then we focused on how they started (or became associated with) the particular company with which they are identified. All respondents agreed to having the interview taped. After the initial questions, interviewees most often simply talked about the industry in general, their company's growth and development, the changes going on in the industry, philosophical underpinnings that contributed to their company's culture, and what the future holds for direct selling. The interviewees were vocal, easy to talk with, and seldom needed any prodding or probing questions. A transcript was made from each tape; those transcripts, which have been carefully analyzed, provide the basis for this history.

THE NATURE OF THE DIRECT SELLER

The individual company histories and the descriptions of the entrepreneurs who developed their businesses and, in turn, the industry as a whole reveal unquestioned similarities and consistencies. Of course, as is true of any population under investigation, differences do exist.

This chapter presents the major generalizations concerning the nature of the industry heroes—their backgrounds, motivations, developed culture, spirit, perspective or orientation, luck-chance quotient, contributions to the industry, relationships to their organizations and people, and creativity. This chapter attempts to delineate “the composite direct seller.” In effect, we offer here those impressions that are now a part of the researcher’s psyche, the result of the many hours spent talking with so many remarkable people, followed by many more hours poring over the transcribed notes of the interviews. Here, then, are those over all impressions that together make up “the” direct selling entrepreneur.

A PROFILE OF THE DIRECT SELLING ENTREPRENEUR

One caveat: being gender sensitive—particularly in dealing with an industry in which women have played such an important role—we are aware that not everyone embraces the concept of the generic “he.” When “he” is used in a general context, it is done simply to avoid the cumbersome “he or she” gender designation.

Because the term *entrepreneur* is used so often, it seems expedient to present our definition to the reader. In the context of this oral history, the entrepreneur is that person who puts his investment on the line. He assumes the risk of failure and the consequent loss of his investment if the business fails. On the other hand, he reaps the benefits of success if the business flourishes. In speaking of the “direct selling entrepreneur,” we focus on that person who not only took the initial risk but also came up with the concept and implemented the plans. In cases where the first generation has been succeeded by subsequent owner-managers, the latter generation assumes entrepreneurial functions and risks, but in fact is not the true entrepreneur as perceived in this analysis.

By focusing for the most part on organizations that evolved in the post—World War II era, we were able to talk with many people who started their own firms and can speak from firsthand knowledge. In those cases where the “creator” was not around, we spoke to people who were closely associated with the entrepreneur in question and are now, or were, in top management positions with the company, or were intimately involved in some way with the person or company. However, these individuals are not considered “the” entrepreneur.

When we address issues related to direct selling as an industry, the focus may not be on the entrepreneur. For example, in chapter 3 the subject is the characteristics of the industry; therefore, we are equally concerned with subsequent-generation management and even the independent contractor—sales force. In this chapter, however, we profile the entrepreneur; hence, this somewhat drawn out clarification.

Background. The entrepreneur of the direct selling industry had experience in the industry before investing in his own company. The experience was typically as a part-time salesperson and might have been in connection with making extra money to assist in financing a college education. The experiences cut across all direct sales product categories (books; beauty products; home goods, especially brushes and cleaning items; apparel; cookware; cutlery; vacuum cleaners; home decorating accessories; and so on) and ticket sizes. In most cases, the entrepreneurial venture was in the same, or a closely related, product category as the direct selling experience. (Let us reemphasize that we are describing the “typical”—focusing on the consistencies we discovered. Differences also emerged. For example, some entrepreneurs crossed over product categories and ticket types for their investment opportunities. Some of these differences are discussed in later chapters.)

Motivation, orientation, and perspective. In the free enterprise system, the objective for taking risk is to earn a return sufficient to satisfy the investors. This is not the appropriate venue for an academic discussion about maximization or optimization of profit; suffice it to say that no business person operates without a concern for adequate profits. However, the other motivations for “being in business” and the philosophical orientation and perspective of entrepreneurs vary appreciably across industry lines.

During the many hours of interviews, it became clear that the direct selling innovator is motivated by a sense of social responsibility—a commitment to offering the highest quality product through an educated sales force, whose quality of life will be enhanced by the opportunity to increase earning capacity. Moreover, an early example of “the marketing concept” (that is, a consumer/customer orientation) was exemplified by the direct selling industry in its concern for interaction between the independent contractor-seller and the home consumer. This channel of distribution economized on customers’ time through direct contact, primarily in the home. The industry entrepreneurs recognized the scarcest of resources—time—and were motivated to make buying easy and convenient for the customer.

At the outset, we were slightly suspicious and wondered if we were getting the “real” motivations or was this a classic example of saying what was expected, what the interviewer wanted to hear. The consistency of the entrepreneurs perspectives, the sincerity with which their visions were stated, the examples of the thousands upon thousands of people whose lives had been enhanced, and the strong commitment to the highest level of moral values put our suspicions to rest. Beyond a shadow of a doubt, we had indeed discovered an industry within which entrepreneurs may justly be described as being “motivated by a sense of social responsibility.”

Development of strong culture. The entrepreneurs have been responsible for creating strong corporate cultures (see chapter 4 for more on this). The industry is characterized by heroes who are in fact inseparable from their companies. This element is closely related to the philosophical orientation and motivations discussed in the preceding section.

Creativity, spirit, and people skills. The entrepreneur heroes of direct selling are creative in their visions and their ability to successfully implement them. The creativity is also closely related to the strong, developed culture, although most of the entrepreneurs accomplished this before the management literature gave such names to their successful organizational skills.

They are people-persons who care about and relate to associates as members of a corporate family. The real entrepreneur is creative in dealing with all publics—customers, suppliers, sales force, and investors. He is a person who might have gotten into business by chance, and he may appear to be lucky. But we strongly believe that the innovative direct selling entrepreneur’s “luck” arises primarily from his orientation and creativity.

A great deal of this creativity can be attributed to a can-do spirit that overshadows external and internal problems. The real entrepreneur always sees a way to improve, to do what has not been done before. He is creative through his people—and his ability to reward the people through whom he builds a successful organization.

We were impressed with a comment made by Gil Flocker as it relates to this issue:

The direct salesperson has to be a self-starter. He doesn’t punch a clock. He goes on his own. I used to set up appointments at 11:00 P.M. because my night class ended at 10:20. People said, ‘You can’t set them up at 11:00.’ I said, ‘Heck, you can—you just ask them!’ I needed the money. If I took my family to a movie I would go early, make a stop, do a demonstration, and then we would go to the show. You’re hungry—that’s how a lot of us got started: [People] say, ‘When are you going to get a real job?’ They figure direct selling is a temporary job. When I started college, I was an accounting major. I didn’t intend to go full-time into cookware, but when I started selling, everything changed. I began taking speech courses and other classes that tied into selling. I didn’t want to sit in the corner and write numbers all day long. Selling was a lot more fun, and the opportunities were there.

Commitment to ethics and the direct selling industry. One of the most distinguishing profile elements of the entrepreneurial leader is a demonstrated concern for ethical behavior and a commitment to the industry. For many years the direct selling industry suffered from a terribly negative image. Gerald Gilbert, counsel to the DSA, addressed this perception in an interview. “The direct selling industry, at one time, was number one on the Federal Trade Commission’s ‘hit list’ for consumer problems. They actually circulated materials saying this. They considered a ‘buy back requirement’ and a ‘cooling off period’ at the same time. Many of the direct selling companies were considered to be ‘high pressure’— what they used to call ‘blue suede shoe guys.’ The industry really suffered. I think, it almost had an inferiority complex.”

A strong public relations campaign was contemplated as a means of correcting the negative image. Fortunately, more perceptive leaders prevailed. A code of ethics was developed with the support and commitment of the Direct Selling Association. During the interview with Neil Offen, DSA president, he mentioned that “in order to be a member of DSA today, a company must agree to ‘buy back,’ at 90 percent of net cost, inventory, including sales aids, [that was purchased within the prior twelve months] from any distributor who quits or is terminated.”

Bob Brouse, the first president of DSA, reminisced about the now famous era of Green River Ordinances, and the impact on the association at the time. “Green River Ordinances restricted the times during which distributors could sell in a certain community. In some cases, distributors were not allowed to sell door-to-door, and were arrested if they did. For a longtime, we, at DSA, would sign a little card for distributors. The back of the card instructed the distributor about what to do if there was a problem. We, from the association, would call the chief of police, get the distributor out of jail, and secure counsel. That was one of the principal activities of the association.”

Avon Products, the largest company in the direct selling industry, has emphasized ethics since its beginning in 1886. As the founder of the company, David H. McConnell, was just starting to distribute fragrances in the northeastern part of the United States, he set down a list of principles that guide Avon.

They are still observed.

- *We will provide individuals an opportunity to develop and earn in support of their betterment and happiness.*
- *We will serve families throughout the world with products of the highest quality, backed by a guarantee of satisfaction.*
- *We will provide service to Representatives and Customers that is outstanding in its helpfulness and courtesy.*
- *We will rely with full confidence on Associates and Representatives, recognizing that our corporate success depends on their individual contributions and achievements.*
- *We will share with others the rewards of growth and success.*
- *We will honor the responsibilities of corporate citizenship by contributing to the well-being of the society in which function.*
- *We will cherish and maintain the friendly spirit of Avon.*

To ensure that the principles are not lost in the crush of daily business, Avon chairman James E. Preston continues to distribute them to employees in brochures and booklets and on plaques to be hung in offices of key managers. Here is an example of a direct selling company determined to keep its ethical heritage alive and influential in its worldwide operations.

DIRECT SELLERS ARE HIGH ACHIEVERS

In writing this history we were constantly in touch with relevant literature that might add to our understanding of the industry. We were, from the outset, amazed at the high level of achievement of those industry leaders whom we interviewed. During the process we were introduced to a book, *The Achievement Factors* by E. Eugene Greissman (San Marcos, Calif.: Avant Books, 1990). Greissman cuts across all occupational types and introduces principles (which he calls “achievement factors”) compiled from interviews of very successful individuals, which seem common to high achievers. He recognizes that other pertinent characteristics might be applicable to high achievers, and we agree. Nevertheless, Greissman’s achievement factors provide a framework for assessing high achievers in the direct selling industry.

The following discussion of the achievement factors, as described in quotes from the Greissman book, includes examples of direct sellers who, we feel, epitomize the principle under consideration. These examples are, of course, subjective; they reflect our opinion. To one degree or another all the respondents in this oral history enjoy each of the factors of success.

They discover their vocation and their specialty. “They find something they love doing, something at which they can become really proficient.” In our interviews, we found, without exception, that all direct selling entrepreneurs love talking about their businesses and seem to consider their business to be among their hobbies. Charles Collis comes to mind as representative of this achievement factor.

We also got similar vibes from Cabell Brand, Clair Knox, and Homer Perkins relative to this principle.

They develop a competency. “There is no long-term success without developing one’s interest, or specialty, into a real competence.” Many individuals are talented and do a lot of things well, but without passion for their area of specialization, they will not become high achievers. Who better than Joe and Eunice Dudley to illustrate this factor?

They value and manage what everybody starts out with: time. “High achievers devise little strategies to conserve time.” I traveled many miles over many months with Dick Bell. I watched a master of time conservation at work. He was constantly jotting down ideas while waiting for an interview. If an idea seemed particularly good, he would drag out the trusty tape recorder and preserve it. He carefully studied airline schedules so we could make the best connections and never waste time. What a joy! His business demeanor at Highlights for Children embodied this achievement factor.

If work is the only activity they love, some high achievers arrange to spend all the time they want in that way. Others, who have significant outside interests, carefully schedule their time to accomplish their outside goals. They may be rather stingy with their time in order to accomplish those enrichment activities. Along with Dick Bell, Spencer Hays and Mulford Nobbs impressed us as understanding the value of time and how to effectively manage it.

They are persistent. “High achievers may be persistent, but their styles vary. Some choose frontal attacks for their ideas and they stay at it until the job is done or they return bloodied from the fray. Others choose compromise, attaining a bit of what they want with each transaction. Still others pull back from an undertaking—if they feel the times are wrong—moving to another project temporarily, then returning.” The executives who steer DSA and DSEF all exhibit tremendous persistence, each in different ways. Few association leaders know more or strive harder to keep abreast of all factors affecting the industry than Neil Offen and Jay Hescocock, as did former DSA director Bob Brouse. Marlene Futterman is committed to doing whatever it takes to accomplish a program for DSEF. The professional leaders of the industry are as much high achievers as are the executives of the organizations they represent. Within the industry, Stan Fredrick, Rich DeVos, and Dick Bartlett come to mind as particularly persistent leaders.

They channel their needs and wishes into their work. “The motives that high achievers mention most often are desire for recognition, especially recognition by people in their field, self-development, and self-fulfillment.” This quotation seems to describe the direct selling industry at all levels. Certainly Mary Crowley and Mary Kay Ash understood the significance of this factor and built a basic strategy around it.

They develop the ability to focus. High achievers’ concentration “is so complete and intense that they sometimes lose a sense of time and whatever else might be going on around them.... The logic behind focus, whether the focus is short-term or long-term, is a sense of priorities.... The number one secret of success is priorities.” Priorities make the other achievement factors doable according to Greissman. Jan and Frank Day impressed us with their sense of focus.

They function appropriately in their situations. “There is no denying the importance of being in the right place at the right time.” Most high achievers say that, and some even use the word “luck” to explain their successes. They also give credit to teachers, mentors, and “discoverers.” One’s situation shapes and defines what can be done. Greissman suspects, however, that high achievers would have done equally well in some other field from the one they chose. Ron Reigle gives much credit to “his situation”—his father and the legacy of Regal Ware.

One suspects that the Reigle brothers, Ron and Jim, as well as Gil Flocker, would have done well elsewhere.

They perceive opportunities. “High achievers are open to what is happening around them. They are always learning, because they are inquisitive, questioning individuals.” Spending time with Frank and Jan Day and with Mabel and Larry Westerberg is proof that this achievement factor is critical to success.

Greissman found that some achievers will accept criticism because they know that getting feedback is important. Many high achievers are “persuadable,” but as they get older and more competent, they turn less and less to others. They like to take their own advice.

They seize opportunities. Achievers like Joe Hara and Gary McDonald recognize the existence and importance of trends and social forces, “and they try to exploit them for their own purposes. They use their environment purposefully. They seem always to be scanning the horizon for relevant information.... They make creative use of what they find.... They take risks.”

This chapter offers a composite picture of the direct seller entrepreneur, an overview of the heroes (and heroines) who built the industry. They are, we conclude, a unique set of individuals.

CHARACTERISTICS OF THE DIRECT SELLING INDUSTRY

Just as the nature of the direct selling entrepreneur is unique, so also the general characteristics of the industry differentiate it from others. Of course, all industries could claim characteristics that render them unique.

The following characteristics have been identified as reflecting the essence of direct selling. They are not listed in order of priority, which will vary according to individual and organizational philosophy.

- *Career opportunities, especially for women*
- *Commitment to quality and belief in the product*
- *Dedication to education and training*
- *A philosophy rooted in family orientation*
- *Adherence to a direct channel of distribution*
- *Demonstrability of products*
- *Socially responsible behavior*
- *Strong belief in a Supreme Being*

CAREER OPPORTUNITIES, ESPECIALLY FOR WOMEN

It seems entirely appropriate to introduce this section with the following incident. When we interviewed Bill Tower at Stanhome headquarters, he suggested we conduct the interview in Frank Stanley Beveridge's office, which was relocated from an earlier headquarter's site to the present national headquarters and remains as Mr. Beveridge left it. It was a moving experience and set a remarkable tone for the discussion.

As we sat in the office, Bill Tower pointed to a picture of Catherine O'Brien and commented on the fact that she was Mr. Beveridge's secretary and ultimately rose to become chairman of the company "in a time and age when it wasn't really accepted to have women executives." Tower continued, "I think that is one of the key areas that direct selling has helped in this country so much. Direct selling firms recognized how strong and wonderful women executives could be."

Quite appropriately, we continue our investigation of opportunities for women with some comments from Mary Kay Ash. In the profiles, she tells the charming and remarkable way she got into direct selling. From that start, Mary Kay became a dominant figure in the world of women executives. In 1991 she was recognized as Direct Selling Executive of the Century by her peers. It is difficult to top that in reviewing the opportunities for women in direct selling.

One of the interesting relationships in the industry was between Mary Kay Ash and Mary Crowley. Mary Kay recalled:

I am the one who introduced Mary Crowley to direct sales. We were acquainted, and she came to my Stanley party one night—one of those frozen nights when the streets were ridiculous and they were saying on TV not to leave your home unless it was an emergency. Well, as far as I was concerned, it was an emergency since I was having a Stanley party at the home of a woman who was one of Mary Crowley's pupils in Sunday school Mass. Nobody came but Mary and me. The hostess had a one-room apartment that had a baby bed on one wall, a bed on another, a couch on the third wall, and a stove on the fourth. How could you keep house in a place like that? I mean she couldn't if she wanted to—there was no way. I summed up that situation quickly and thought there was no use talking about cleaning house around here—there was no place to do it! She didn't have room for a can of Easy Cleaner.

Mary impressed me. Her personality was so terrific. I thought to myself, we might as well just drink the coffee and eat the cake and forget about the Stanley party because there was no sale to be made here. Anyway we started talking and I really enjoyed Mary and finally asked her what she did. She was the secretary to the president of a furniture manufacturing company. I said to her, "Mary, with a personality like yours, why in the world are you behind a desk? You would be great in sales. How much do you make?" Of course that was none of my business, and she looked at me with a look that concurred that it was not, but she finally said, "I make sixty-six dollars a week." I told her that I did, too, on bad weeks. That impressed her.

We both had three children, and I told her I was home [for them after school]. At that time, we had no freeways in Dallas so the problem of getting home in the afternoon traffic was terrible. From downtown, you were just in a slow, no-movement line. That always made her unhappy because she didn't get home until 6:30 or 7:00 and she was never there when her children got home from school. So I impressed her with the fact that I was there because I left my Stanley party at 4:00 and I beat that traffic business from wherever I was and so I got home in time to see my kids come in from school. So I said, "If you are ever interested, I'll offer you a job as a Stanley dealer."

About a month later she called me and said her husband, David, was going on three months' active duty with the National Guard. She wondered if that might be a good time to try out the Stanley offer on a part-time basis. At that time, if you worked part-time, you'd only make eight or nine dollars tops for a night's work. If you weren't going to hold ten parties a week, there was not really much use in my fooling with you. But I told her that while I didn't think it was worthwhile for me to even teach her to do the job, she had such a great personality that I would say yes and try it. So I took her on a Stanley party the very next night.

This was back in the days when Eleanor Roosevelt was riding high. She had made a statement that she always put a toothbrush in any gift she gave at Christmas, because if they couldn't use her gift, they could always use a toothbrush. How we jumped on that one. I used to sell dozens of toothbrushes in the Christmas season. One night, with Mary Crowley, we had a bunch of elderly women at a party. I think I sold twelve toothbrushes and nothing else, which made my sales about ten dollars, which is nothing. I thought "Good night!" But Mary still went to work with me, got her case, and held about three parties a week. After about three months, she called me up and said she was going to be at the sales meeting on Monday. She had never been to a meeting, and I said, "Good heavens! Did I make a mistake? Is it a holiday or something?" And she said there was no mistake, but she had resigned from her secretarial job and Monday was the first day she'd be available to go full time with Stanley. Between the two of us we took my unit from sort of a low-key one (by that time I was a manager), to third in the nation in sales of all the units.

And so Mary and I really hit it off because our philosophies were so similar, our ways of thinking so much alike, and we just did well together!

Sometime later, Mary left Stanley and joined World Gift. To make a long story short, I went to a World Gift show with her and I was intrigued because she was having such fun. It wasn't very much fun selling wax and furniture cream. When I saw all the glamorous gift items from India, England, France, and all over the world, and they were so pretty and the people were so enthused, I thought, "Gee, this is wonderful." So she recruited me!

I joined World Gift in 1952 and left on May 13, 1963. Mary Crowley, in the meantime, had left World Gift and started her own company, Home Interiors & Gifts, about two years earlier. I started Mary Kay Cosmetics on September 13, 1963, on a Friday—Friday the thirteenth. I was very, very unhappy with the way women were being treated. I had met many women who I thought were smart, capable, but did not have any opportunity. In the early sixties, women just didn't have a chance in the corporate world. I did get on the board of World Gift, but I might as well not have been there. Every time I suggested something, they would say, "Mary Kay, you're thinking like a woman again." Well our sales force was 100 percent women, and they should have listened, but they didn't. And that was one of the things that really did get to me. So I started thinking about what I could do to overcome some of the problems I had encountered.

Mary Kay decided to write a book. She began putting down everything she could think of that was good about the two companies she had worked for. Then she started listing the problems she had faced. When she had identified the problems, she started considering what she would do to solve them. When she read over what she had written, she discovered that somehow she had developed a marketing plan that would work. She took her entire life savings of five thousand dollars and bought the formula of a cosmetics product that she had been using for ten years and thought was very good. The original owner (a woman) had never gotten the product off the ground. According to Mary Kay, the owner of the product just didn't know how to market it. Mary Kay bought bottles and jars and wrote the manual. Her husband was to handle the administration. A month to the day later, when all her money had been spent or committed, her husband died of a heart attack.

This of course is not the end of the Mary Kay and Mary Crowley stories. This history is not a chronology of the industry nor of any company. The foregoing account dramatizes the philosophy existing in many direct selling companies that offer excellent opportunities for women. More follows.

Mary Kay believes that where women are concerned, if one were to take a scale and put career on one side and family and faith on the other and tell them irrevocably that they have to choose one side or the other, that they can't have it all, the woman would not choose the career. Mary Kay thus felt that she had to work out for women a means by which they could get their husbands off to work, their kids off to school, and then go out and do something and be back home before the first kid arrived home from school. Direct selling is what she worked out. In fact she made it possible for a woman to have it all—a family and a career that fit into her way of living. Mary Kay believes this basic philosophy is what draws women to direct selling in general and to her company in particular.

To serve the working woman who is a potential customer, many of the skin care classes are held in the evening. (Over time, the terms *party* and then *beauty show* have been replaced by *class* at Mary Kay.) In addition, consultants have a special little case that can be taken to offices where classes can be held during the lunch hour. This is an example of opportunities and sensitivities to women in the industry.

In her interview, Mary Kay summarized her commitment as follows: “My objective in starting my company was to give women the chance they didn’t have, more or less like a mother who wants her children to have things that she never had.”

For its part, Avon Products emphasizes earning opportunities around the world. In the emerging and developing countries of Latin America, the Pacific Rim, and Eastern Europe, a great many women have seized opportunities with Avon that are seldom available in regular jobs. Recent research indicates that in Mexico, for instance, fully half of the 150,000 Avon representatives are the sole support of their families. Similarly, a representative in rural Venezuela said, “Every brick in my home came from Avon, and it is how I raised my family.”

Jan and Frank Day addressed the opportunities for women in their interview. When they were building Jafra, Frank described the typical sales representative they recruited as “just a normal little housewife” who worked part-time. Frank noted that this was the major attraction for them—they could do what they wished, when they had time. Gradually, the company attracted women who worked for Jafra full time as their sole livelihood and often made more money than their husbands. The Days were pleased to say that they have five people who have been with them for fifteen years who make over \$100,000 a year, and they have been doing so for ten years.

As a point of historical interest, the Days started with Stanley Home Products. In Jan Day’s words: “Frank worked; we wanted to get him back in college so he could get his degree.... We were down in Los Angeles, so he wanted to go to UCLA. Frank started taking extension courses [and ultimately got his degree]. He also worked at North American Aviation, and he met this fellow who kept telling us about his wife going to parties at night, and Frank didn’t know what to think.” Frank continued:

One day he would say, “Well my wife made fifty dollars last night, or maybe eighty,” and I thought, “What are these parties that she’s putting on?” I asked him directly and told Jan, who was working as a secretary, and Jan was interested and decided to try it while she kept her secretarial job. She got a Stanley kit and went out at nights. Jan wasn’t making a lot, so I started putting on a few of those parties at night. We kept looking and that was when we went into cosmetics. Some girl who had been with Stanley asked us if we were still with them and when we said we were she indicated to us that you can’t make any money that way. She said, ‘I am selling cosmetics and you don’t have to put any hostess gifts out there and wrap them all up the next day. So Jan recruited a bunch of people who had worked for her at Stanley. We didn’t want to get rid of them.”

Jan recounted that she got her first cosmetics kit and “it was a breeze. I mean, [even] knowing nothing about cosmetics—women would laugh sometimes when I would get to a product that I knew nothing about—but I booked very well. I mean the next day a woman would call and say that she would like to have one of those parties. So the money was good in cosmetics. We worked with a little company, Beauty Creators. When we started to work for them in 1948 they were doing three thousand dollars a week; when we left in 1953, they were doing about fourteen thousand a week.” Jan and Frank were more people-people than the owners of the company were. In no time, according to Frank, they had recruited three hundred people for the owners. The owners eventually sold the company because, as Frank explained, they didn’t want to go out in the field and meet people, be with people, entertain people, and appreciate people.

In 1956 Jan and Frank Day started Jafra (Ja[n] Fra[nk]). As the company name suggests, the Days complement each other.

They often put on training classes together, but went their separate ways in the field. When the Days sold Jafra to Gillette in 1973 they were retailing more than \$8 million a year with from eight to ten thousand sales representatives, virtually all women. In Frank's words, "It [direct selling] is a woman's business. The more you can have a woman at the top of it, the more the other women will be happy."

No history would be complete without paying tribute to the late Brownie Wise. In an interview with Joe Hara, former president of Tupperware, he credits Brownie with "founding" the party plan while she was with Stanley Home Products. (Joe Hara noted that in the early 1950s everyone in the top echelon at Tupperware had been spun off from Stanley.) Earl Tupper, an engineer, founded Tupperware, and originally the product was sold by a company sales force through retail stores, but with little success. Brownie Wise, according to Hara's story, became familiar with the product, bought some herself as an independent contractor, and became a self-appointed dealer for Tupperware. From her Stanley experience, she instituted the party plan. As Joe Hara understands it, Earl Tupper called her and wanted to know what she was doing to sell so much of his product. She told him how she was operating, and he invited her to come to work for him.

One of the historical gaps we discovered in our research—further evidence, if further is needed, of how essential it is to conduct oral histories before the key players disappear from the scene—was the lack of a definitive answer about who was responsible for developing the party plan. For the sake of historical balance, we now quote Charles Collis, whose relationship with the industry is legendary. He got to know the vice president of procurement at Stanley and asked him how the party plan at Stanley got started. "We were starting to receive orders from all places," the man told Charlie. "And we kept getting in far too many orders from a little place outside of Bangor, Maine; and we couldn't understand it. So we dispatched someone to go up there a find out what the story was. They went there but couldn't find the man who was sending the orders. They finally chased him down in the local pool hall. They probed him. He revealed that he was going into homes, inviting two or three neighbors, and displaying the product. He said it worked like a charm."

In 1952 or 1953 Earl Tupper discontinued selling through retail stores and began marketing only through the party plan, which is when Brownie Wise agreed to join Tupperware. After about six months, when things were going very well with the new distribution method, Brownie told Tupper that she had to leave Rhode Island, where the home office was, and move to Florida with her son, who had asthma. Not wanting to lose Brownie, Tupper decided to move his sales office to the Orlando, Florida, area; he believed it made no difference where it was located. Brownie became the general sales manager of Tupperware.

Joe Hara, when he joined the company, got to know Brownie. He thought she was a very bright person and a truly inspiring woman. "She was what you would refer to as a female leader. There are women who really admire a female leader, like Mary Kay and Mary Crowley. That is the way Brownie was. She was very certain about what she wanted to accomplish, very confident, and was very good at motivating."

At this time, right after the Korean War, "there was a great deal of unemployment and things simply were not going well," according to Hara. "Women," he explained,

were looking for something to do. Their men came back, and they had gotten married, and the women were [home, and they thought about doing something, but they weren't thinking in terms of going to work or anything of that nature. But they would do anything to be busy beyond just taking care of the family and the household.

So we invited these people to our parties and asked them to join us in the business. We had something visible to indicate that they could sell this product even though they had no prior selling experience. It was just a question of telling people how you were using the product in the home—no more than that.

GENERAL INFORMATION

Opportunities for women are a major characteristic of direct selling, but opportunities of a more general nature also abound. In truth, a separate discussion of opportunities for women and general opportunities is in some ways an artificial apparatus and of little historical significance. But it serves to stress the real commitment the industry has made to women, as well as the remarkable contributions women have made to direct selling at all levels.

We were particularly interested to learn from Jay Hescoock that Avon was the first company to use women extensively. But one of the pioneer firms, Realsilk, offered opportunities only for college men. Similarly, Southwestern, while not limiting their distributors only to males, does build its sales force from the college student market. Opportunities for young (and not so young) college students to help finance their education are very real contributions of the direct selling industry.

To illustrate, Clair Knox reviewed his own experience with Realsilk.

In 1927 I was working for my meals at college. The captain of the basketball team signed me up for Realsilk's training program, which ran one night a week, for six weeks, on campus. We learned how to approach a customer, how to gain his attention, how to create interest, how to make a presentation, and how to close a sale. We could do it at the end of the six-week training program. The next summer, I took a crew from the university and sold in northeastern Iowa out of the Cedar Rapids office. The three of us traveled all summer. I bought a new car before I started. You could buy a new Chevy for \$850 at that time.

During the depression, hosiery was selling for \$1.50 a pair. My offering then consisted of, in addition to hosiery and socks, lingerie and a complete line of men's and women's apparel.

There were no women in the College Department of Realsilk, only men, although apparently, during World War II, some women were offered distributorships.

Spencer Hays also serves as an exemplar of the opportunities for college students offered by direct selling companies. He moved from a summer college salesperson to executive chairman of the Southwestern Company. In 1956 he began his career with the company.

I was a student seller. After I completed my first summer of selling, my sales manager asked me to come back to get some experience in management. I had gained a lot of experience that summer in meeting and dealing with people and selling my ideas, which was invaluable. I decided to further my education by learning how to be a leader and how to recruit. So for the remainder of my college years I worked as a recruiter as well as a salesman.

When I graduated in 1959 I moved to Nashville and became a full-time district sales manager. Direct selling experience develops character in young people. It gives young people the opportunity to step out and stand on their own two feet and do things alone. It is a joy to see young people develop through the program.

The late Tom McGrath said it well: “The heart of direct selling to me is that everyone has an opportunity to do his own thing. When people hear about the direct selling opportunities, they are very enthusiastic. They build themselves a dream.”

Jim Reigle perceptively commented on the overall economic benefit offered by direct selling: “Many of our distributors are very capable people. Some of them went to college, but they didn’t get a job that allowed them to do their thing, so to speak. In the direct sales field they found that opportunity, and they built very successful businesses. They have made a lot of money, and they are very happy people. They have made contributions to the overall good of the country. They are creating jobs.”

Jafra’s Jan and Frank Day also commented on general opportunities in the industry: “Direct selling gives opportunities to anyone who is interested. In direct selling, you also have a great opportunity to develop people. I don’t mean you have power over them, but you influence them. And I am thrilled when I can influence people and they, in turn, can influence others. This is why direct selling must survive because I think Americans have lost hope in what a job offers. They don’t believe that there is a future for them in the workplace.” From a background in children’s wear retailing, Joe Hara saw direct selling opportunities from a different perspective than many.

I decided that the world of direct selling had a greater opportunity than being restricted to one hundred thousand people in Berwyn, Illinois. In direct selling we have all this territory that we can work in, and plenty of room to give people opportunities to grow. I closed my business in Illinois and went full time with Tupperware. I was fortunate to have been able to recruit people, [to] convince [them] that they had a lot of opportunity if they would come to work in the business. I was able to encourage people to grow in the business beyond the dealer level.

If you were a salesperson you started to believe that you could be a manager. And that opportunity was for people in the business, not from the outside—all the opportunities for growth were to be from the inside. So these people who had never had business experience realized that they had something nobody else had. It also gave them an enormous sense of pride, never having sold anything and being able to get up and talk before a roomful of people. This lifted their personal esteem and gave them confidence beyond the monetary return.

Another leader of the industry, Stan Fredrick, with his older brother, John, used the opportunities provided by direct selling to assist with college expenses.

Dad had always told us that we had to attend college, but he didn’t tell us how to pay for it. So when John got there, he found he was going to have to work to make the money to pay for college. He answered a card that came in the mail, which read, “How would you like to earn fifty dollars a week working part-time talking to single working girls?” He answered the ad, and they told him they wanted him to sell waterless cookware. That sounded good to him because he knew Dad had sold it successfully, and selling to single girls really appealed to him as a college student.

So he sold during the summer and kept calling me to tell me how much fun it was and how well he was doing. I was a senior in high school, and he sent me a training manual during the spring. The next year when I graduated we took off to Beaumont, Texas. He shoved me out of the car and said, “Go talk to that girl.” So that is how I started—just walking the street, talking to girls, and making appointments. Within about two weeks I had enough money to buy a used 1947 Ford.

Stan Fredrick is an example of an industry pioneer who crossed over from a big ticket product (cookware) to a low ticket product, one sold by women to women. Stan and his brother were aware of the excellent job being done by such companies as Amway, but the merchandise mix was not one that appealed to them.

One day a female salesperson came to town with a bra that was used to enhance a woman's natural attributes. The Fredrick brothers immediately saw that the item was a natural for direct selling, and Cameo Coutures was born.

For Larry and Mabel Westerberg, one of the great opportunities of direct selling—and one of their greatest satisfactions in being a part of the industry—lay in giving people a chance to help themselves.

COMMITMENT TO QUALITY AND BELIEF IN THE PRODUCT

Throughout the entire interview process, we were continually amazed at the universality of direct sellers' total commitment to quality and belief in their products. As Mulford "Nobby" Nobbs, said, "The people who are in the food supplement business are very definite believers in that product. They don't feel that any other product would do as well." (Wouldn't it be wonderful if all purveyors of merchandise felt likewise?)

Gary McDonald's philosophy offers further illumination: "Successful direct sellers believe in what they are selling. It is their belief that sells the product. If the product doesn't perform, they can't have that kind of belief in it. Most direct selling products deliver more than the salesperson or the manual says about it. That makes the salesperson proud, proud to represent the product and the company." Obviously, this philosophy is based on a real commitment to product quality.

One of the most perceptive individuals associated with the direct selling industry, Dick Bell, knows about commitment and belief: "You have to believe in your product. You have to have a product that has integrity. You have to believe that your company will back you up with the product that you sell. If you value people, and I think a good salesperson does, then you want to be well thought of by those people to whom you sell. You wouldn't want to sell them a product that didn't have integrity and value. You have to be willing to come back and look the customer in the face and leave him with a smile."

A similar point of view was expressed by Joe Hara who reminisced about the contribution to the culture of Tupperware by Brownie Wise and Gary McDonald: "A culture evolved that hinged upon people who believed in what they were doing. They believed in the integrity of the people they were working with. They believed that what they were selling was true. The philosophy of the company was that if you ever sell a product to a customer and he is not happy with it, he may bring it back with no arguments. So a dealer knew that anything that was sold, the company would back." Clearly, we are seeing the marketing concept in action.

Speaking with authority and experience, Jim Reigle stated that the thing that distinguishes direct selling, generally, is that the direct selling product is at a quality level above a similar item offered through retail stores. Such beliefs permeate the industry.

The commitment to quality and belief in the product is a genuine characteristic of the direct selling industry. We thought at first that this characteristic might be overblown. But after many interviews provided evidence of such commitment, we are convinced that direct sellers do indeed live by this principle.

DEDICATION TO TRAINING AND EDUCATION

Training and educational activities take place in direct selling at every level, including the customer, who is an integral player. In thinking about the industry outside his own organizations, Gary McDonald dearly believes in the value of customer education. He cited Mary Crowley's use of on-site demonstrations. "One of the things that made Home Interiors & Gifts so marvelously successful was that they showed the customer exactly where mirrors and paintings should be hung. They had room layouts so that it was a learning process. Customers didn't just buy something to hang on a wall. They learned something about decorating their home. At Tupperware we didn't just sell customers a piece of plastic. They learned something about storing and freezing food."

One of the most dramatic examples of a commitment to training and education is exemplified by Joe and Eunice Dudley. As they explained, "We have always wanted to help people. We're interested in their having some strengths, as well as sometimes giving them a little push or simply a helping hand. We try to help people help themselves through education. That's the reason we have the schools. We started the beauty colleges because of the need for training and knowledge of how to use the products correctly."

The Dudleys maintain "colleges" to educate beauty specialists. They also employ cosmetologists who are responsible for the product shops wherein salespeople at the college may purchase merchandise from experts and resell as direct selling salespeople upon completion of the course. Their organization is sophisticated and typifies a high level of commitment to the use of education to ensure success. "We stress education. We have a lot of educated people in our business because we are constantly raising the level of consciousness about hair and skin care through education."

Mary Kay also explained her commitment to this direct selling characteristic. "Well, we never stop training. Every single Monday there is a class that the director holds. They talk about makeup techniques. They talk about selling techniques, clothing techniques, recruiting, new products, every facet of our business."

Indeed, direct sellers believe in education and training.

A PHILOSOPHY ROOTED IN FAMILY ORIENTATION

We hear a great deal in the media these days about "family values." That is a rather nebulous—and highly subjective—term. But for purposes of discussion, let us assume that adhering to family values means fulfilling one's duty to family members. Let us further assume that "family" includes the members of one's community as well as the more obvious immediate family members. The evidence suggests that the respected and successful direct selling companies have always strongly supported family values. A commitment to the family is apparent in interaction among companies within the industry, in intracompany relationships, and in the way direct sellers relate to their customers.

Coming from outside the direct selling industry, Bill Tower is perhaps better able to see certain characteristics than someone who grew up in the industry. (Tower, mentioned that everyone in management at Stanley came out of direct selling except himself.

He feels privileged to have been asked to join the company.) Tower thinks that one of the great things about direct selling is that it is a business wherein companies help each other. He noted that in other industries with which he is familiar, there is competition between and among companies that really does not exist in direct selling. Bill Tower sees direct selling as “more of a family.”

Rich DeVos feels strongly about keeping a family orientation in Amway. While the company is “gearing up” to be run by professional managers, “the family members” will be there “all the time, maintaining a personal relationship with the distributor and with management so that they know it is a family-owned business.” Carrying the concept further, DeVos discussed the distributor organization. “When a distributor dies, he passes his business on to his children or to whomever he wishes. If he is making \$600,000 a year, he can ‘will’ or sell it; he can do whatever he likes. The incomes goes to that company that they established, usually a husband and wife. If their children want to...carry it on, and work to keep it going or expand it, that is fine.”

Further insights into the sense of family focus were expressed by Mary Kay Ash as she reminisced about the day after her husband’s funeral, following his untimely death. She and her two sons and her daughter were sitting in the living room trying to decide what to do. She had invested all her small savings into a new business. Should she go on with her new business or go to work for someone else? Something had to give right away, she knew. On that day her twenty-year-old son, Richard, said, “Mother, I will move to Dallas tomorrow to help you.”

Mary Kay recalled her feelings. “And I thought, ‘Big deal!’ If he had a brain, I didn’t know about it. How would you like to turn your life savings over to your twenty-year-old? But he said he would help, and he was all I had, so I said ‘Okay’. He brought his bride of two months from Houston to Dallas, and the in-laws screamed so hard you could hear them all the way from Houston that I was ruining their daughter’s life. But he came. My attorney thought so much of the idea that he sent to Washington for some pamphlets to tell me how many cosmetic companies went broke every morning just to encourage me. So we started the company with a secretary, Richard, myself, and nine consultants. That was it.” The rest, as they say, is history.

In no company was the sense of family more dramatically illustrated than in the Dudley organization. In terms of their sales managers, many of whom are men and community role models, the Dudleys bring their 175 managers into the home office every month. They know them well, their names and the names of their spouses and children. In the headquarters office, the Dudley progeny are clearly part of the team. As you walk the halls and look at the pictures, it is clear that this company is indeed a family affair.

In Joe Hara’s recollections of the early days of Tupperware, he indicated that all the family members of distributors were involved. Husbands started to have a great deal more confidence in wives who were helping them pay some of the bills. And the children got involved when they helped pack the merchandise that would come on Thursdays. Toward the end of each week, dad and mother would consolidate the order and send it in to Tupperware. The products would be delivered on the following week; then the children would help to package it, bag it, and so on. A sterling example of family unity.

Hara struck a sensitive nerve when he said, “I have six grandchildren and three remarkable children, who, during the time I was traveling, did not get a chance to spend the time with me that I wanted. I spent what I thought was quality time, and I just thank God that I have never paid a price because they are marvelous children, and we now spend a great deal of time together.”

Stan Fredrick is an industry leader whose experience with direct selling literally started within the family. “The first official experience I had with direct selling was in 1947 when my dad took a part-time job selling WearEver. He was working for the government at the time, and he cooked dinners for WearEver for a year or two just to help the family out of a little financial bind. I watched Dad cook dinners, and I ate out of waterless cookware. Mom was helping out with the money, too. She would have little Stanley and Tupperware parties in the home to get the hostess gifts. We were a very direct-selling-oriented family. For a while she also sold Avon.”

We conclude this discussion of family orientation with a statement from the Westerbergs, who focus on the customer as family: “We cared about our customers, and we never tried to force them to buy something just so we could make a sale. She had to want the blouse *and* be able to afford it.”

ADHERENCE TO A DIRECT CHANNEL OF DISTRIBUTION

The majority of industry leaders interviewed were committed to the direct channel of distribution as possibly the primary characteristic of successful operations. In the past few years a trend toward multiple channels has been evidenced in some companies, such as Avon. Jay Hescoock commented in general terms on this trend. “I think we will see the utilization of data bases [data bases marketing]. Companies are going to try to make it easier for the customer to order directly from them, and they will compensate their sales force for those purchases at a reduced rate. We have a couple of companies that are testing that model right now.”

Neil Offen was helpful in clarifying this issue. Experts, he said, call the use of multiple media “integrated marketing.... The reason it is called integrated marketing is that in direct selling, the direct seller is the core element of the distribution system, and these other media will be supportive of, and not a threat to, the direct seller.” We believe an industry position can be “felt” from the following.

The idea of relationship selling (currently a buzzword) has been around in direct selling for generations. In the words of Mulford Nobbs, “There is a great satisfaction in the direct business that I didn’t find calling on the retail market. You meet people, you become friends with them, you like one another, you do something for them.”

The Dudleys understand the value of the direct channel relationship. “We think it develops leadership. We think you develop initiative, courage, loyalty, and integrity. We think that’s the requirement of leadership that comes from door-to-door. You have to be sharp and be able to think on your feet. You don’t know who’s going to come to the door. But you’ve got to be smart enough to get the customer’s attention and interest, to convince the customer and create a desire. You’ve got to be able to do all of that, and we are all door-to-door salespeople.” No other channel relationship affords them the same interaction vehicle as direct selling.

Stanhomes Bill Tower, coming from an indirect channel background, clearly perceives the value of direct relationships. “We have thousands and thousands of independent dealers who are living and breathing opportunity. It is up to us to communicate that love and understanding as a way of motivating. Unless the dealers have that love, unless they recognize the opportunity, they have other things to do with their wonderful lives.”

But if we can show them why it is right and why it is in their own best interest to become full-fledged Stanley dealers, then they will realize the success and satisfaction of direct selling.”

Whether differences exist within the industry as to the long-term commitment to a single, direct channel, there seems to be little if any argument about the real value of direct relationship selling.

DEMONSTRABILITY OF PRODUCTS

A list of products successfully marketed via the direct channel is virtually unlimited, and we could merely cite those offered by the companies represented in this oral history. We think, however, it is more pertinent to look at this characteristic through the long-time, historical perspective of Jay Hescocock, who may well know more about the industry than anyone else.

“We used to say that the Yankee peddler brought not only products, but news from surrounding towns. I think that the general agents [as Avon Ladies were called back then], brought a socialization process to the housewives of the early twentieth century—glamour, and excitement, and that sort of thing. The name ‘California Perfume’ was chosen because California was exotic. The headquarters were in New York, nothing about California in the product at all.” We think Jay’s assessment about the “socialization process” still has validity, though perhaps for different reasons. He also believes that direct sellers were successful in product categories in which the retail structure was somewhat weak.

We heard also, time after time, that when demonstration or education was particularly important, whether for big or small ticket items, direct relationships were very advantageous in relating to customers. In the words of Dick Bell: “Demonstration has always been a key part of direct selling. The best direct selling items are those that have to be demonstrated, those in which you have to demonstrate their unique qualities. They are the items that a person would not normally walk into a store, pick up, and buy. They haven’t yet felt a need for [the product]. With cookware demonstrations, for example, you had to show the quality and that the product you had did a different job from the pots and pans the customer could buy elsewhere.”

Gil Flocker recently retired, but during our investigation he was with Regal Ware by way of their acquisition of Saladmaster. He was well aware of the importance of product demonstration. “What makes a good direct sales product? It has to be demonstrable, something that you can demonstrate and prove to customers that it is much better than something you could acquire from a retailer’s shelf. It also has to have a good markup so that you can make a good profit on it. Finally, it has to be of unusually high quality with some kind of special feature.”

Demonstrability as a key characteristic of directly sold products was also cited by Joe Hara when he described Tupperware products. “It was through parties that we were able to encourage people to join us. Seeing the demonstration they said, ‘You know, this is something that has a great deal of merit; something that is needed—how to save time, space, and money in your refrigerator.’ By demonstrating, you could create mental images in the minds of customers of how to utilize Tupperware effectively. It would save them time and space, and it would save them money because they would consume food that they would otherwise have to throw away.”

Without question, demonstrability is a major characteristic of direct selling.

SOCIALLY RESPONSIBLE BEHAVIOR

Spencer Hays, in talking about what his mentor at Southwestern taught him, said, “We take a strong, active part in civic matters and helping in the community. We were taught that you should give back in time and in effort as you take from society. That became part of our culture.”

The concept of community and civic rent is important to David Longaberger, founder and CEO of the Longaberger Company:

We came up with five ingredients of a successful community. First of all, there must be employment. Second, educational opportunities. The third ingredient is recreation. The fourth is roads and housing, and fifth is community organizations. Companies should pay more attention to the community in which they work. Longaberger invested \$5 million in recreation and schools in one summer. This kind of investment benefits not only the community but also the company. We built a state of the art swimming pool with an accompanying building that will be there for a hundred years or more. If we placed an ad in USA Today, it would cost \$2 million, but in two weeks it would be gone.

Longaberger believes that such visible philanthropy is not only socially responsible but also has very positive public relations impact.

The significance of paying civic rent is apparent in Joe Hara’s philosophy: “I catch all kinds of community responsibility—I am on the board of the museum, was once president. I am on the Human Services Board and the Finance Committee. I work with the Jewish Federation and the Jewish Family Services.” Although Hara is retired, people involved in such activities in retirement are merely continuing the kinds of commitments they made during their work life; people do not change in this regard. Hara learned his socially responsible posture early on.

Joe and Eunice Dudley are committed to giving back to the community in thanks for their exceptionally successful careers. “We adopted a middle school in Winston-Salem. This is one of our projects. Most of the kids at the school are considered to be at risk, kids who had a lot of tremendous problems. We work with community centers that do other things that involve kids, not just those who are highly educated—the low-income kids as well. We work with them to bring them up. We do speaking drills to encourage them to learn to speak well. Dudley High is the school that we’ve adopted as our main project. Of course, a lot of those kids we send to college. We were the first company in this region to start adopt- a-school projects.”

Evelyn Russell and Homer Perkins discussed the bequest that Frank Stanley Beveridge made to the Westfield community for the maintenance of Stanley Park. Thousands visit the park’s beautiful gardens each summer and enjoy the free concerts. (The foundation supports the symphony orchestra.) This is a splendid example of social responsibility to the community in which Stanhome is headquartered.

Avon, in addition to supporting a variety of women’s causes through its Avon Products Foundation, has in recent years established a Worldwide Fund for Women’s Health. Through this umbrella organization, various Avon companies raise money for health issues that are prominent in their countries. These include a program to assist women responsible for elderly care in Japan, help for needy mothers in Germany, and most prominently, fund raising to combat breast cancer in the United States, the United Kingdom, and several other countries. Avon also encourages volunteerism among its employees. For example, employees in New York have adopted Public School 25 in a Hispanic area of the Bronx.

They serve as volunteer teachers and mentors, and organize outings for children.

These examples are just a bare sampling of the socially responsible behavior exhibited by members of the direct selling industry. A complete listing would require another book— and it would make fascinating and inspiring reading.

STRONG BELIEF IN A SUPREME BEING

It is impossible to generalize to the entire industry a philosophy of faith that is in reality so very personal to the individual. We found, however, that the commitment of those industry leaders who feel deeply about this is so strong that to omit it as a major characteristic would be inappropriate.

Mary Kay Ash is internationally known for her commitment to “God first, family second, and career third.” Don Carter, in talking about his mother, Mary Crowley, made it clear that she shared Mary Kay’s basic beliefs. In recounting Frank Stanley Beveridge’s philosophy, Bill Tower mentioned that Mr. Beveridge wrote a prayer that is still used to open every company meeting. That prayer was used by many other founders of direct selling companies who got their start with Stanley Home Products. The late Evelyn Russell, in remembering her beloved father, Mr. Beveridge, said, “At the Methodist Church my father was the superintendent of the Sunday school and my mother sang in the choir. We went to church all day. We went to the church suppers and the Thursday evening prayer meetings. This was a part of our life. It was wonderful.”

THE IMPORTANCE OF CORPORATE CULTURE IN THE THE DIRECT SELLING INDUSTRY

“You need to build your own culture, in which you nurture your people. You must have the patience to develop them and see that they understand that they have to care for people. And that is the only way you can build a direct selling company. If you try to shortchange or accelerate that process you have nothing.” This statement from Dick Bartlett, vice chairman of Mary Kay Corporation, is an appropriate one to introduce this section on culture. It is widely acknowledged that Mary Kay has one of America’s strongest corporate cultures.

Much has been written about corporate culture in the recent past. The tenth edition of *Merriam-Webster’s Collegiate Dictionary* defines *culture* as “the set of shared attitudes, values, goals, and practices that characterizes a company or corporation.” Terrence Deal and Allan Kennedy, in their popular book *Corporate Culture: The Rites and Rituals of Corporate Life* (Reading, Mass.: Addison-Wesley, 1982), comment on corporate culture as follows:

Every business—in fact every organization—has a culture. Sometimes it is fragmented and difficult to read from the outside people are loyal to their bosses, others are loyal to the union, still others care only about their colleagues who work in the sales territories of the Northeast.... On the other hand, sometimes the culture of an organization is very strong and cohesive; everyone knows the goals of the corporation, and they are working for them. Whether weak or strong, culture has a powerful influence throughout an organization; it affects practically everything—from who gets promoted and what decisions are made, to how employees dress and what sports they play. Because of this impact, we think that culture also has a major effect on the success of the business.

Culture in direct selling focuses on several key components: a strong, charismatic leader—a hero; a commitment to people, which includes the internal and external publics (associates, shareholders, and customers); and a belief in the power of recognition as an essential motivator.

THE HERO

It is dangerous to identify “the” hero of any piece, whether novel, movie, or play—or a history where there are many talented players. In fact, as Joe Hara, former president of Tupperware, said, “The heroes of Tupperware are the people. It wasn’t Hamer [Wilson], it wasn’t Brownie [Wise], and it wasn’t anybody in particular; there is no such thing as one hero in Tupperware because we would never be anywhere if it hadn’t been for that person selling that product.” This is certainly a winning philosophy, and one we ascribe to. But in this present context we focus on the hero defined as follows: That person who embodies the values and philosophies, and shares the mission of the company with coworkers and employees, and motivates everyone to a high level of performance.

Heroes “create the role models for employees to follow. The hero is the great motivator, the magician, the person everyone can count on when things get tough. They have unshakable character and style. They do things everyone else wants to do but is afraid to try. Heroes are symbolic figures whose deeds are out of the ordinary, but not too far out. They show—often dramatically—that the ideal of success lies within human capacity” (Deal and Kennedy, p. 37).

After many months of interviewing leaders in the direct selling industry and meticulously reviewing those interviews, we arrived at the point where we felt we could, with conviction, nominate Frank Stanley Beveridge as the best industry example of a hero. At one point we sought to identify those early innovators who could be called “breeders” for direct selling, one or two visionaries from whom all major industry leaders emanated. We rejected that idea because we found some discontinuity in tracing individual histories. We found, however, that Mr. Beveridge served as mentor and major culture hero for subsequent generations of direct selling entrepreneurs.

For example, Mary Kay Ash and the late Mary Crowley got their start with Stanley Home Products. Mary Kay and Mary Crowley gave much credit to Mr. Beveridge for their success and eventual hero status in their own companies. In a very special visit with Frank Stanley Beveridge’s daughter, Evelyn Russell, it was clear that she saw quite objectively how her father had influenced the growth not only of Stanhome but also of the direct selling industry. The CEO of Stanhome, Bill Tower, in response to a question concerning the industry heroes, agreed with the opinion of many other interviewees that Mr. Beveridge was indeed “the” hero of the direct selling industry. He was, according to Tower, a “truly enlightened leader.... [Mr. Beveridge] wanted to found a business based on what he believed and he believed that business should be a benefit and a blessing to all who become involved with it. Mr. Beveridge was dedicated to the success of his people.”

Many of the industry’s major players embrace key attributes contributing to the hero status. An excellent testament to a major industry innovator came from Ron Reigle of Regal Ware. “My father had a much stronger personality than either Jim [my older brother] or I. He had the ability to make you feel that you were probably the most important person in the world. He paid 100 percent attention to you.... A lot of people develop phoney attitudes. His was not phoney. He was genuinely interested in you.”

Other visionaries who were unquestioned heroes of their organizations include Mary Kay Ash, Cabell Brand, Charlie Collis, Mary Crowley, Jan and Frank Day, Rich DeVos, Joe and Eunice Dudley, Stan Fredrick, Spencer Hays, David Longaberger, Mulford Nobbs, Jay Van Andel, and Mabel and Larry Westerberg. Avon’s founder, David McConnell, died in 1937, but he remains an almost legendary company hero. From what old-time Avon employees have told Chairman Jim Preston, McConnell “had an ability to convince people that there was more they could do... more than they perhaps believed they had in them,” Preston says

He had high expectations and didn’t suffer mediocrity too well. He was a great teacher—teaching almost by parable. He believed in fairness to customers—he’d take back the product if it wasn’t good, which was pretty unusual in those days. He believed in fairness in compensation. He wanted sales people in particular to prosper because that was the only way the company could prosper. He wanted a positive, friendly atmosphere to permeate the entire organization. And that’s still our culture, our value system. It seems to me that most leaders of successful organizations start with a basic value system.

Any list of heroes is, of course, subjective and, therefore, incomplete. We spoke with many

influential executives who are (or were) enormously important in the history of direct selling. The following “builders” helped shape the industry—and they became very important to us during our research: Dick Bartlett, Dick Bell, Don Carter, Gil Flocker, Barbara Hammond, Joe Hara, Spencer Hays, Bob King, Clair Knox, Gary McDonald, Tom McGrath, Homer Perkins, Jim Reigle, Ron Reigle, and Brownie Wise.

A special group of informants were particularly important in providing a perspective from which we could better understand the industry evolution and development. While they may not qualify as “industry heroes,” they are certainly heroes in the sense that they were visionaries and builders of the Direct Selling Association—Bob Brouse, Jerry Gilbert, Jay Hescocock, and Neil Offen. Finally, the true hero of the Direct Selling Education Foundation is Marlene Futterman, who had the vision and the capacity to implement the remarkable programs of the foundation. These individuals may be external as far as the direct selling industry goes but they are a viable and vital part of the industry’s culture. Including them here seems quite appropriate.

COMMITMENT TO PEOPLE

Another specific aspect of culture in direct selling companies is a genuine commitment to people. In the words of Spencer Hays executive chairman of the Southwestern Company:

We believe that you can’t build a business; you build people and people build the business. So we believe in creating an atmosphere where people can take their skills, their talents, and their capabilities and have a lot of fun in expressing themselves [and] building a business. We believe very strongly that we’re not important, but what we do is important. So if you focus on what you do, then you never become too consumed with your own importance, and your egos are more conducive to reaching the company’s goals and objectives. We also believe that you don’t run a company for the benefit of any one or two people. You run it based on what is best for everyone.

We strongly believe in a wholesome, positive attitude. You take a strong interest in each person you work with, and you know everything about him. And you take his weaknesses and his strengths, and you try to help him grow, develop, and improve. Fred Landers took that kind of interest in me. I think we learn a lot more by example than by anything else.

Amway’s Rich DeVos exhibited his commitment to his distributors in several comments. “We make sure we don’t do anything that violates the respect and the rights of our distributors. I still interface with the top leadership groups to make sure that the relationship between us and them is protected.... The hardest part of management in this business is to find someone who understands that you have to keep the distributor on a pedestal.”

Jan and Frank Day attested to the importance of commitment to people in several statements. “The whole secret to success in direct selling,” said Jan, “whether you own the company, whether you are a consultant, a manager, or a district director, is to make the people feel comfortable.” Frank added, “You have to appreciate who is out there selling for you. She is out there making you a buck.... The more you can let her know you appreciate that, and you know she is an executive in your company, you have somebody who believes in you, trusts you, and stays with you.”

Jerry Gilbert, attorney for DSA, has years of experience observing and interacting with the industry. He, too, recognizes the importance of being people-oriented. “My wife and I spent the weekend with Erick Laine [Cutco] and his wife.

I can tell you he has all that it takes to be successful in direct selling. He took us through his plant; he has about five hundred employees. They make a wonderful product. He knew everyone on that floor. Not only did he know them by name, he would stop and introduce us to them. He knew about their families. He would tell a little story about each one.... That is the kind of person who makes it in this industry.” During the interviews, when we were given the opportunity to make a plant tour, we noted the same kind of commitment at such companies as Dudley Products and Regal Ware.

Stanhomes Bill Tower said, “I think the trick is, and the thing that direct sales has taught me, is that the whole psychology and love in the personal relationships in business is really the most important element of the marketing mix.” This is particularly significant from an executive who came into direct selling somewhat late in his successful career.

Gary McDonald (of RACHAeL Cosmetics, formerly with Tupperware) exhibits a strong belief in the corporate culture’s essential commitment to people. “Those who have been in direct selling and really know direct selling know that it is not a product business, but a people business. You have to have a great product. But with that as a given, if it is direct selling, it is a people business. If you are not doing the right things in terms of motivating the people to create loyalty, and doing things in terms of how it is going to impact your sales organization—people first—when you make decisions, it is not going to work.”

Clearly, direct seller’s are sincerely committed to people. The successful industry leaders are inherently and unceasingly people-people.

THE POWER OF RECOGNITION

Not all corporate cultures display their “spirit of oneness” or demonstrate the company’s commitment to its employees through a major extravaganza. But successful organizations understand the power of recognition, and direct selling is a classic example of the best use of such a motivational tool. As Dick Bartlett said, “No other industry has really stumbled on the power of recognition as successfully as direct selling.”

In a personal reminiscence, Mary Kay Ash illustrated how recognition affected her.

The third day [of the convention] they [Stanley Home Products] had this award thing, and they had a girl who was crowned Queen of Sales. And Mr. Frank Stanley Beveridge crowned her queen. They gave her, as a top prize, an alligator bag. Well, to me that was a pink Cadillac. I wanted that bag with everything that was in me. I wanted that bag, and I wanted to be where she was. I decided I was going to be queen the next year. And so I marched up to Mr. Beveridge, and I said, “Next year I’m going to be queen.” He took my hand and looked me in the eye and said, “You know, somehow I think you will.” And those words propelled me to queen the next year. And would you believe, they forgot to give me the alligator bag.

Rich DeVos also understands the value of recognition. “We have more bonuses today than I can keep track of. We have a dozen ways to make money, depending on what you’re doing. We will reward you for personal sales in a special way. We try to figure out how to get people more money, instead of how we can get them less.”

Reflecting on the power of recognition as a corporate culture dimension, Dick Bartlett said, “I think some of the things we have learned all these years in direct selling should and will be applied to traditional in-store retailing in one form or another.”

One of America’s most famous corporate role models is Mary Kay Ash. The following is her philosophy regarding the power of recognition. “Our ‘seminars,’ which is what we call them, is really a misnomer. It has turned into somewhat of a Miss America Contest. We give Cinderella gifts.... I decided that where women are concerned you should give them things they would not normally go out and buy for themselves, like a pink Cadillac, a mink coat, a diamond ring—the things that we wait around for that guy on the white horse who never shows up to bring us. And they love those diamond rings, bracelets, and watches.” Mary Kay’s success in motivating consultants, learned well from Stanley Home Products, is compelling proof of the power of recognition as a major force in the culture of the company:

Recognition is also a major factor in motivating Avon’s sales force around the world. Awards range from simple but elegant gifts for length of service to spectacular and well-publicized trips for top producers. Winners from the United States might go to the Caribbean, for example, while winners from Japan spend a gala weekend in New York City. The highest recognition a representative can win is membership in the Avon Hall of Fame—one person to a country. The honorees’ photos hang in a place of honor at headquarters.

MAINTAINING THE CORPORATE CULTURE

Once a corporate culture is established, maintaining it becomes a critical issue. Mary Kay Cosmetics has done a superb job of perpetuating the company’s values and ideas. Dick Bartlett reflected on that achievement:

You become symbolic. The philosophies of a leader—religious, business, or government—can be maintained if there are people around who have bought into the culture. So we start internally with the employees. But one of the most important groups to us in maintaining the culture when Mary Kay is no longer with the company is the group we call our National Sales Directors. These people have reached the top in this organization and reflect Mary Kay’s own philosophies. They are capable of carrying the culture on in a way other people can definitely identify with. So the culture is spread very wide and very deep in our field sales organization. If this is true, then when the leader is no longer there, it carries on. I am convinced now that the organization will carry on because the philosophies are so deeply imbued.

Another remarkably strong culture company is Dudley Products. Joe and Eunice Dudley learned direct selling from Mr. Fuller, a major influence in their lives and values. They have built a business that targets African Americans, and their culture is taught to their salespeople in their extensive training classes. Three of their children are in the business, and the Dudley’s have no doubt that what they stand for will be perpetuated into the next generation and beyond.

Values are the core of an organization’s culture. “A corporation’s values will affect all aspects of the company—from what products it manufactures to how workers are treated.... As the essence of a company’s philosophy for achieving success, values provide a sense of common direction for all employees and guidelines for their day-to-day behavior. These formulas for success determine (and occasionally arise from) the types of corporate heroes, and the myths,

rituals, and ceremonies of the culture. In fact, we think that often companies succeed because their employees can identify, embrace, and act on the values of the organization” (Deal and Kennedy, pp. 21—31).

The most successful direct selling companies are those whose cultures are deeply rooted in values that are shared by all levels of management and influence all operating personnel. Direct sellers have their heroes, base their values on commitment to people (employees and customers alike), and are extraordinarily aware of the power of recognition as a motivator. They also build into the culture a belief in the philosophy and values of the leader—and thus perpetuate the organization.

THE FUTURE AS REFLECTED FROM THE PAST AND PRESENT

The purpose of this monograph was not to dust off the crystal ball and predict the future. But after delving deeply into the past with the champions of direct selling, it is impossible not to set forth certain insights derived from the oral history process. We include here, as well, comments from experts who have earned the right to speculate on the future. If history has a major value, it is in offering us a better understanding of the present—and thus the future.

A statement by Gil Flocker is appropriate to introduce this section. In response to our question, “What do you think is the future of direct selling?” Flocker replied:

I think the future is even better than it has been in the past because you go out and get the business. You don't have to coax people; you don't have to bring them in; you go out and get them. Now, the difficult thing is getting people to go out and get them. It always has been. They say now that it is hard to recruit. When I started in 1952 it was hard to recruit. But there is always someone who says, “Look, I need the money. I will do whatever it takes.” There are always those people who want to get ahead, who want to make money, who want to do more for their families, who want recognition.

A GROWTH INDUSTRY, INTERNATIONALLY AND DOMESTICALLY?

Cabell Brand, one of direct selling's most respected experts, responded to a question about the status of direct selling as a method of distribution:

I think that what has happened politically in the world in the last [several] years makes direct selling the most important kind of distribution in the world. The world has learned that...centrally planned economies don't work. There is no retail distribution; the people are dissatisfied both with the political and economic system, and they want to do their own thing. How do they do it? Direct selling is an opportunity to do their own thing. If the techniques in the [former] Soviet Union and Eastern Europe can be developed so that these people can be independent entrepreneurial representatives of direct selling companies and get the product—either produce the product there or figure out a way to barter and import it and get the product there—direct selling can do a huge amount of business in those countries because there is no real competition in the retail field. It is sort of like what happened in the United States in the early days before shopping centers existed. I mean there was no real distribution center, and that is the situation in much of the world today.

I really feel that the global international opportunities of direct selling are absolutely fantastic, not only for companies to make money but also to help the people and to be a major force in the transformation of the economic and social systems. I think it is a major potential opportunity and companies are capitalizing on it. Avon is doing it. Amway has recruited fifty thousand new representatives in Eastern Europe. Lots of companies are doing it.

Direct selling is a growth industry in the United States as well, because we have a lot of people in this country today, even with two incomes, who don't have enough money. The propelling force of direct selling in the United States today is that it is an opportunity for people to supplement their income doing good things, with good products. The trick is for companies to know how to take their product and present it in such a way that they can be profitable. That is a complicated formula.

At that point, Tom McGrath, who was being interviewed with Cabell Brand said, "Backing up what you just said, my daughter is living out in San Diego, works for a bank, and is married to a navy man. She just became a Mary Kay representative."

A FUTURE BOLSTERED BY STRONG LEADERSHIP (DSA AND DSEF)

Few people can speak for direct selling better than Dick Bell. His understanding of and appreciation for the roles of the Direct Selling Association and the Direct Selling Education Foundation are probably unsurpassed in the industry. In the following paragraphs, Dick and Cabell Brand reflect on the history of DSA and DSEF, and their importance to direct selling. Their remarks might be viewed as a memory piece that predicts the future. "It is my personal feeling," Dick began,

and I am sure you [Cabell] would understand that there is a kind of magic to this third party relationship which a foundation can provide.... Remember the old days when we struggled with the question of our image and we struggled with the question, How do we identify ourselves with the consumer as responsible business people? I can remember that DSA would bring together all the promotion people from the companies—big guns big promotion people—and we would get them all together and say "How do we do this? How do we achieve a new public image for direct selling?" Of course the answer was that we spent a lot of money in advertising and a promotion plan and so forth, and we went out and sold ourselves. That is self serving. The public doesn't buy your advertising that you are a good guy. We... knew how to promote, but we didn't really know how to win the hearts of American consumers.

Along came the foundation—and you know we spent the first two or three years raising enough money to call it a foundation to get some endowment money and so forth. I well remember a meeting at which Jim Preston put his fist on the table and said, "It is time that this foundation *do* something, that it have a project; direction; a program.

I proposed that the program be the consumer one. Well that meant we had to staff it. We went out and hired Marlene [Futterman], and she came in and she did all the right things. It wasn't more than two years until we were sitting around the table with the same consumers that had been critical of us and in another year we were contributing to their programs.

By the fourth year we had consumers on the [DSEF] board, and we still have two consumer members sitting on the foundation board.... We began taking part in their programs. We didn't come to sell ourselves, we came to take part in their programs. We began to help sponsor the programs they wanted, and we made contributions, not financial, but intellectual to the achievements of their ends. Now, without any doubt, we are probably the most highly respected association in the consumer field.

Later we began to think beyond the consumer.... The next challenge was the college classroom. We were not in textbooks.... I can remember the first meeting we had with college professors. We got a group of textbook writers together. Chuck Swanson was chairman of DSEF that year and he chaired the meeting. The professors announced that they didn't have time when they were revising their books to look into another field and extend the book. So we had to find a way to make that possible, which we did. We used the same techniques that we used with consumers. We sponsored meetings of marketing professors. Our people participated; our executives participated. And it wasn't very long before professors were asking, "How do I get invited?"

Dick Bell's review of how and why DSEF grew prompted Cabell Brand to reminisce about the year 1953 or 1954 when he decided to take his direct selling company public.

As you take a company public, you have to have a completely different view of the world and the consumer and [your] image because you are seeking public stockholders. So I got involved in the association, which in those days was in Winona, Minnesota. Jim George was the head of it and Lloyd Deilke was his assistant. I never will forget going to a DSA meeting and the discussion was "If we are a national association, why in the world are we in Winona?" which was one of the few places in the U.S., at that time, from which you couldn't dial direct!

I got on the board and I started observing who the members of the association were. There were so many people in the direct selling field who were not members. So I asked, "Why aren't these people members? They are selling direct; they are going door-to-door." And Jim George said, "Well they are bad characters. They go around and defraud customers, and they take subscriptions [for example], and [then] you never hear from them." I said, "So why don't we clean that up? How in the world can we be an industry when you have people going to the same homes that we are going to, and they are bad characters starting all these ordinance problems [like Green River]?" So one thing sort of led to another and I was asked to head a long-range planning committee.

We had a ten-point plan for the association. One of the first steps was to move to Washington D.C. so we could properly represent direct selling to the legislature. The focus of the association was to avoid legislation that could destroy the industry. It was a reactive association rather than proactive. Today the things Dick Bell has talked about indicate that DSA is now proactive. In the early days we were very defensive, and we had to be.

The second point in our plan after moving to Washington was to hire a professional director. We hired Bob Brouse and we decided to do a number of things. In long-range planning one of the things that we would have was an education arm. We weren't smart enough in those days to call it a "foundation," but we wanted to have a way that we could monitor the good guys from the bad guys and get the bad guys out.

I was interested in this from a human and ethical standpoint, but I [also] had a real big self interest...because I was going to take my company public, and I wanted to be able to go to the national investment banking community and say "I am proud of my industry, and it is one you don't know about, and we are doing things right." Because we did not have a good reputation in the 1950s and 1960s, we decided that we would invite new members in only if they would sign a code of ethics.

The code of ethics and the conditional membership were the first things we did and then we said, "Why don't we have an independent education arm?" Out of that discussion came the idea that the education arm should be a foundation and should be separate from DSA.

"Tom [McGrath], Cabell added, "was really the guy that had the original idea, and Tom was the founder of the foundation."

A FUTURE ROLE FOR DSEF INTERNATIONALLY

During the interview with Cabell Brand, he foresaw a fascinating role and a sound future opportunity for the foundation. In effect, he neatly tied together the international growth of direct selling and the bolstering of such growth by the strong leadership provided by DSEF:

I think there is a real opportunity for peace in the world and the foundation can be involved by trying to identify some companies in Eastern Europe that are in turmoil. The foundation could try to explain to them the opportunities in direct selling. [Why is the foundation the proper agent through which this can be done?] Because it is not self-serving to the industry, or to any company. A number of professors from the university contingent who have been involved in the foundation's educational programs, supported by DSEF, could go to talk about the opportunity of direct selling. The professors could encourage the Eastern Europeans to start their own companies. Also, American companies could be challenged to set up joint ventures with local people or to start up over there if it is possible. The problem in the Soviet Union right now is getting the product in there. You can't get it through the borders. You have to figure out a way to manufacture the product there and get the raw materials there. I have just been through this.

I completed a United Nation's project involving setting up shoes and leather projects in Bangladesh and trying to figure out a way to set up the industry there and then sell the shoes in the Soviet Union where there is a huge consumer demand. But you can't get the shoes in. They can't pay for them. I am trying to work out a barter deal—swapping shoes for tractors—the Soviets make tractors and Bangladesh needs tractors.

It is worth mentioning that Brand is an unpaid volunteer in this project.

In responding to a question of how successful such projects have been, he said that he has started a factory in Bangladesh. They export shoes to the United States, and he is working with a German company (Salamander) to supply machinery to make shoe uppers in Bangladesh. A factory in the former Soviet Union can bring in incomplete shoes duty-free and then manufacture them with Salamander machinery. Brand noted that they now have to establish a distribution system. "Direct selling," he concluded, "would be a terrific idea!"

Jim Preston of Avon, a past chairman of DSEF noted that the economic value of the industry in countries around the world is in direct proportion to the ethics of the companies involved. He and others have long pressed for a code of ethics to be observed in direct selling on a global basis. "We needed a tough stern code of ethics that calls for companies to operate in the emerging companies exactly as they operate in the United States," Preston said, noting with satisfaction that the World Federation of Direct Selling Associations has recently adopted a code along those lines.

HIGH TECH VERSUS PERSONALIZATION

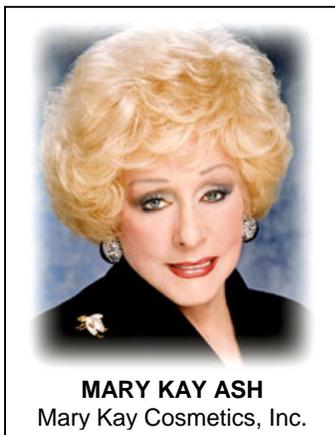
Gary McDonald now president of RACHAeL Cosmetics, has a long history in the industry. When asked about the future of direct selling he replied that he tends to see...

the half full glass rather than the half empty glass.... I think there are lots of reasons why direct selling has a dynamite future and will continue to have a dynamite future. I think that the impersonalization of high tech marketing is something that is creating a void. I think that [one result] of trying to raise profits and cut costs in retailing in stores [is that] you can't find salespeople. Frequently you can't even find "clerks." The old example of asking in the store what is the difference between this shirt and that shirt and the clerk says "two dollars" is a fact of life. Whereas the direct salesperson says this shirt has six buttons and it is Oxford broadcloth, and this one is 40 percent dacron and 60 percent rayon. He will give you all the information. That is the difference between a salesperson and a clerk. In direct selling I think you have people who know their product and will fill the void that the consumer suffers of wanting to know more about what he is buying.

More sophisticated consumers, the baby boom generation, are going to be one of the greatest things for direct selling because these are people who are more knowledgeable than earlier generations. They want to know. It is not just curiosity; it is a high level of awareness. They want to know everything they can about what they are getting into. They want to have their judgments confirmed, always. They want to be sold on the fact that they are making the right [decision] when they buy something.

The implications for direct selling are clear. Direct relationships are most likely to satisfy the demands of a changing marketplace, nationally and internationally—particularly if store retailing continues to ignore the consumers' need for such relationships.

MARY KAY ASH



I got into direct selling in the late 1930s when there simply was no job a woman could hold that gave her the opportunity to take care of her children and make a living at the same time.

One day a woman named Ida Blake knocked on my door and said she wanted to show me a set of books that consisted of stories you could read to your children to teach good behavior. For example, there was a little story about a necklace that tightened up whenever a child told a fib. I loved the set of books but it was fifty dollars, and good heavens, I couldn't afford fifty dollars. It was a Friday and she wanted to leave the set over the weekend. "You can leave it" I told her, "but there is no way I can buy it." So she said,

"I'll tell you what, if you sell ten sets of this for me I'll give a set to you." "Wow! Give it to me?" I said.

I was a Sunday school beginners department superintendent in Houston at the time so I knew a lot of families with small children. I started calling those people and in one day lined up the sale of ten sets of those books. I didn't realize I had done anything outstanding because I thought the books were really good. When Ida followed up with the people I talked to on the phone, sure enough, boom, boom, boom, she sold them all. She came back to bring my set and said, "I want you to go to work with me." The next day we drove out to the suburbs, knocked on doors all day long and never got to first base much less sold any books. I began to discover that I had really done something exciting by selling those ten sets in one day's time.

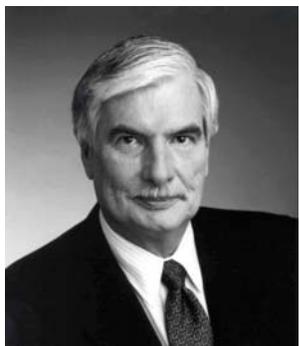
In the next nine months I sold seventy-five thousand dollars worth of books. But I quit because the people I sold to were friends of mine. They would buy the books but not use them. Then they felt like they had bought something that wasn't good. About that time another friend who had just become a Stanley dealer told me about it and said I could do it whenever I wanted to. And when I got someone to keep my kids, I could hold a Stanley party. So I started out on that basis. I was really not all that good at the beginning, but in one year I went from a seven-dollar Stanley party average to queen of sales. That is the thing that started me off on the road to success. I kept trying to improve and improve and improve so that I would be better.

I stayed in Stanley for thirteen years and was queen of sales many, many, many times. It was where I learned how to sell.

Mary Kay worked with World Gift from 1953 to 1963. She then invested her life savings of five thousand in a cosmetics formulation, established a five-hundred-square-foot headquarters in Dallas and started Mary Kay Cosmetics. Her son, Richard, handled administration while she directed marketing. Today, Mary Kay Cosmetics operates from a headquarters of over a million square feet with (at this writing) 2,200 corporate employees and 375,000 independent

beauty consultants in 23 countries worldwide. Mary Kay attributes her success to her philosophies of “God first, family second, and career third” and the Golden Rule. She motivates her sales force with generous awards and gifts, and upbeat corporate culture, and a bountiful group of role models throughout the company. Her objective: “To give women the chance they didn’t have, more or less like a mother who wants her children to have the things she never had.”

RICHARD C. BARTLETT



RICHARD C. BARTLETT
Mary Kay Cosmetics, Inc.

It was summer in the very early 1950s. I was getting ready to go to the University of Florida and absolutely had to work. My mother lived in Florida and my father in New York where I would visit him in the summer. That’s where I answered an ad and learned how to sell Kirby vacuum cleaners.

I remember my first sale the most. It was a sweltering summer in the Bronx and I was as nervous as any new salesperson is likely to be. My very patient Kirby manager was with me but door after door I failed to get in. Finally a door opened to me and an elderly lady with an immaculate, waxed hardwood floor—and no rugs—welcomed me in. My Kirby training equipped me only for rugs so I tried to back out.

My manager, being very astute, blocked my way and I was sort of forced into the house. The lady was very gracious as I went through my well-drilled filter demonstration. When I unscrewed the filter lo and behold, there was dirt! The lady bought the vacuum cleaner, cash on the spot, and I earned a fifty-dollar commission, which was the most I’d ever earned at one time in my life.

I was off and running, earning a little money for my college education and fascinated by direct selling. It was an unforgettable experience for me, and companies like Kirby can be credited for initiating a lot of direct selling careers.

I’m now pushing four decades from when I started in direct selling, and in my years with Tupperware and Mary Kay Cosmetics I’ve been privileged to meet and work with hundreds of thousands of women in the business. Because of the way we recognize people in the direct selling industry, I can track the careers of thousands of these women, knowing they accomplished so much more than they could have in any other career. No other industry has really stumbled onto the power of recognition like direct selling has. One major retailer is just now getting there because they came across some of Mary Kay’s ideas about how recognizing and nurturing people can make a difference.

The only way to build a direct selling company is to build a culture in which you nurture your people, have the patience to develop them, and teach them to care for people. If you try to shortchange or accelerate the process, you'll have nothing.

Don't get me wrong, a company has to make a profit to survive. There has to be a bottom line of some sort. But certain decisions must be made with respect to people, with an understanding of their need to be recognized to achieve self-esteem to have self-confidence and to be self-sufficient.

*After graduating from college and military service, Dick he helped Tupperware launch its European
Bartlett worked briefly for the Miami Herald, then operations. He joined Mary Kay Cosmetics in the
joined Tupperware Home Parties in public relations. early 1970s and rose to the position of company
Later he was transferred to the United Kingdom, where president and vice chairman of the corporation.*

RICHARD H. BELL



RICHARD H. BELL
Highlights for Children, Inc.

My father was a salesperson. He always shared his experiences of the day...his successes and failures. And he was my role model. So it was only natural that I would get into selling, ...which I did in high school when I went door-to-door to get new accounts for a savings and loan association.

I had a blanket under my arm. If someone opened an account for five dollars—these were depression years—I gave them the free blanket. I got the five dollars, and the savings and loan got a new account.

I went on to college, my twenty-five-dollar-per-semester tuition courtesy of a rich uncle. After graduation, I spent six years as a headmaster, two years in graduate school, two years as a public school principal, then became education director for a community church. Then I began to sell Britannica—not to consumers, but to schools and libraries all over Ohio. I was invited to be the school and library sales manager up in Chicago, but I didn't want my children to grow up there. I had lived in Evanston and knew the territory.

A good friend and neighbor named Garry Myers, whose parents had started *Highlights for Children* magazine, asked me to be the sales manager of the family company. The sales force and the company were in bad shape, and needed creative marketing. At this point in the history of direct selling the door-to-door magazine salesman was the low end of the direct sales channel.

Highlights for Children was a good product, but needed to develop long-term subscriptions in a credible manner. So at the age of forty-two, I got back into direct selling and realized all over again how much I loved it. When I heard about the National Association of Direct Selling Companies in Winona, Minnesota, I wrote them, went to their national meeting, and joined in 1955. They were the predecessor of the Direct Selling Association.

At *Highlights for Children*, I was concerned with developing incentives for salespeople and providing them with leads identifying homes with children in our age range, and cultivating

referrals from cold sales calls. Over time, we developed a balance between providing leads for salespeople while still insisting on referrals and cold calls.

We also took the major step of getting into data base marketing. In 1968 we did our first computer study. In 1969 we took delivery of our first IBM mainframe—not in accounting, but in the sales department. Finally, direct selling became a more efficient and productive enterprise.

The founders of the company were concerned with only one thing—creating the most unusual and the best magazine for children that ever was or ever will be. (It will celebrate its fiftieth anniversary in 1996). What we did was bring Highlights into multi-channel marketing, supplementing door-to-door selling with direct mail and the telephone, which is a form of direct selling.

One of our most productive mail markets has been the “grandparent” market—a secondary market that didn’t work door-to-door or by referral.

This process of integrating direct selling with data and multiple channels is still going on, not only in the United States but all over the world.

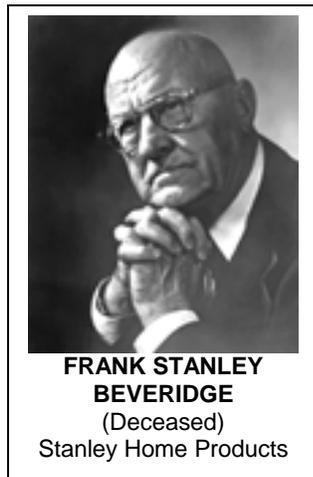
But the fundamentals still apply. In direct selling, you have to design your method, test it, and fine tune it to meet your market. And you have to believe in your product.

If you value people, and I think a good direct salesperson does, then you want to sell them a product that has integrity and value. You have to believe that it is worth what you ask for it. And you have to be willing to come back and look them in the face when they have bought it—and leave with a smile. Satisfied customers build your business.

At this writing, Dick Bell serves as chairman of the board of Highlights for Children, having retired from active management.

He remains closely involved with the Direct Selling Association and the Direct Selling Education Foundation.

FRANK STANLEY BEVERIDGE



(as discussed by Homer Perkins and Evelyn Beveridge Russell, Mr. Beveridge’s daughter)

Mr. Beveridge was born in Nova Scotia of Scottish ancestors, and his original plan was to be a farmer like his father, a horticulturist. When he was planning to go to agricultural school in Ontario, his friends told him he needed better preparation and suggested he go to Mount Hermon for a term. He had to slaughter and sell his entire flock of chickens, and when he arrived in Northfield, Massachusetts, he had thirty-five cents left. While there he lived with families, including a Latin teacher, Gertrude Seymore, who was an inspiration to him. In later life she lived in Switzerland and got cancer. Mr. Beveridge brought her back to the United States, paid her expenses, and took care of her for the rest of her life. That was the kind of man he was; he took care of everybody all the time.

While he was at Mount Hermon a recruiter came on campus offering an opportunity to sell stereoscopic views and viewers.



**EVELYN BEVERIDGE
RUSSELL**
(Deceased)
PICTURE AVAILABLE

And he decided to try that. His territory was in Holly, Pennsylvania. He went to the poorest section of town because he thought they would be most receptive and easiest to talk to. He knocked at a front door and there was no answer so he went around to the back. There was a woman doing washing and because of the bundles of washing it was obvious she took in washing. From her name he thought she was Irish so he showed her a set of views of those beautiful buildings in Rome and she bought a dollar's worth and he made fifty cents. His first customer, his first prospect, and that started him. We are talking around 1898 or 1899. One day he made five dollars, which was more than a man made in a day—in a week—back then. And then he bought a bicycle because he thought that he was going where

everybody was going, but if he could get out in the country where no salespeople went, he would do better.

Mr. Beveridge went back to Mount Hermon and the next summer he signed up again. This time he was made a manager and they taught him how to recruit. He found that if you went to colleges in the spring you could talk to groups of people, mostly young men, and recruit in bunches instead of one at a time. There was a period between then and 1913 when he sold other things—like summer drinks.

He and his family moved to Port Byron, twenty-five miles from Syracuse. Mrs. Russell recalls that “Erie Canal was in back of us, and that is where I learned to ice skate; my father taught me how to skate on the Erie Canal with double runners strapped on.... He used to go away on trips and he was selling—the beginning of the Fuller Brush business.”

He had answered a little three-line ad in the newspaper from the Fuller Brush Company. “So he used to go out on trips all up through New York State and Pennsylvania; he would come back and stay home for a week or two, and he and I were very close, very good friends. He used to take me and we would walk miles and miles and miles, and we would go fishing or we would go skating.”

During this period with the Fuller Brush Company, Mr. Beveridge recruited a number of young men in colleges. And there were two mysteries. The company was very small in 1913, and they didn't know how this manager in upper New York State was doing so much volume. The mystery to Mr. Beveridge was that he didn't know he was one of the most important men in the company. The Fuller Brush Company asked him to come to Hartford; he became vice president of sales and worked with them until early 1929.

Mrs. Russell remembers that her father had a nickname that coincided with the initials of his name, “fair and square Bev.” At age fifty, he became a consultant for Realsilk Hosiery Company having set himself up in business. He started three different businesses: the first was selling dishwashing machines; the next was Wallingford Frocks—housedresses and aprons; and the third was a company selling custom-made shirts with monograms. But none did well

Then Mr. Beveridge went to Westfield, Massachusetts, because they had good train service east and west. And they had beautiful boxes of flowers on every bridge entrance to the town. And he thought any town that would do this is certainly going to be a good town to be living in. In August 1931 he decided to go into a business he really knew—brushes. He said, “If I can do a little business of a hundred thousand dollars a year, just to keep me interested, I will.” In Westfield there was an old tobacco shed that had been converted, and upstairs was a man who made brushes. Mr. Beveridge rented the downstairs and invited Catherine L. O'Brien, who had been his secretary at Fuller and had left to work for an insurance company, to join him

as office manager. And men he had known would come to him and say, “Let me work for you.” So he built the outside sales organization by recruiting managers and training and spreading the business, and Miss O’Brien was responsible for purchasing, manufacturing, distribution, accounting, and everything else.

At first the salespeople were all men, selling door-to-door. The women came during the Second World War when the men went away, and it was the women who really popularized the party-plan method of selling.

Basically that was the beginning of Stanley Home Products and the Frank Stanley Beveridge story.

E. CABELL BRAND



The global opportunities for direct selling companies are absolutely fantastic right now—not only to make money but also to help people and to be a major force in the transformation of economic and social systems.

That’s a combination I’ve been working toward almost all my life.

My father went into the direct selling business in 1926, selling men’s shoes. After military and government service, I took responsibility for the business in 1949. We had about fifteen competitors in direct selling of shoes, which was a very good business in those days.

We were the leading company in what was called a Home Office operation, which meant no layers of management between us and the sales agents, many of whom sold part-time to their friends. We sold them a catalog kit for \$2.72. That was their only investment.

We had forty-two thousand stock-keeping units of various sizes, styles, colors, and widths. We could fit anybody. We increased the number of agents from 50 to 228,000, and when we went public in 1970, our average order was \$38.00. Agents made 20 percent, or an average of about \$7.50.

My father always had a guarantee under which a customer could return the shoes for any reason and get an adjustment based on how much they had been worn. But I was attracted by Avon’s unconditional full-price guarantee. So we offered a thirty-day free trial, with a full refund for any shoes sent back during that period—which we then would donate to Goodwill.

But I didn’t spend all my time in the business. Having been in Berlin during the blockade, and having participated in the formation of what later became the Common Market, I decided to get some economic resources that would allow me to spend 30 percent of my time doing other things that I felt were important.

I got involved with starting a Rotary Club, got into the Chamber of Commerce, and then when the poverty program came along—the Economic Opportunity Act of 1964—I went to Washington to help Sargent Shriver get other business people involved.

I helped start a local community action agency and have been its chairman for thirty years. I'm grateful for the honors I have received, including being named as the business man in the United States who has done the most to help poor people.

I'm also proud to say that I was one of those who got the Direct Selling Education Foundation started.

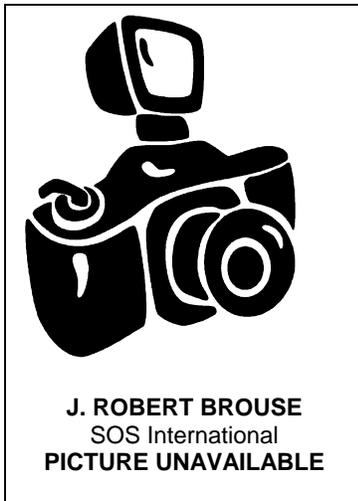
Later on, our business ran into some problems because the cost of goods was too high for direct selling. We changed the direction of the business two or three times and got into mail order fulfillment. With this expertise, and our five-hundred-thousand-square-foot distribution center, we were a perfect fit for Home Shopping. They acquired us in 1986, and it was the best thing that ever happened to them. Today they're a billion-dollar company.

After selling my business, I started a center at Roanoke College focused on the inter-relationship between international poverty and world resources. In the past several years, I've been working on a number of projects through the United Nations and other groups. Recently we've been trying to set up shoe and leather production in Bangladesh and work out a barter agreement between that country and Russia, trading shoes for tractors.

I've also consulted in other countries including Kenya, Botswana, Egypt, and India. And everywhere I go, I can see that the direct selling industry has a great potential for helping people—not only in developing countries but in the United States as well.

Cabell Brand has been a key figure in the Direct Selling Association since the mid-fifties. He was instrumental in moving the association headquarters from Minnesota to Washington, D.C., and has played a significant role in achieving a wide variety of DSA objectives.

J. ROBERT BROUSE



I started my career, having graduated in journalism, as someone who knew how to communicate, and found that the association business was one that relied first and foremost on the ability to communicate with the members. You deal with heads of companies, who make policy, and you implement policies that the board dictates.

When I came to Washington in the early 1960s, I worked for the Proprietary Association, manufacturers of non-prescription medicines. I left there in 1964 to take over the Animal Health Institute, which I moved from Des Moines to Washington. Then I was invited to take over the National Association of Direct Selling Companies, headquartered in Winona, Minnesota, in 1968. My assignment was to move the association to Washington. The principal industry leaders who had been appointed by the board to supervise the change were Tom McGrath with Avon; Cabell Brand

with Stuart McGuire; Harold Johnson, an attorney with Fuller Brush; Steve Sheridan with Electrolux; and Jim Doyle with Watkins.

At the time, the Green River Ordinances were the important issue. The board also wanted to have a code of ethics and a viable membership marketing program. Direct selling was high on the list of major complaints to the Better Business Bureau. So at my first annual meeting at the Doral Country Club in Florida, I had four cardboard silhouettes of people sitting at the head table. And I called each of them “Mr. Consumer.” I had them sitting as if on a panel and I asked them questions and then answered the questions about how direct sellers conducted their business. Each was critical of the industry, and I told the direct sellers in the audience—these are not only the people who buy your products, these are the people who sell your products, and they must have confidence in you and the way you do your business. They gave me a standing ovation.

With respect to the Direct Selling Education Foundation, I went to an American Society of Association Executives annual meeting in Hawaii. One topic was how to have a foundation sponsored by an association. I came back excited because we had been unsuccessful in trying to get money for education purposes (all our dues dollars were used to fight legislation). So I thought here’s a whole new source of income. Neil Offen was instrumental in getting the language drawn up. And it was great to have someone like Tom McGrath who provided an airplane and who was the pilot as we went flying around the country raising money for the foundation.

Those first few years in the 1970s were critical to redefining who we were, creating the code of ethics, the foundation, and the World Federation, which we organized in 1972 and in which Bob King played such a crucial role. DSA’s “on-site seminars,” which Cabell Brand originated, were started then.

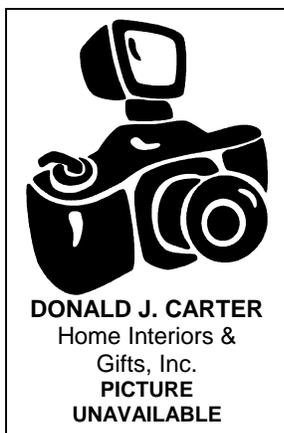
Later when I was with the Shaklee Corporation, I had to make a speech to a university marketing class. They didn’t know anything about direct selling or this thing called multi-level selling. And one of the marketing professors said, “Isn’t it true that what you are telling us about the multi-level marketing system is really a pyramid scheme?” I had to explain the difference. I told him how a multi-level marketing plan worked in practice. He rejoined, “Well it may work in practice, but does it work in theory!”

In direct selling I have had the privilege of working with top-notch elected leaders. If you’re service oriented and you do a good job, you get rewarded. There is, therefore, a lot of satisfaction in the profession of association management.

DONALD J. CARTER

My appreciation of the direct selling business goes back about as far as I can remember, even as a young boy in the late thirties when my mother, Mary Crowley, won a hundred-dollar scholarship loan from the Rotary Club and moved my sister and me to Dallas so she could better her education at a Dallas business college. Later on, showing our support while she was working a full-time job, I got my social security card at the age of ten to deliver orders on my bicycle for a local drugstore and sold peanuts at ball games held at Fair Park while my sister helped around the house.

Mother was an accountant at a furniture company in the late forties when Mary Kay, the Stanley demonstrator, encouraged her to join the Stanley Family....



She soon became the top salesperson, giving us additional responsibilities in our household. My sister and I had a regular little “warehouse” on our screened porch where we would help separate the bottles and cans into each customer’s individual order and deliver it.

In 1954, my mother was encouraged to sell gifts from around the world on the hostess plan until she began the ideas for a new company, and on December 5, 1957, our family and a few business friends gathered in the office of our attorney friend and officially pledged the necessary money and support to incorporate the new company, Home Interiors & Gifts.... Operating from the garage....in 1958, we had a small building where I managed the warehouse and merchandise.

In the early days, my mother and I had no collateral and, as such, only the accounts receivable of housewives owing us money for our products. Manufacturers were not always understanding of this, so cash-flow was a constant challenge. Nevertheless, we managed to get a loan in 1958 for six thousand dollars to keep us afloat. We borrowed another seventy-five thousand dollars in 1964—and as I recall, those were the last notes this company has ever had to sign for.

From those early experiences, we learned several things. First, you need to have control over your own manufacturing destiny. You need to have products that people want but can’t get anywhere else....and you need to have a sales plan.

We have gone from a company that in 1968 had approximately \$ 500,000 in retail sales for the year to 1993 where Home Interiors had single days with retail sales that totaled over \$5 million. Credit that to a lot of things—to the dedication of my mother Mary Crowley...to the dedicated sales force...excellent training... the relationship Home Interiors maintains with their sales team...but also credit it to some skills and growth of people we have cultivated along the way.

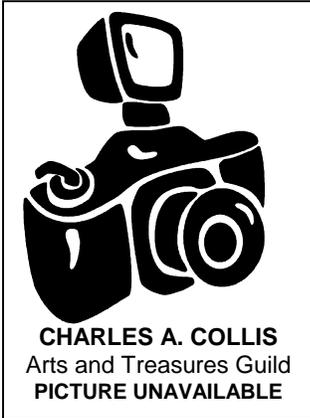
We have learned to demand exclusives from our suppliers of anything that we sell or represent. We have learned the importance of vertical integration. And we have learned that our true success lies in personal service—in the ability to offer the customer coordinated design and personal service that they can and never will receive at the retail level. That’s where direct sales becomes so important. Because it is, I believe, the ability of direct selling to personally identify with the customer that sets it apart from other industries.

It’s also a business where people can rise to the fullest level of their potential. We believe in the free exchange of ideas and capabilities with other companies in this field. That’s part of the tradition of direct selling. We’re all in this business together and it deserves to have the best reputation and the brightest future we can all give it.

Don Carter worked with his mother, Mary Crowley, at World Gift and then at Home Interiors & Gifts. Barbara Hammond has assisted Carter over the years in sales and has also been responsible for much of their merchandise selection. Having started with imports, the company now manufactures more than 70 percent of its merchandise mix.

Home Interiors has experienced tremendous growth. In 1960 the average party sale was \$55. Now, with greater productivity and broader offering of coordinated accessories, the average is \$350. Don Carter continues to carry her with the inspiration behind the company’s growth and success.

CHARLES A. COLLIS



I entered the direct selling business quite by accident in 1947. I was associated with my brother, George, running a small business, Armor Bronze and Silver Company, Inc., in Taunton, Massachusetts. At the time I was twenty-seven years old. The company was so small I would run the business one week and go and sell our product the next week.

One day I was out selling in northern New York state. It had been a particularly good day and was now nearing four o'clock in the afternoon. I remembered I had heard about a company in Newark, New York, that was in the direct selling business. Since it was so late in the day, it was a toss-up whether to stop and visit this company or go on to Rochester, my next planned stop. I elected to go to Newark

and there I was escorted to the office of a Mr. Earl Doty, who was running a small party plan cosmetic business called Linda Lee Cosmetics.

Mr. Doty bought one thousand of a little candy dish we were making: I was amazed at this quantity since we were accustomed to selling two to three of an item to the jewelry trade. I was even more fascinated when a short time after our initial delivery of the first thousand candy dishes, Mr. Doty ordered a thousand more!

On subsequent trips to see Mr. Doty, I showed him a line of copperware we were making and selling to syndicated stores such as Woolworth, Grant, and Kresge. Mr. Doty was fascinated with the product and told me what a wonderful party plan product it would be. After hearing this from him several times over the following months, I felt perhaps Mr. Doty would like to come and work for us to establish a party plan with our copperware. Following discussions with my brother, we saw little risk and decided to do it.

Mr. Doty came to work. He was given a desk, set off in his own area in the office, and left alone. Within just a couple of years our principal business had fallen off and Mr. Doty's party plan had taken over as the primary source of our business.

The name of this new party plan was Coppercraft Guild and it prospered greatly as a major force in the party plan during that era. We had a sales force of approximately five thousand independent consultants and sales of approximately \$10 million—a large sum at that time. Coppercraft Guild was eventually sold to Dart Industries and they in turn sold it. It eventually went out of business around 1980.

I left Coppercraft Guild in 1963 and started up my own company, Princess House. Princess House was an immediate success, almost from the day it was started. We were quite profitable by the end of our second year and from there on it was each stride upward. We had over twenty thousand independent consultants and sales of over \$100 million with commensurate profits. Princess House was a joy to run, and we ran it on the basis of being one big happy family. When you do such, everyone reaps the benefits.

In 1978 the company was still growing rapidly. Since I was entering my early sixties I thought it was best for everyone involved to find new owners so this great company could continue on. Princess House was sold to Colgate-Palmolive, who ran it very successfully.

I was happy through the years to serve on the Direct Selling Association Board of Directors and as adviser to the Direct Selling Education Foundation. Some of my most cherished friends are executives in this great industry. The DSA saw fit to honor me with the annual Hall of Fame Award and the Living Legend Award, which I will always cherish.

I have been involved in other methods of earning a living, manufacturing and distributing many products. But nothing has ever been as satisfying and rewarding as the enjoyment and success that the direct selling industry has given to me. It is a field that repays one many times over, and I encourage anyone to take advantage of the fantastic opportunities offered in direct selling. I will always be a supporter of this great industry.

Charlie Collis, a classic entrepreneur, started out in the shoe business in 1922. But like many entrepreneurs, his first venture was not the one that brought him success. His shoe business went under after five years. He then sold steel on a commission basis, saved some money, and started the Armor Bronze and Silver Company in 1942 with his brother George. Collis built this company, sold it, then started still another venture

called Coppercraft, which he also sold. In 1963 he began with Princess House and later, in true entrepreneurial spirit, he sold this company to Colgate and started Heart and Home. Since this interview, he has sold that firm and is now operating Arts and Treasures Guild (formerly Art Treasures Guild).

FRANK AND JAN DAY



Frank: Our career in direct selling began when I was taking courses at UCLA and also working for North American Aviation. It was there that I met a fellow who kept saying that his wife was “putting on a party tonight” or was going to have a party.

I didn’t know what to make of this, but when I understood there was legitimate money to be made, I discussed it with Jan. She immediately got a Stanley Home Products kit and started holding parties herself at night, continuing with her day job. I was studying full-time at UCLA and selling Stanley in the evenings. We were amazed at our success.

Jan: In 1951 we left Stanley to join a small cosmetics company, Beauty Creators. We discovered we were “builders” and

had, before long, attracted about three hundred recruits.

Our sales and commissions—our income—grew far beyond our initial expectations. Aware of unbelievable possibilities that were available in direct selling, Frank concluded that we should start our own company, and that was the beginning of Jafra in 1956.

Our main objective was to attract quality people who shared our enthusiasm for our product and the opportunities in our program. Frank and I were a good balance. Being myopic, I’d see and work with what was right in front of me. Frank, on the other hand, would observe everything on the horizon in the far corners of the room.

Frank: We knew that a high-quality product line would be absolutely necessary. In seeking out the best laboratory, we discovered a small company that was supplying specialty products to dermatologists and hospitals. Despite our limited capital we bravely said: “We don’t care what it costs; give us the very best line of skincare products and cosmetics you make.” They shared our high standards and expectations.

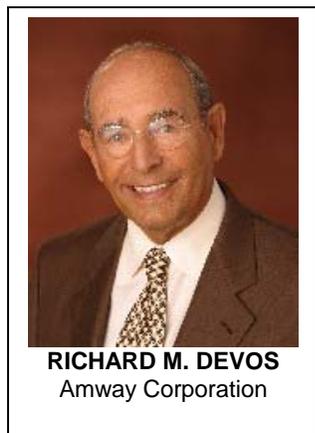
Jan used and tested the products herself for several months before we launched Jafra.

Jan: Our commitment to quality and hard work brought incredible results. The first thing other people in direct selling would acquire was an impressive office. Our office was in our home. We were usually in the field attracting other people to our venture.

Frank: Our retail sales eventually exceeded \$8 million, with eight to ten thousand employees and consultants. After attaining this successful market position, we sold Jafra to the Gillette Company in 1973.

Jafra continues to grow partly (we believe) because of the planning and persistence of its founders. High quality products and inspired programs with exceptional opportunities attracted women dedicated to growth, excellence, and achievement.

RICHARD M. DEVOS



When I was a kid growing up in Grand Rapids, Michigan, my best friend, Jay Van Andel, and I used to dream of starting our own business.

Following World War II, we decided to make that dream come true by starting a small flying school at a new airport on the north end of town. Neither one of us knew how to fly, but there were plenty of former war pilots around who did. So, we started our business with two thousand dollars, one airplane, and a single instructor.

The business grew rapidly, thanks to G.I. Bill subsidies for education, including flight instruction. After three years, we sold our business to the employees. We then purchased a sailboat and, knowing nothing about sailing, set sail for the Caribbean.

Unfortunately, the old boat leaked and sank off Cuba, but we found other ways to continue traveling through out South America.

Our direct selling careers began a short while later in 1949, when we bought a forty-nine-dollar Nutrilite vitamin sales kit. In those days, no one was selling vitamins directly. If you wanted them, you had to go to the drugstore.

The venture turned out to be the first example of what is today called “multilevel marketing.” It wasn’t long afterward that a lot of companies started wondering why they were missing a vital segment of the marketplace.

Ten years later, the business had really taken off. We had a sales force of five thousand distributors. We added some of our own products to the mix and built a presentation around them. Eventually, we acquired Nutrilite.

We then expanded into six or seven different categories of merchandise and became known as Amway. As a mass marketing company, we discovered that we could sell just about anything.

Amway's remarkable growth is now a classic in direct selling history. I believe much of our success boils down to motivation. We treated our distributors as franchisers or independent contractors, based on the idea that the American way of doing business was through individual ownership—personal ownership.

We've always believed in rewarding achievers. here are several motivations. One is ownership. There is nothing like owning your own business. We added bonuses. We had all kinds of bonuses—more than I can keep track of today. Bottom line is we try to figure out how to get people more money instead of less. To this day, we remain committed to the principles of ownership, rewards, recognition, and hope.

JOE AND EUNICE DUDLEY



JOE DUDLEY
Dudley Products, Inc.

We push everybody we can into direct sales because we believe that direct sales is what we call a salvation for people who really want to make it.

We wanted to make a contribution; and we wanted to be able to be self-sufficient. We made our own jobs in direct selling. We were able to be entrepreneurs. Since it was good for us, we push extremely hard for other people. Dudley Products develops sales people to sell products and to run their own businesses. We stress education, and that's why we have a lot of educated people in our business.

Also, we take a special interest in kids. We were the first company in this region to start adopt-a-school projects. We adopted a middle school in Winston-



EUNICE DUDLEY
Dudley Products, Inc.

Salem, North Carolina. Most of the kids at the school are considered to be at risk—kids who have had a lot of tremendous problems. We work with them through community centers and through other programs in the community to do a lot of things that involve kids. Not just those who are highly educated. We deal with a lot of low-income children as well. And we work with them to bring them up. Then, of course, we send a lot of those kids on to college.

We are committed to direct selling because we think it develops leadership. It develops initiative, courage, loyalty, and wisdom. Selling door-to-door, you have to be sharp and think on your feet. You don't know who's going to come to the door. But you've got to be smart enough to get their attention and their interest, convince them, and create

a desire.

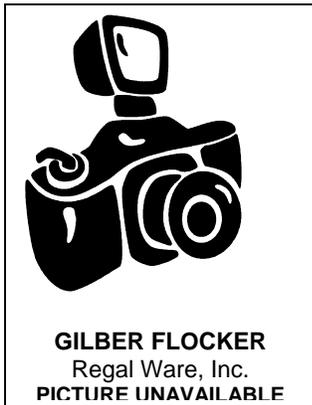
We are trying to do something to show African American markets, especially kids, that they can own their own businesses. We've always found the way to take what you call disadvantages and turn them into advantages. We feel that we can be a role model for that.

Direct sales develops that ability to withstand problems. It builds character.

Joe Dudley left his home near Hartford, Connecticut, in 1957 and went to New York to try to make enough money to complete college. On the street he met a man selling Rose Meta/Fuller Products, a cosmetics company started by Rose Morgan, wife of the legendary boxing champion Joe Louis. Joe asked the man how he could get into selling. He bought a kit for ten dollars, made enough money to pay his college expenses, and remained with Fuller (not to be confused with Fuller Brush) after graduation. He met his future wife at a sales meeting. Like Joe, Eunice was working to help with college expenses.

They were married in the summer of 1961. They continued in direct selling with Fuller, but began making their own products. They moved to Chicago in 1967 when Joe was asked to become president of the Fuller company. They bought rights to Fuller products in 1981. Moving the manufacturing facility from Chicago to Greensboro, North Carolina, they diversified the product line. Their basic customers are black cosmetologists – genuine professionals who sell their products in their salons. Today they remain dedicated to making the quality of life better not only for African Americans, but for all mankind.

GILBERT FLOCKER



I have been in direct selling since 1952. It was while I had a full-time job for the railroad and was going to college at night that I started selling Saladmaster. I wasn't making the kind of money I wanted—and I couldn't see the future getting any brighter—so that is why I got involved in selling.

I started taking speech courses and everything that tied into the business. I didn't want to sit off in the corner and write numbers all day long. Being involved in direct selling was a whole lot more fun and the opportunities were there. My father-in-law was connected to the direct selling industry. He started in direct sales cookware prior to World War II with Miracle Maid.

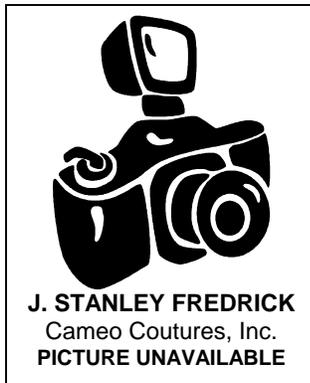
Direct sales has an advantage over the retail business. The direct sales business isn't dependent on a person coming into a retail store. We don't need to coax them to come in using advertisements. We see them at their convenience. My father-in-law used the dinner party setting to demonstrate the cookware. You can take a good set of cookware and prove to the consumer that they are going to spend more money if they don't get your set than if they do purchase it. I can show you things you absolutely wouldn't believe that our set will do, but I have to demonstrate it.

I believe any good salesperson who has stayed in the business has a passion for what they are doing. I call it the Regal religion. To acknowledge the top distributors/producers I set up an annual overseas trip. I established the seminar program, diamond pin program, and the ring program, which is called the Regal Round Table.

The key to direct selling all depends on yourself. If you really want to do it, you can succeed. When I used to do recruiting for Saladmaster, I got two distributors in the same twenty-four-hour period.

The future for direct selling is even better than it has been in the past because there are always people who want to get ahead. They want to make more money, do more for their family, and earn recognition.

J. STANLEY FREDRICK



I actually started my direct selling career with my older brother, John. When we were kids in Dallas, John made some pot holders and our mom liked them so much we thought the neighbors might buy them. Sure enough, that became our first venture together selling housewares direct.

My first official experience with direct selling was in 1947 when my dad took a part-time job selling WearEver. He didn't do it for very long—just a year or two to help the family out of a little financial difficulty. But it was enough to make us all receptive to the “notion” of direct selling.

While Dad was working for WearEver, Mom was selling Avon and hosting Stanley parties in our home. She didn't actually work for Stanley—she would hold the parties just to get the hostess items and gifts.

John and I contributed to the family finances by throwing papers for the Dallas Morning News. This was our first personal involvement in what it takes to make it in direct selling. We learned a lot about discipline (getting up at 3:00A.M.), courage (knocking on strangers' doors to get new customers), and finance (collecting money and payment for the paper bill). Our experience started when I was so young an age that John actually had to hold my bicycle up while I got on because the papers were so heavy.

We really caught the direct selling fever in the 1950s. Our family didn't have any money, so we knew we would have to work our way through college. Needing a job, John answered a postcard that asked: “How would you like to earn fifty dollars a week working part-time while in college?”

What it really meant was selling cookware to single working girls, but at that age, talking to girls about anything was very appealing. The company was Vita Craft (the founder had once sold for WearEver) and John decided to give it a try. When I graduated from high school the following year, he sent me a training manual explaining how to sell waterless cookware. I left home at sixteen, no car, no money, but a lot of hope and that precious training manual.

That's how it started. I memorized the training manual and began walking the downtown streets, talking to girls, making appointments, and going into their homes at night to make a demonstration. Within two weeks I had paid all my expenses and had enough money left over to buy a car. The manager had told us to “hurry up and make a lot of money because direct selling wouldn't last very long”. In fact, he didn't last in the business, but we did. And the industry has, of course, flourished.

Most of the time we would literally stop prospects on the streets and tell them we were doing a survey of single working girls. We would follow-up by saying we had a gift for them for their future home from a company that sold cookware. We would also walk into offices and speak with as many women as possible about our product.

Many of our calls were to people who had been referred to us by happy customers.

That's how we worked our way through college. From Abilene Christian, to Lamar Tech, and finally to a small university in Oklahoma, we recruited groups to sell our products. Our little sales organization worked so well that eventually Vita Craft gave us the entire state of Oklahoma. Other manufacturers heard about us and offered us our "own design so that we could have our own brand". We decided to go with the folks from Regal Ware who taught us a lot about building a business profitably and ethically. The brand we created was Colonial Cookware, which is still sold today.

Over the years direct selling has really grown, and I believe the reason is because of superior products. Most of them were new discoveries, inventions, or items that needed demonstration. When people learned how to sell this way they were ready and willing to help others start new direct selling companies or start one of their own.

Like John and me, many of the founders of direct selling companies got their start selling cookware.

After fifteen years in the cookware business, John and I decided to diversify. We were impressed by the growth of new companies like Mary Kay and Amway that were selling low ticket items (less than twenty-five dollars) to women using a female sales force. Cookware sold for over five hundred dollars and the sales force was mostly men.

We finally found what we were looking for when our wives bought a most unusual bra. We located the designer and in 1970 bought a small manufacturing plant that made this unique product. It was designed to make a small busted woman appear larger, a large busted woman smaller, and at the same time be more comfortable. Most sales were on a one-on-one basis with the emphasis on demonstrating and fitting the patented 707 bra. Being men, John and I were at a distinct disadvantage, but we quickly learned to demonstrate the benefits of this great product on our knee. At first it looked like a gold mine. We bought the company in May but in July some of the women's liberation movement got together at Berkeley and burned all bras in protest. Our friends laughed and said we'd go "bust" for sure. Instead, we figured if they burned their bras, sooner or later they would need more. In the meantime, we diversified our product line to include other types of lingerie.

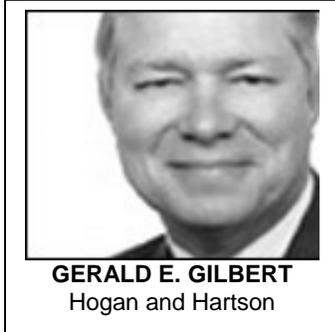
Today we manufacture our line in three company-owned manufacturing centers here in the United States. We also have factories, distribution centers, or licensee arrangements in Mexico, Canada, Thailand, Indonesia, Spain, Russia, and recently Israel.

We have developed the philosophy that even though we have a lot of international interests, we like to make the product in America and sell it in America as much as possible. We also like to make it in Mexico and sell it in Mexico; make it in Thailand and sell it in Thailand, and so on. This keeps our designs and quality as good as possible for each market.

By the late seventies we could see the future was in providing a complete line of lingerie and growth would be in developing a party plan system of selling. So in what some marketing experts have called a "bet the store" or "watershed event," we switched from a bra company that sold bras and "some" lingerie on a one-on-one basis, to a lingerie company that sold lingerie and "some" bras at home parties.

The results have been terrific. With our own in-house design group we have become fashion leaders in creating colorful, comfortable, and romantic lingerie. We now have 150 items in our line, over twenty thousand representatives, and many millions of customers around the world.

GERALD E. GILBERT



It was the summer of 1968 and I had just joined Hogan and Hartson. The first thing that happened to me concerning the Direct Selling Association was a phone call from Bob Brouse asking me to become general counsel for the DSA. I was thrilled to get that phone call because it meant that I now had my first client in private practice. The big issue for the DSA then was whether they should spend money for an outside lawyer. Many felt that the money should go for public relations and not for a general counsel.

Steve Sheridan from Electrolux was chairman of the board. I can tell you that Steve ran that board with a very strong hand. He was an eloquent individual, and he had tremendous persuasive talent. Because we were moving from Winona, it was as if we were a brand new association. There was a change in the name, a new incorporation...everything changed! So I was in on the ground floor of the DSA as we know it today, along with Bob Brouse. They couldn't have picked a better executive than Bob to do this. He was really very experienced and very talented. It was a great way to start.

I came at a time when the public relations effort was ending its focus on the problems created by the Green River Ordinances. These ordinances made it very difficult for direct selling companies to sell in certain communities. I appeared at a few city council meetings and said I really felt that these laws were discriminatory and unconstitutional. I didn't have a tremendous legal authority for that...I just felt it to be true. But the industry was growing and so were our problems. We had to get more serious about addressing those problems.

In the mid-1970s the Federal Trade Commission (FTC) had targeted the direct selling industry because of consumer complaints. The FTC was also concerned about pyramid schemes. The FTC officials talked as if everybody in direct selling was running a pyramid type operation. After much debate, the DSA accepted the cooling off provision that the FTC proposed. In fact, DSA got out in front and endorsed it, which was a very pivotal point for the industry. It may have been the first time the industry openly supported such a regulatory step that directly impacted on the industry.

DSA also decided to set up a code of ethics. This was rather dramatic for the industry. Bob Brouse literally gave me a file and I was told to "write a code of ethics!" I proceeded to get feedback from the member companies and went over to the FTC and sat down with the FTC lawyers. These were the guys who were after our industry, but together we were able to work something out. I think much of the strength and credibility of the DSA today is centered around the code of ethics. The late Tom McGrath of Avon really deserves a lot of credit for being the catalyst for getting the members to adopt the code.

Consumer legislation loomed very big in the 1970s. I remember in a foundation meeting that Jim Preston identified the consumer activists as the number one challenge for the industry. The consumer activists constantly kept us on the front pages of the newspapers. We were allegedly the bad guys out there who were selling door-to-door. The consumer groups were everywhere!

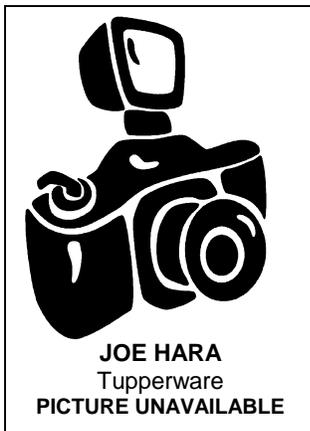
The foundation really began to exert itself when pressure from the consumer groups became intense. Now that whole scenario has been reversed.

Some of the people who are the most adamant supporters of the foundation were actually, at one time, either opposed to or lukewarm about the whole idea. Through the leadership of Tom McGrath and Jim Preston in the early years, the foundation endured. Part of that was due to the good staff work of Jay Hescocock, who held it together. Later, Bob King played a major role in giving the foundation a more aggressive approach.

The technique that the industry chose to combat consumer concerns was a public education effort through the foundation. The board realized at that point that it had to hire a full-time director for the foundation or it would never really amount to what some thought it could be. And there was no question we had to educate the public about the industry. As the industry started learning more and more about themselves, they realized that there was a tremendous educational opportunity as well as a problem that had to be addressed.

It was a real challenge. It was a great experience to watch the foundation respond to that challenge. It was then, and still is, wonderful to see this industry mature the way it has. I think the industry today is fabulous. I go to board meetings and am very proud of the way the directors and leadership of the association and the foundation conduct themselves. They are truly responsible business men and women. I have heard many times that members of prominent consumer groups now believe that DSA and DSEF are in the forefront of consumer protection. This reputation would not have been possible except for the forward thinking and responsible actions by DSA and DSEF back in the seventies and eighties.

JOE HARA



My career in direct sales actually began in 1952 when I was contacted by a cousin who manufactured and sold plastic curtains, toaster covers, and other vinyl household items through Tupperware. He had just been asked by Tupperware to take over their Chicago franchise, including Illinois, Wisconsin, and Indiana, where Tupperware had no distribution. He took over the franchise on the condition that Tupperware would send him someone who knew something about the party plan.

He grew tired of waiting, and finally he came to me and asked me to assist him in the business. He told me about this new product that he had a great deal of faith in because he was selling it through Tupperware. The rest is history.

Before I decided to come on board, I read their sales bulletins and promotional literature and was really impressed by the way Tupperware motivated their people. They always gave them an opportunity to accumulate points toward prizes. When I saw this, along with what they sold in a typical week, it whetted my appetite. I knew this was a business that was going someplace.

I flew down to Orlando to meet the people who were running the business at that time. I also spent a lot of time with a distributor in St. Petersburg. Coming from retail, where you never see this kind of attitude, I was amazed that someone would give me all this advice and encouragement without even knowing who I was.

My wife and I put together some parties and struggled our way through the learning curve about the party plan method. It was through these parties that I learned of the power of demonstrating the product.

In 1963, at the age of thirty-seven, I accepted a sales manager position with Tupperware and moved to Orlando. It wasn't easy leaving Chicago. I never really wanted to move to Florida, but Hamer Wilson at Tupperware encouraged me to do it. Hamer was a hard guy to say no to. He would say to people, "I would never recommend anything to you that wouldn't be beneficial to you."

If there's one thing I learned it's that Tupperware is a company filled with heroes—particularly the people selling the product—the managers and the distributors and the dealers. I've always said the distributors raised me higher than I could have ever done by myself.

As the company moved more into international sales, I was promoted to president of Tupperware U.S. The company continued to expand and I was placed in charge of worldwide operations—a position I held from 1966 to 1986. I took early retirement at age sixty, and today I'm grateful for all that Tupperware did for me.

SPENCER HAYS



I believe we are the oldest direct selling company founded in America that still exists. The principles of The Southwestern Company have not changed since the Henderson brothers owned the company. They told me that what we do is develop character in young people, and that remains as our company motto in 1995. We give young people an opportunity to step out and stand on their own two feet and ask nothing of anyone other than an opportunity to see what they can do.

From the time I started thirty-nine years ago until today, the main cause of the company—the main joy and happiness people who work in the company receive—is to help young people develop through the program.

Many of our student dealers received their master's and doctorate degrees because they were able to finance their education through selling books. They have had that type of intellectual education, while each summer they have had many hours of doing the toughest, hardest, most difficult work they could find—direct selling. They learn a great deal, about over coming the fear of failure and the fear of rejection through direct selling during their summers.

We believe you can't build a business; you build people and people build the business. We believe in creating an atmosphere in which people can take their skills, talents, and capabilities and have a lot of fun expressing themselves.

You don't run the company for the benefit of any one or two people; you run the company based on what's best for everyone.

Mr. Henderson had the same desire when he owned Southwestern. He said, if you come into the business, Spencer, you come in it first because you want to be of service. The way you are of service is that you help people overcome the fear of failure and rejection. The way you do that is through allowing them to sell books in the summer. You take a strong interest in each person you work with, and you get to know them. You do everything to help that young person grow, develop, and improve in every aspect of his life.

I think the greatest joy and happiness in life is that of achievement and accomplishment. When was the first time you memorized a poem all the way through? Think about how you felt! That joy of happiness! When I learned to pop that jump shot in basketball, I knew all of the practice was worth it. We believe all of the hard work and effort put forth selling books while in college helps a young person develop the skills necessary to succeed in any career after graduation.

Spencer Hays got into direct selling because he was engaged to be married. He had an athletic scholarship at Texas Christian University (TCU) in Fort Worth, Texas, but when he said he was going to be married to a young woman he'd been dating for some time, his coach informed him that he could not remain on scholarship unless he lived in the athletic dorm. He ran across another student who was making good money selling Bibles, dictionaries and cookbooks for Southwestern. He took his last final on a Thursday, drove seventy miles to Gainesville, Texas, and was married on Saturday night. He then got back in the car and drove to Nashville, Tennessee, to attend his first Southwestern sales school. Each summer he studied and sold, recruiting other students to go with him, until graduation, at which time he moved to Nashville to become

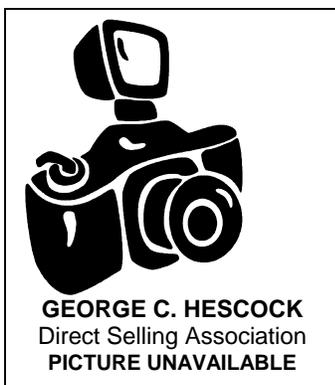
a full-time Southwestern district sales manager to Oklahoma. His success there, he says, can be attributed to Jerry Heffel, another TCU student whom he had recruited. Heffel went on to become president of Southwestern – "a real stem-winder who knew how to recruit and build a sales organization." The owner of Southwestern, J.B. Henderson, sold the company in 1960. Hays remained part of the management group that eventually bought back the business in 1982. After paying off the debt from the buyback, Southwestern enjoyed successful diversification and remains fertile ground for born entrepreneurs like Spencer Hays.

GEORGE C. HESCOCK

As with many youngsters, my first encounter with direct selling was the regular visit of a Fuller Brush man to our home. He was a fixture in small town New Hampshire during the 1950s.

My first encounter with the Direct Selling Association came years later. In March of 1971 my office in the Senate president's suite filled with notes and letters, many pink, some lavender, each describing the dire consequences of the proposed restrictions on direct selling in the Granite State. It was a most successful grassroots campaign.

Months later, I was contacted by DSA's vice president, Tim Barcomb, to come to Washington to meet Bob Brouse and to discuss a position with the association. Frankly, direct selling didn't appear to me to be a growth industry or a particularly exciting career opportunity.



Like many, I seriously underestimated the unique characteristics of this remarkable industry.

It would be impossible to list all the individuals within this group who profoundly impacted me. Many are profiled in this text, many others are not. Working for and with these leaders is inspiring. Their spirit, enthusiasm, drive, and commitment are remarkable. They love what they do.

The individuals noted here, as well as all those who have given of their time and energy to the DSA, have a common denominator: They truly care about people.

The success of an individual direct selling company rests solely on its leader's ability to help all new recruits to succeed. Therefore, not surprisingly, effective industry leaders work tirelessly to achieve that goal by sharing ideas, nurturing dreams, and honing skills and techniques with new recruits and emerging sales leaders. What I found surprising is that this spirit carries over to their industry colleagues and competitors. Over the years Mary C. Crowley, the industry leaders profiled in this text, and the hundreds of others working with the association have shared their success, strategies, and tactics to help the entire industry grow.

Direct selling—because of the people who make it work—is truly a unique and wonderful business.

C. CLAIR KNOX



My direct selling experience began in 1927 at the University of Iowa and spanned more than sixty years. I actually spent twenty-eight years with direct selling corporations and another thirty-three years consulting.

It all began when I was a student at Iowa working for my meals. George VanDusen, the captain of the school's basketball team, signed me up for Realsilk's training program, which ran once a week for six weeks on campus. It was a valuable experience because it taught me how to approach customers, how to gain someone's attention, how to create interest, and then close the sale.

The next summer I spent my entire vacation with a crew selling. I made \$1,354, which was sensational then. Realsilk's product line consisted of men's hosiery—most at \$1.50 a pair—lingerie, and a complete line of men's and women's apparel. In 1929 I made \$1,614. And in 1930, the summer after I graduated, I made \$1,631. As the Great Depression hit, a lot of people sold all year and had no money to show for it.

In September 1930 I got a full-time job with the company, which paid ninety dollars a week. That was unheard of then. By 1934 I was given the eastern region, the biggest section of the business, covering an area from Dartmouth to the University of Florida as far west as Ohio

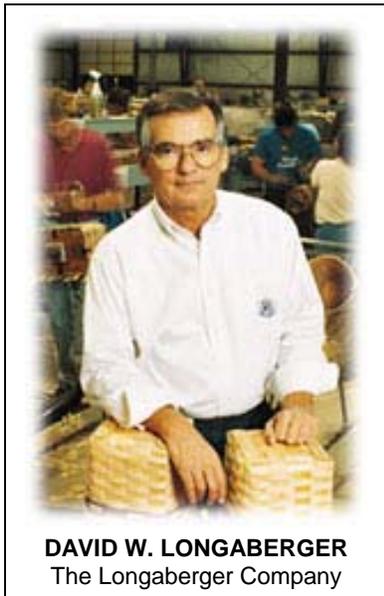
State. As a college supervisor, I recruited college men all winter long for the next summer.

We had a great organization with a head organizer on each campus who reported to the college supervisor. He would make some money during his school year, as well as learning management. For many students whose families were unemployed, these programs helped pay the tuition bills.

From there, I became a regional sales manager in 1938. Thinking back, there were times when we actually had people in classes who didn't have enough money to get to their territory. And that was tough. A lot of times I would give them a dime, and tell them to get to the field and stay there until they got one order. That would be enough to get them through the next two days.

In 1941, the week before Pearl Harbor, management brought me to Indianapolis as a general sales manager for the whole company, and within a year I became vice president of Realsilk. I later became the company's second largest shareholder. It was a lot of fun, and I wouldn't have traded any of it for the world.

DAVID W. LONGABERGER



If knowing a business from the very beginning qualifies someone to be in command of their destiny, then I have the proper background. And I'm a firm believer that a balanced tree has both deep roots and good strong limbs. So it is with much appreciation for my beginnings that I note that Longaberger Basket goes back three generations to my grandfather. Back in the twenties, thirties, and forties there were twelve children in the family—six brothers and six sisters—and we all made baskets that we took to the corner "mom and pop" grocery stores and the hardware stores until about 1955 when supermarkets started taking over.

That changed the nature of the need for our baskets as well as the way to meet that need. Part of that adaptation was to believe in the product we were producing and then find the right outlet to represent it.

Even at that time, in the mid-fifties, I saw baskets that were being made overseas in Asia, and how cheaply they were being done, and realized that we had a distinct advantage—in quality—that just had to be communicated. So rather than reduce the prices of our baskets, I doubled them, sold them for the quality pieces they were, and saw the delight in the eyes of the women purchasing them. They knew they were getting something of value.

This led through the logical path of selling first to shops and stores, then in 1978 into home planning parties, and as a logical progression through direct sales.

In that time, I quickly came to realize three things. First, there will always be a market for quality. Second, enthusiasm and a genuine belief in what you're doing is absolutely contagious.

Third, it is ever important to have a plan—a design for your future, the future of your employees, and your representatives—that is both long-range and comprehensive.

Today, Longaberger Basket has about fifteen thousand sales consultants nationwide, an increased level of distribution to an international scale, and a complete diversification of our line—50 percent in baskets, 15 percent in pottery, and about 12 percent in plastic and sewing items. By the year 2000 we expect 30 percent of our business to be in furniture. It's all a part of our twenty-year plan.

Over the years, if one thing has characterized the success of Longaberger Basket it has been its ability to adapt and its ability to capitalize on its belief in the higher aspects of human nature—personal contact, personal conveyance of your convictions, and faith in what you're doing. That belief reinforces the philosophy behind direct selling.

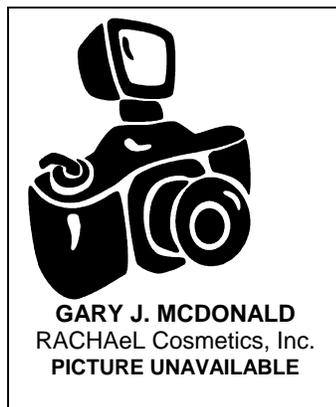
It is my personal conviction that we're not just selling products, we are selling compassion, and that's what direct selling is all about. I personally believe the next ten to fifteen years will be the most active and dramatic in the history of direct sales, and that the future of direct selling and success now rests with women.

If any company is going to succeed in the future, it's going to have to train and motivate its people, inspire them, help them to achieve their dreams, to be more socially responsible, and yes, have fun while they're doing all this.

In the 1970s David Longaberger operated a Popeye's Restaurant and an IGA store, but he couldn't stop thinking about his dad's baskets, which he thought were worth much more than the price of \$1.50. He bought ten dozen of them from his father for \$5.00 each and sold them all for \$9.95. Feeling "there was something big here," Longaberger shifted from retail to party plan direct selling.

Today, baskets account for about 50 percent of the product mix. The rest is pottery, plastic, and wood items. The company's plans call for rapid growth in furniture. Meanwhile, the company is heavily involved in community support of schools, recreation, roads, and housing – a concept David believes is fully supported by the fifteen thousand consultants who use the Longaberger party plan.

GARY J. MCDONALD



When I became a management consultant in 1972, it was a real eye-opening experience. The thing that I found most astounding was the fact that a lot of very smart business people had a difficult time accepting direct selling for what it is.

I'm convinced that much of it stems from the fact that they are trained—both in school and on the job—to look at business in terms of market share, new products, advertising, and creating demand. As a result, they see these attributes as keys on a piano—when they are played in the right order things work well.

Of course, those who have been in direct selling know that our business doesn't work that way. It is not a product business.

It is a people business. And if you're not doing the right things in terms of motivating people, creating loyalty, or explaining how it is going to impact the sales organization first, the business simply isn't going to work.

Direct sellers are successful because they believe in what they are selling. It is this belief that sells their product, not just the product alone. Most direct selling products deliver more than the salesperson or the manual promises. That makes the salesperson proud—proud to represent the product and the company. To succeed, management must think in terms of how these people feel.

When I was with Tupperware in the early days of my career, we had our top ten distributors across the country. We had them in small towns, in big metropolitan areas, and in scattered territories. They were as different from one another as they could be. The common ingredient in all these situations was a dynamic salesperson.

Lack of understanding about direct selling goes beyond the actual selling process. In recent years, we've seen cases where direct selling companies have been acquired by companies that are newcomers to direct sales. The result is almost always the same—the direct seller begins to flounder or fail, most likely because the decisions that are made about that business are based on product rather than people concerns. In these cases, it's really up to management to understand the differences between direct selling and non-direct selling organizations.

Understanding is the key word here. Here's an example: Ask two people what the difference is between one shirt and the other. The guy with no direct sales experience will look at it and say "two dollars." The direct sales person will start talking about the difference in features.

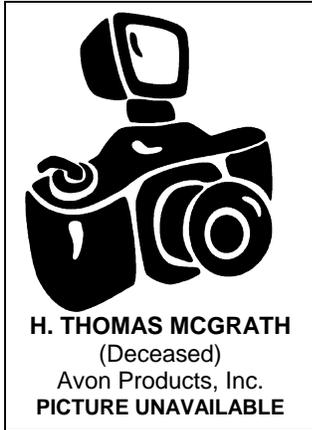
You can't underestimate the importance of this, particularly in today's world where consumers have become so sophisticated. Look at the baby boom generation, for example. They are going to do great things for direct selling because they are very knowledgeable. They're curious, but even more important, they have a high level of awareness. Therefore, everything they think about buying they want to know something about. They want to have their judgments confirmed. They want to be sold on the fact that they are making the right decision. They don't just buy a piece of Tupperware, they learn something about storing and freezing food. In skincare, they are learning how to take care of their skin.

To this end, demonstrations are one way of learning. In our business, I'd characterize this as value added—something we do better than anything else. And that's why I'm so excited about the future of this industry.

After a dozen years in consulting, Gary McDonald started his own cosmetics and skin care business. RACHAeL Cosmetics does business with the party plan methods, but calls it "boutique" because it includes personal makeovers for

customers. From his base in Orlando, he plans to roll out RACHAeL just as he did with Tupperware many years ago. His assessment of the future of direct selling and his own company: "Dynamite."

H. THOMAS MCGRATH



Coming home from the service in 1945, I thought about going back to IBM, where I'd sold tabulating equipment very successfully in the prewar, precomputer days. But someone mentioned a company called Avon.

What do they do? They're in direct selling. I thought, only the lame, the halt, and the blind go out and sell direct.

What do they sell? Cosmetics! Well, no young he-man in those days wanted to sell cosmetics. But I decided to go down to New York and see about it. And it's interesting how one man can change the way you think about everything.

After an hour of talking to Russell Rooks, the vice president and general manager, I was fascinated. He was an astounding man, a terrific merchandiser, and a fine, modest human

being. When he talked about Avon and his plans for the future, I just wanted to work with the guy. I was hammering on the walls to be part of Avon.

I became a division sales manager, one of nine across the country. I spent some time in Chicago, then came to New York headquarters in 1950 to help develop sales meeting guides, promotional material, and other information. Then I became one of two national sales managers. I had the cities and Cliff Winton had the rural districts.

Avon, which had been founded in 1886, was now poised to grow rapidly. All over the country, there was a tremendous new interest in cosmetics. There was a large pool of women who had been working during the war and were now available to be recruited as Avon representatives. And we had a lot of desire and spunk to get up and go—sparked by Russell Rooks.

During my time as national sales manager, I wrote training programs for representatives and all kinds of sales aids, including a movie. We had a very sophisticated program and, fortunately, the money to do these things. We had a five-year plan to hit \$100 million in sales by 1957. Everybody laughed at us, but we made it.

In 1960 I was appointed a vice president and put in charge of computer operations worldwide, stationed at Rye, New York. I didn't know much about programming computers, but I knew the information and the results we needed.

Russell Rooks became president in 1961, but died unexpectedly the next year. His, successor as president was Wayne Hicklin. John Ewald was board chairman.

During these years I became very interested in the direct selling business as a whole. Some people call me the father of the Direct Selling Education Foundation. If so, I couldn't be prouder of it.

However, my relations with top management became strained after Wayne Hicklin and John Ewald retired. So in 1973 I retired and devoted my energies to the industry. I watched and participated as the industry became recognized for the good it did. And I was happy to see my old employer, Avon, return to the basics of direct selling under Jim Preston.

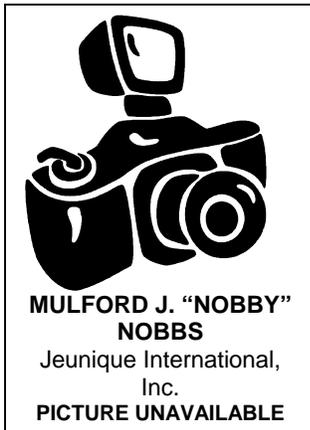
I'd known him when he was running the branch operations at Rye and was delighted when Jim became chief executive officer in 1988.

Invariably, as I've seen over the years, the companies that have been most successful in direct selling have been those which kept their eyes on the ball.

Back in the 1970s Tom McGrath saw a direct selling industry that was merely "putting out fires." Every company had an attorney who was out working at the local level to attempt to prevent licensing of representatives. Other groups worked at the state and federal levels. Tom felt that if the industry could develop a program to work with consumer groups "and prove that direct sellers weren't bad guys, that they had the consumers' interests at heart and were legitimate business providing employment for many," then the image of direct selling would improve and pressures would be relaxed.

After establishing working relationships with consumer groups, McGrath's objective was to enlist marketing academics and the general public. Result: the Direct Selling Education Foundation as we know it today. Tom's close friend Cabell Brand said of him shortly before Tom's death: "Tom is a visionary. He went to work with Avon when they were nothing, and he was one of four or five people who built it into the greatest direct selling company that ever was."

MULFORD J. "NOBBY" NOBBS



My appreciation for direct sales as an industry goes all the way back to the depression era and the fact that at sixteen years of age I was able to convince a man named John Booth, with WearEver Aluminum, that I was qualified to be trained as a salesman. It meant a lot to get a job in those days, and that training and experience imbued me with a sense that you had to understand your client's needs and help him to achieve those needs in a manner that was suitable to him.

I sold cookware up to and through World War II when the government seized all the aluminum for use in its war machines, and I went into the U.S. Army Air Corps. While I was in the service, I caught a case of scarlet fever, which left me with a heart condition so severe I was given the prognosis that I had only about two years left to live. That experience changed my life positively for a number of reasons: First, it got me interested in health and nutrition; second, it instilled in me an even stronger sense of living every moment to the best of my ability. Obviously, I have outlived that two-year prognosis and was eventually prompted to get into the vitamin and nutrition business.

Success in other direct selling pursuits enabled me to start a company with one vitamin/mineral supplement called Sun Vita in 1957 at a time when other nutrition companies were actually merging or failing. And even though practically everybody thought I was mad to pursue this line, I was a believer! Belief in what you're doing is the primary key to success in anything.

I started with about \$750 and some connections with a very fine nutritionist and laboratory expert named Dr. Michael Walsh, who was willing to make product for me in advance.

From that humble beginning, we were able to develop a company called Nutri-Metics International, Inc., that grew from that time to about two hundred thousand distributors worldwide and an annual revenue base of \$200 million.

As it evolved, Nutri-Metics became primarily a skin care company with only about 5 percent of its worldwide sales resulting from nutritional products. In 1991 I sold the Nutri-Metics trademark foreign Manufacturing Laboratories and Distribution System in order to devote more time and attention to the nutritional products effort.

We changed the corporate name to Jeunique International, Inc., and I still feel that nutrition and health are more important than ever, and that direct sales is the means by which all products and services with a genuine story to tell will reach the most people in the most effective way.

Direct selling is now, more than ever, an integral part of our international marketing future. Direct sales is a way to reach, inform, satisfy and care for your customer in a way that retailers can never do. I think direct selling companies that have been working together for a long period of time have strengthened their position not only internally but also in this dynamic new marketplace.

In my more than sixty years of direct selling experience, I have witnessed many people—both male and female, of all creeds, colors, faiths, education, and experience—begin in the direct selling business. The majority of them have had rewarding experiences, and many have received an invaluable education in dealing with people, situations, and challenges that equipped them for a better life of understanding, sharing, and success.

Nobby's experience in dealing directly with customers started with a paper route in Jamestown, New York, about seventy miles south of Buffalo. Delivering newspapers at five in the morning with ten feet of snow on the ground was, he says, "an unforgettable experience." He competed with about one hundred men for that first job at WearEver. He had to learn

learn how to prepare food and cook it. One of the most difficult things, he recalls, was knowing how to neatly cram all those utensils back into the suitcase. Today, more than eighty years old, Nobby continues to be an influential force in the direct selling industry.

NEIL H. OFFEN

Working for a California congressman on the House Armed Services Committee during the late 1960s was an eye-opening, exciting experience, especially for a twenty-three-year-old from the Bronx and Queens who had just finished law school, mostly taking classes at night. The war in Vietnam was going full bore and the country was in turmoil. Working on the Hill was where the action was in Washington, and the issues being dealt with, on a daily basis were vastly diverse and vastly important.



So why was I considering leaving my job to take one with the Direct Selling Association, a job that a friend in another congressman's office had just turned down? There were several reasons why I co the move.

First and foremost, being a congressman's alter ego was not for me. Second, I had just passed the bar and wanted to be a real lawyer. And, third, I had always wanted to travel, and this job with DSA afforded me such an opportunity. Besides, my mom had been a direct seller several times during my youth, and I had a good feeling about the industry.

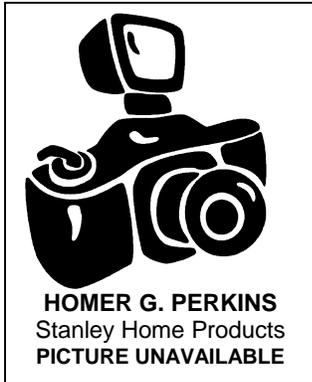
So in February 1971, after telling DSA president Bob Brouse that I would only give him two years before moving on, I started my career as the first in-house lawyer for DSA with the title "staff legal counsel." From there, as the saying goes, it was onward and upward. My first promotion was to corporate secretary and legal counsel, then to vice president, secretary and legal counsel, and then senior vice president and counsel. Finally, when DSA president Brouse got an offer he couldn't refuse from a member company, I was promoted to president in 1978, perhaps then the youngest president (at age thirty-three) of a national trade association. I told the search committee that there were three tenets I believed in and would pursue if I were selected. First, I told them all our lobbying positions must be in the public interest as I believed that posture was critical to the well-being of the industry. Second, I told them I would be a consumer advocate working within the business community. And third, I told them I would be promoting women and minority opportunities within the staff and industry...on the theory that our companies had no excuse for not promoting women and minorities into senior management and board positions, given the fact that the success of our companies was driven by these people.

I have seen a lot changes over the past quarter-century (especially as to my hair color and weight). But many things have not changed, chief among them our need for a strong association committed to promoting ethics and integrity within our industry and excellence and professionalism within our association. Promoting what is best about direct selling—opportunity for all, and its caring, nurturing, and rewarding ways for its salespeople and distributors, as well as its concern for customer satisfaction and value for its consumers—is what makes our business special. One could do worse things than spend one's career at DSA. I am really happy I made that move back in 1971.

HOMER G. PERKINS

I graduated from Yale in 1938 with a degree in international relations. You couldn't get work. I wrote to the Connecticut Management Association and got a list of every company in Connecticut that did business abroad and wrote letters to all of them. One interview resulted, but I didn't speak the foreign language needed so I didn't get the job.

It's hard to recruit someone into our type of business with an ad. But in 1939 you looked at ads because you didn't find employment if you didn't. There was this little four-line ad in the *New Haven Register* with the name M. R. Turner at the bottom.



I knew Mert since we were in high school together. I called him that morning in January 1939 and went down to the Hotel Taft in New Haven and met with Mert and A. F. Regensburger, who was the sales manager, and Phil Caswell, who was Mr. Beveridge's son-in-law, and I was recruited...all from that ad... [The recruits were] all men; they weren't advertising for women then.

Stanley was primarily door-to-door up until 1938 and then they started with the club plan. For a while you could go either way. When I was in a territory trying to create a party, I would talk parties, but I would show my line, and if I couldn't sell you on having a party, I was happy to let you order any of the fine products. In those days we delivered every order individually.

In May of 1942 I went into the service. When I was discharged in 1946 I went to Ohio and operated a warehouse for the company for two years, and then I was called back to Easthampton to run the warehouse there. Within four months Mr. Beveridge asked me to travel with him and work as his assistant. Mr. Beveridge was a great teacher, a great trainer, and I was getting the most valuable training that anybody could have.

I was college educated and that meant a lot to Mr. Beveridge. When I was moved to the home office, it was a small office and I was put in charge of dealer communications. I had two advantages: one, I had sold in the field, so when a dealer wrote in with a problem I knew what he was talking about. And having an education meant I could write letters. All the sticky correspondence came to my desk, but in the meantime I also processed orders. That was my first job—getting the orders through.

In any event, I stayed with Stanhome [Stanley Home Products] and became chief executive officer, president, and chairman of the board before I retired in 1981. I was recently honored by the company when they entered me in the corporate Hall of Fame and several years ago I entered the Direct Selling Association Hall of Fame. I consider both these recognitions to be great honors.

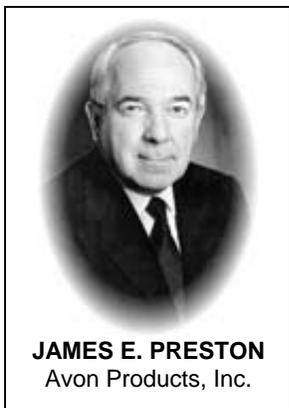
JAMES E. PRESTON

I got into direct selling through a once-in-a-lifetime stroke of good fortune. Looking back, I think maybe there is such a thing as fate.

After a couple of years in the army with the Armed Forces Radio Network in Europe, I returned to the United States and went to work for RCA in Morristown, New Jersey. With a background in communications, I was dissatisfied with the engineering atmosphere. I scouted around and was about to accept one of the two jobs I'd been offered with other companies.

Then I happened to answer a blind ad in the *Wall Street Journal* for a management training position. A week later a telegram arrived—from something called Avon Products—inviting me to an interview in Rye, New York.

"Isn't that the ding-dong cosmetic company we see on TV?" I asked my wife. She said she thought so. I threw away the telegram.



Next morning I went to the barbershop and while waiting leafed through *Fortune* magazine. It was the annual *Fortune 500* issue. Avon was way up there on the list...number one in profitability, fastest-growing consumer products company, and so on. I thought about it while getting my hair cut, then rushed home. My wife and I searched through the waste baskets and found the telegram. I went for the interview.

It was a tough day. I started seeing people at ten in the morning and didn't finish until about six in the evening. I was wiped out, with a splitting headache, but went home convinced that I wanted to work for this company. It wasn't just that the people were all very sharp, because you expected that. It was the warmth and friendliness of them that left a

mark on me.

Six weeks later I was working for Avon in Rye, New York. After training, my first job was supervisor in the Representative Service Department, which was responsible for handling correspondence, returns, credits, and product information for representatives in the northeast sector of the United States.

I had twenty-five women reporting to me in that first job. They averaged 25 years' experience, or 625 years compared to my year or so. Many of them had known the founder of the company, David McConnell. While I was supervising their work, they were in a way supervising my growing understanding of the spirit of the company.

I'll never forget the time I had an idea to centralize typing, rather than each person having her own typewriter. A woman named Irmgard Altenbach handed me an envelope one evening with a three-page letter explaining to me that the typewriter was a symbol of importance and that saving five thousand dollars a year wasn't worth the disruption of morale it would cause. I realized she was absolutely right and, with some embarrassment, told my boss that my cost-cutting measure that he had approved should be withdrawn.

Listening to these women—how they talked with representatives, wrote to them, and handled situations—then getting to know district sales managers at meetings and recognition events...that was my basic training.

I'd been hired to work my way up to division sales manager. I never made it. Responsibilities took me elsewhere through a succession of management jobs that eventually led to the top level of the company.

But at every step of the way, I made it my business to visit with and get to know the people in the sales organization who make this company what it is. They are the embodiment of this industry we call direct selling. Without their personal involvement...women helping women...Avon wouldn't be Avon.

Founded in 1886, Avon grew slowly at first as a small, family-owned company in the northeastern part of the United States. It expanded across the country and into Canada in 1914. Beginning in the 1950s, Avon companies were opened in Latin America, then Europe and the Far East. The company became publicly owned in 1946. Today, Avon has forty direct-investment companies that together serve consumers in 120

Countries through nearly 2 million independent Avon Representatives. Global sales were \$4.3 billion in 1994. Jim Preston, who assumed responsibility as chief executive officer in 1988 after steady advancement up the management ladder, refocused Avon on its direct selling roots and positioned the company for further rapid growth around the world.

RONALD O. REIGLE AND JAMES D. REIGLE



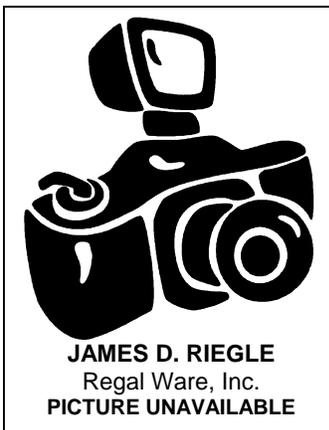
Jim: My brother Ron is the one who built this direct selling business. He's retired, but when he walks through our plant here in Kewaskum, Wisconsin, it's easy to see the warmth and devotion that everyone feels toward him.

He represents something important to each employee. They consider themselves his friends. This feeling permeates the whole business, and it started with our father.

Ron: Our dad had a much stronger personality than either Jim or me. He would make you feel like you were probably the most important person in the world. He paid 100 percent attention to you. He looked you right in the eye and was genuinely interested in you.

The most valuable thing he left us was his philosophy, which is ours today.

I began selling cookware door-to-door in Selma, Alabama, where I learned how to sell on an installment basis. In 1950 I began working for Alabama Novelty, using a route system to sell to mostly poor families. I then moved to San Antonio where I developed my own business based on skills I'd learned. About 1954 I sold my business and joined my brother Jim at Regal Ware.



Many of our distributors are very capable people, some of them with college training. But they just hadn't been able to get a job that allowed them to do their thing, so to speak. They found the opportunity they were looking for in direct selling, and they built very successful businesses. They have made a lot of money and they are very happy people. They have made contributions to the overall good of the company, and they are creating jobs.

Of course, we have a problem today in the difficulty of attracting young men into direct selling. Even though they know that direct selling is a large part of the business, they're reluctant to go into it. They feel that there's more prestige in calling on K-Mart, for instance, rather than on one of our direct sales distributors. It's an image problem.

There are exceptions, such as Gil Flocker who came to Regal Ware with the acquisition of Saladmaster. He had an exceptional career and loved direct sales—as does Keith Peterson, who will be succeeding Gil.

Despite the difficulty of attracting direct selling talent, a problem the entire industry faces, Regal Ware is a company with a strong culture and a bright future.

H. L. "BILL" TOWER



I've worked at a number of big consumer products companies, including Procter & Gamble and General Foods, but when I became chairman of Stanley Home Products—Stanhome— then I fell in love with direct selling.

Direct selling makes it possible for people to fulfill their potential through hard work and determination. It's a wonderful industry. It's as American as apple pie. It touches the heart. It has all the challenges of consumer products—all the challenges of business in general—but it has one more important thing that no other industry has—the ability to offer opportunities to people from any walk of life and watch them blossom in return.

If you look at our industry from a historical viewpoint, you have to acknowledge that direct selling has helped pioneer the changing role of women in business. It recognized how strong and wonderful women executives could be.

At Stanhome, for example, Catherine O'Brien, the founder's secretary, ultimately rose to become chairman of the company in a time when it wasn't really acceptable to have women executives.

Another great aspect of direct selling is that it is a business where we help each other. In other businesses, there's a level of competition between companies that doesn't really exist in direct selling. We're more of a family. If you look around at individual direct selling companies, you'll find a dedication to mutual success that you won't find everywhere.

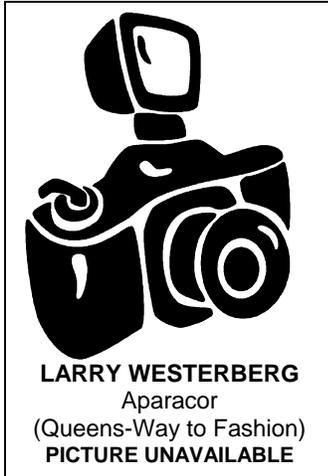
Here at Stanley, for example, our real strength is our people and our dealers. Our secret to success, which we don't talk about much, is that we are dedicated to each other's success. Our founder was dedicated to the success of his people, and it's carried down through the years.

From the very beginning of Stanhome, we've believed that success is something that is built up from the individual. And the most important lesson I've learned from direct selling is that the whole psychology and love in personal relationships in business is really the most important element in the marketing mix.

In my own case, I came to direct selling rather late in my career. But my experience gave me a greater appreciation for it. At Procter & Gamble, for example, I learned many valuable marketing lessons, namely the importance of the customer and the maintenance of product and service quality.

Now I think direct selling is simply the finest business there is. I wish I had discovered it years ago. Sure it's hard work. But those who work hard can lift themselves and their families so far above what they ever dreamed possible that sometimes I think it's close to God's work. And unless you've had other experiences and then come to direct selling, you can't truly appreciate it.

LARRY AND MABEL WESTERBERG



On April , 1952, we signed the papers to start our business. We turned the recreation room into a showroom and had our first showing of lingerie and children’s wear. We hoped for sales of twenty-five or thirty-five dollars, and when we took in a hundred dollars we couldn’t believe it.

Larry had been in display advertising; I had been a housewife. Now we were in direct selling, party plan, with a company we called “Queens-Way” because that was the way royalty shopped: The merchandise was brought to her majesty and if she selected an item, it was officially approved by the queen—or in our case, the customer.

Larry worked with an artist to design our papers with the blue-and-white color scheme. We couldn’t afford to buy packaging so we asked a friend in the retail business to save cartons for us. We would put a garment in the carton and lay tissue paper on it so it would be beautiful to open. Larry took the back seat out of the car and put in a platform so we could take our cartons to the post office everyday.

We knew recruiting was the key to success. We did it by taking out small advertisements in local newspapers. We started with a warehouse of three hundred square feet and five people, and an inventory of about \$5,000. In time, we reached sales of \$45 million, with seven thousand counselors and a warehouse the size of eight football fields.

We attracted counselors by offering them the opportunity to stay home during the day, then have a party showing at night when their husbands were home to take care of the children. They could

make as much as if they had worked all day!

Over the years, we would have meetings and picnics with all the people who’d worked with us. Our slogan was: “You can leave Queens-Way, but Queens-Way will never leave you.” To us, our business wasn’t work, but a wonderful hobby.

We retired in 1972. Now Larry is deceased, and I am ninety-four. I live in a lovely apartment in the Presbyterian Homes in Evanston, Illinois.

DIRECT SELLING COMPANIES
INCLUDED IN THIS MONOGRAPH

AMWAY CORPORATION
FOUNDED 1959
COMMERCIAL
PRODUCTS/SERVICES
HEALTH/FITNESS PRODUCTS
HOMECARE
PERSONAL CARE

APARACOR
(QUEENS-WAY TO FASHION)
FOUNDED 1957
CLOTHING

ARTS AND TREASURES GUILD
FOUNDED 1983
DECORATIVE ACCESSORIES

AVON PRODUCTS, INC.
FOUNDED 1886
COSMETICS
DECORATIVE ACCESSORIES
GIFTWARE
JEWELRY
NUTRITIONAL PRODUCTS
SKINCARE
TOYS/GAMES

CAMEO COUTURES, INC.
FOUNDED 1967
COSMETICS
FRAGRANCES
SKINCARE

DUDLEY PRODUCTS, INC.
FOUNDED 1967
COSMETICS
FRAGRANCES
SKINCARE

HOME INTERIORS & GIFTS, INC.
FOUNDED 1957
DECORATIVE ACCESSORIES
GIFTWARE

**JAFRA COSMETICS
INTERNATIONAL, INC.**
FOUNDED 1956
COSMETICS
FRAGRANCES
SKINCARE

JEUNIQUE INTERNATIONAL, INC.
FOUNDED 1959
COSMETICS
LINGERIE/SLEEPWEAR
NUTRITIONAL PRODUCTS
SKINCARE
HOMECARE/CLEANING
PRODUCTS

KNOX ASSOCIATES, INC.
FOUNDED 1955
MANAGEMENT CONSULTING
SERVICES

THE LONGABERGER COMPANY
FOUNDED 1973
BASKETS
DECORATIVE ACCESSORIES
HOUSE AND KITCHENWARES

**HIGHLIGHTS FOR CHILDREN,
INC.**
FOUNDED 1946
EDUCATIONAL MATERIALS

RACHAeL COSMETICS, INC.
FOUNDED 1981
COSMETICS
SKINCARE

REALSILK HOSIERY MILLS
FOUNDED 1920
HOSIERY

REGAL WARE, INC.
FOUNDED 1945
COOKWARE
CUTLERY
PREMIUMS
TABLEWARE
WATER TREATMENT SYSTEMS

STANHOME, INC.
FOUNDED 1931
COSMETICS
GIFWARE
HOMECARE PRODUCTS

TUPPERWARE
FOUNDED 1951
TABLE TOP ITEMS
HOUSE AND KITCHENWARES
TOYS/GAMES
KITCHEN TOOLS
COOKBOOKS