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# Direct Selling

FOR  
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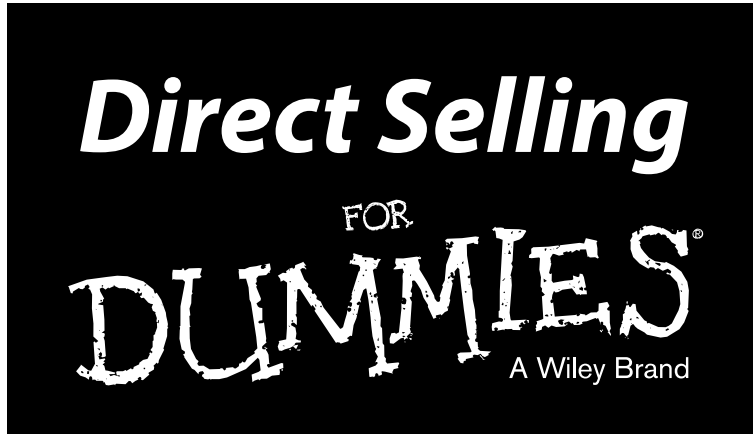
## **Learn to:**

- Navigate the Direct Sales industry to pursue independent success
- Set your goals and manage your time effectively
- Book, sell, and recruit to increase your income
- Harness the power of Social Media to grow your business

**Belinda Ellsworth**







**by Belinda Ellsworth**



**Direct Selling For Dummies®**

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# Introduction

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**W**elcome to *Direct Selling For Dummies!* I have been a direct sales trainer for the last 20 years (after 15 years as an independent representative), and for the last 20 years, people have been asking me to write a book. Well, something always held me back, and I never did it, until . . . the Dummies folks approached me to write a book on direct selling. I jumped on it. I had already written many guides for individual companies, but I knew the direct sales industry needed a step-by-step, plainly written guide to navigating direct sales and building a successful business.

Despite what you may read on Facebook, creating and maintaining a successful direct sales business involved a lot more than posting product shots and pleading with people to “join your team.” Direct sales is like any other business — it takes work. But the benefits of increased income, flexibility, recognition, and personal growth all make it worth it.

If you picked up this book, I assume you have been bitten by the direct sales bug and are ready to take a chance on *you*. Just know that even though you are looking to go into business for yourself, because you bought this book, you are not alone. I am here for you every step of the way.

## About This Book

Direct sales companies do their best to provide their representatives with relevant information about the industry and training guides to help them succeed. But until now, there’s been no book or guide out there like this one, simple and comprehensive. No other book on the shelves will take you from the beginning of your direct sales journey all the way through to success. This book is full of my training on every aspect of the business, from your very first party or appointment to building a multimillion-dollar organization.



Keep this book on a shelf in your office or somewhere close by. It is perfect to reference whether you are struggling with filling your calendar, recruiting new team members, increasing sales, or working with a team member.

Anyone can succeed in direct sales, but the fact of the matter is, the industry is currently very female, and I acknowledge this in my use of feminine pronouns in the book. Rest assured that even though I may be using *she* and

her all over the place, the industry does have its share of men, especially in the Network Marketing and Hybrid end of the spectrum (see Chapter 3 for more on these models). That said, the bulk of this book is aimed at the Party Plan model of direct sales, and I made the decision to allow the language to reflect that.

## *Foolish Assumptions*

I can't presume to know your hopes and dreams. What I do know is that you picked up this book, which means you are at least interested in earning income from home while running your own business and staying as busy as you want. If you decide to go ahead and take the plunge, get ready to change your life. Whether you're looking to pay for dance lessons for your daughter, buy your first car, or pay off debt, this industry can help you, and so can this book.

Now I don't know what company you are interested in, whether you prefer the Party Plan or Network Marketing models (see Chapter 3 for more on those), or if you have any experience with this industry. If not, great — and if so, great. There is something here for you either way.

I do assume that you have a vision of a better life for yourself. That you want to chase your dreams, better your family situation, and experience personal growth. I assume that you're looking for a little something (or a big something) to finally call your own. And I assume that you are motivated and a self-starter.

## *Icons Used in This Book*



TIP

Tips contain nuggets of useful, practical advice earned from years of experience in the field and training representatives.



REMEMBER

Material next to this icon is stuff you should keep in mind for future reference.



WARNING!

This serves to alert you to things that could cause trouble or cost you time. It is meant to help you avoid common but costly mistakes.

---

## *Beyond the Book*

Once you read this book, you will be hungry for even more content.

In addition to the material in the print or e-book you're reading right now, this product also comes with some access-anywhere goodies on the web. No matter how long you have been in the direct sales industry or how great your leader or company is, you'll likely come across a few questions where you require extra help. Check out our free eCheat Sheet at [www.dummies.com/cheatsheet/directselling](http://www.dummies.com/cheatsheet/directselling) for some additional references you can bookmark to keep handy.

In addition, there's also some extra content that wouldn't quite fit within the confines of the book. Think of these as a kind of book version of "extras" that come on a DVD. At [www.dummies.com/extras/directselling](http://www.dummies.com/extras/directselling) you'll find articles on promoting leaders and training your team, building out your skill set, running your business, and putting sales strategies into practice. You'll even find an extra "Part of Tens" chapter on using Facebook to promote and expand your business.

## *Where to Go from Here*

You may be thinking, *if I can start anywhere, where should I start?*

This book wasn't designed to be linear. It's a friendly reference, not a tutorial, which means you can start or stop wherever you please. Take a look through the table of contents or index to discover the areas that interest you most. Or check for the sections that cover the topics you need the most help in.

If you're new to direct sales, the beginning is a great place to start. You will learn a little bit about the direct sales industry, get some info on what type of company may be best for you and your situation, and check out my new representative checklist. No matter where you start, I hope you have fun exploring the book and soaking up my 35 years worth of direct sales knowledge and expertise.



Part I

# Exploring the Direct Sales Industry

getting started  
with

**Direct  
Selling**



Visit [www.dummies.com](http://www.dummies.com) for great Dummies content online.

## ***In this part . . .***

- ✔ Getting yourself oriented in the world of direct sales
- ✔ Figuring out which company, and kind of company, may be right for you
- ✔ Introducing the three main direct selling models

# Chapter 1

## Direct Sales 101

---

### *In This Chapter*

- ▶ Understanding how direct sales works
  - ▶ Checking out the three types of direct sales models
  - ▶ Getting off to a great start with a checklist
  - ▶ Working on the right skills to succeed
  - ▶ Getting an overview on ways to work your business
  - ▶ Knowing a bit about the history of direct sales
- 

You may have been drawn to start your direct sales business for any number of reasons, or perhaps you're still conducting research before you move forward. Either way, I welcome you to direct sales, a distribution model that has changed many lives.

*Direct sales or direct selling* refers to the sale of products or services away from a fixed retail location. These products are marketed and sold directly through independent sales representatives, also known as consultants, presenters, distributors, and a variety of other names.

Direct sales reps are not employees of the direct sales company. Rather, they are independent business owners who enjoy all of the benefits of being self-employed with the added perk of being a part of a company that handles operations like shipping, product development, marketing, and more.

You are in business for yourself, not by yourself.

Direct selling gives both men and women the opportunity to be in business for themselves, add to their families' incomes, and create the life they have always imagined. The direct sales industry is filled with success stories from stay-at-home moms paying for dance lessons, women retiring their husbands, and families buying their dream home. Whatever your goal is, direct sales is probably an industry that can get you there.



Was your mother a Tupperware lady when you were a kid? Did your neighbor sell Mary Kay? Did your family know an Amway millionaire? Even if not, you're probably quite aware of some of the legendary companies that have used this network style of marketing their products. Direct sales companies include some major household names and global brands nearly as familiar as Coca-Cola, McDonald's, General Mills, or Kraft. Here are a few examples:

- ✓ Cutco
- ✓ Kirby Vacuums
- ✓ Avon
- ✓ Tupperware

You may have noticed friends on Facebook posting about making extra money, earning free trips, or perhaps even quitting their day jobs! Plenty of people have been successful with businesses like these. Regular people just like you continue to build thriving businesses in direct sales today.

You may be interested in starting your business to generate extra income while working part-time—or maybe you aim to ultimately rely on direct sales as your primary income. Or you could be like a lot of people who have fallen in love with a product, and watched a friend or acquaintance work their business, and decided that you, too, would like to earn free product and some income by sharing something you're passionate about. If you're like the vast majority of people who join direct sales companies, your reasons may involve a combination of these possibilities.

The world of direct sales has been very significant in my life for more than 35 years. I am sincerely grateful for all it has provided me and my family. The income and rewards of direct sales companies have afforded me a lifestyle I couldn't have imagined and have led me to treasured lifelong friendships.



The direct selling industry can help you achieve what you want out of life. The details of what *a better life* looks like are completely up to you.

But how does direct sales work, and what does becoming an independent direct sales rep involve? Read on.

## How Direct Sales Works

In direct sales, as mentioned, the products are sold by *independent representatives*, not employees. These salespeople purchase a business starter kit to join a direct sales company. A *business starter kit* typically requires a low-cost



fee for materials, the details of which differ among companies. This starter kit often includes products that you can use to display at your parties and demonstrate for your clients. The kit also includes necessary paperwork and training materials that will help you get your business off to a fantastic start. Your kit has everything you need to run a successful business. This purchase, along with signing the company's standard agreement, sets you up as a member, or independent representative.

As a representative (or consultant, or brand ambassador, or perhaps other title, depending on the company), you are an independent contractor who works on a commission-only basis, running your own small business. Because you are truly independent, you don't report to a supervisor. You set your own hours. You decide when, whether, or how often you will work. If you feel like it, you can increase your efforts and earn more money—in effect, giving yourself a raise—or you can pursue a more advanced job title. With direct selling, all job titles, promotions, and pay raises are based solely on production.

You are independent, yes, but you also have a built-in support system from the company and from your team. You are part of a team of other independent representatives who have a vested interest in your success—your *upline*. Your upline includes your *sponsor*, the person who helped you join the business (whom you get placed directly under in terms of organizational structure), along with other experienced people whose businesses are connected to your business through a sponsorship line. These upline mentors can really help you. They know how to create success in the business and have sponsored many other independent representatives. They can show you how to do the same. Your access to this mentorship is built in to the direct sales business model.

In addition to being taught how to sell products, you will be trained on how to meet people outside your own personal circle to sell products to and how to introduce people to the benefits of becoming a representative as well.

You can feel comfortable turning to your upline for support because the business model pays them commissions based on the success of the people in their sponsorship line. They are eager to see you succeed and they understand the details of your business better than anyone. Your success contributes to their success, so they have an incentive to provide you access to the tools and information you need to run your business well.

With a very low starter kit purchase, direct sales offers the average person a way to earn income with an established business model and a marketable product line. It works almost like a mini-franchise without the initial investment. It can cost a new business owner tens of thousands or even millions of dollars to open a brick-and-mortar franchise like a donut shop or fast-food restaurant. With direct sales, you benefit from your affiliation with a company

that has created the concept, conducted research and development, incurred the manufacturing costs, and invested the money in starting the larger business and brand. This provides you with a low-risk opportunity to earn more money than you could realistically by starting from scratch alone.

The company also absorbs the ongoing expenses of warehousing the product, developing new products, creating marketing materials, complying with government regulations, and taking care of a number of other high-ticket costs that you'll never even have to think about, let alone be responsible for. This arrangement removes some headaches for you and eliminates the need to hire a staff of your own or become an expert in these other areas. When things work well, representatives can focus solely on marketing the products, taking great care of their customers and teams, and recruiting new people into their teams.

So, what's in it for the company? Independent representatives are the sales and marketing arm of the company, and the company only pays commissions for actual sales. Instead of paying for advertising and other expensive marketing, the company only pays the independent sales force after a sale has been made. That is appealing to companies, especially when they have products they believe will do better with word-of-mouth advertising and in-person demonstration.

## *Understanding the Three Different Direct Sales Models*

Within the direct sales business model, there are three main kinds of company structures. They are called Network Marketing, Party Plan, and Hybrid. Chapter 3 goes into a lot more detail on these, but this section provides a quick overview.

### *Network Marketing*

*Network Marketing* refers to a company structure designed to move consumable products through a network of independent representatives, through both personal use and sales to end consumers. When a Network Marketing company is building its sales force, it is focused on building a network of consumers. The company doesn't distinguish between those who join as independent representatives to earn money and those who join merely for a discount on their personal products.

(Network Marketing has also been referred to as *multi-level marketing* or MLM, but that is a misnomer—actually, all of direct sales is structured with multi-level compensation plans to pay their representatives, and all direct sales companies are therefore multi-level marketing companies.)

One strength of the Network Marketing model is that companies can grow very large and sell huge amounts of products through a vast network of people who have, in many senses of the word, joined as members. Many members set themselves up for a subscription to receive their products each month — an arrangement often called *auto-ship*. These continuous re-orders through a network of people affiliated with the company by choice can lead to consistent sales growth, as long as people in the network continue to see the benefit of the product.

Examples of companies that use the Network Marketing model are Isagenix, USANA, and Amway.

## *Party Plan*

*Party Plan* refers to a model focused on efficiently selling to groups of people who have been gathered together by a host they know personally, either in person or virtually (online). These types of gatherings are typically referred to as *parties*. However, some companies personalize the term they use for their parties in order to make the experience more unique. For example, jewelry bars, tastings, cooking shows, makeovers, and so on.

These parties are hosted at a customer's home, and this customer is known as the *host*. The host traditionally is rewarded with a series of discounted and free products as well as host-exclusive specials. The host invites her friends over as guests to attend the party. The party usually consists of light refreshments, socializing, and a presentation done by the representative. The purpose of a home party is to create a fun, relaxing, home shopping experience with friends.

Toward the end of the party, the rep collects payment (usually through credit cards or cash) for the products the host and her guests want to order. These orders are placed through the rep's *virtual office* (which is provided to her through her company). Chapter 9 discusses in detail how to conduct a successful party.

This model lends the power of the host's personal recommendation to the products and facilitates *social proof*, which means the weight of influence carried by a group of people. Once one person decides to buy, it increases the likelihood that the rest of the guests in attendance will also buy — that's social proof in action.

The model is called Party Plan, but many companies who use this structure prefer different terminology. Some companies refer to the gatherings as *parties*, whereas others will call them *shows*, *demonstrations*, *classes*, *mixers*, *tastings*, *trunk shows*, or *showcases*. Some direct sales companies even actively discourage the use of the word *party*. Regardless of what they are called, Party Plan parties are quite effective in generating sales, attracting recruits, and teaching others how to sell.

One clear strength of the Party Plan model is the easy-to-understand emphasis on selling products to customers. This structure can include one-on-one sales and a variety of other ways to sell, but the majority of training conducted by these companies focuses on the most efficient and enjoyable method of sales — which is, of course, the party. New independent representatives can easily grasp the concept of this fun method of commerce, and that makes it a very accessible business model for the average person.

Examples of companies that use the Party Plan model are Jamberry, The Pampered Chef, Scentsy, and Stella & Dot.

## *Hybrid*

This is the new kid on the block. As you might guess, it blends the practices of Network Marketing and Party Plan. In Hybrid companies, as with those in the Party Plan model, independent representatives have hosts gather their friends and family to experience a product demonstration, in-person or online. But with Hybrid, the emphasis is as much on the business opportunity as it is on sales of the product. The structures of the compensation plan tend to borrow traditional elements from both Party Plan and Network Marketing.

One significant difference is that with Hybrid companies, it is common for the representative to encourage the host to have an *impromptu* gathering, rather than scheduling it weeks in advance. They might say, “Sure, I’d love to demonstrate how this product works. I absolutely love it and I think you will, too. You can get it for free, too, and I can show you how. Why don’t you and a few friends come over and watch while I show it to you tonight or tomorrow?”

Hybrid companies typically represent tangible products that are consumable, such as health and wellness or beauty products. As in Network Marketing, these products lend themselves well to auto-ship, the subscription order model where independent representatives and customers get monthly replenishment orders shipped to their homes automatically.

In Hybrid companies, auto-ship usually offers a price break for the customer, (sometimes referred to as a *preferred customer rate*). You will see programs that offer *vanishing auto-ship* or *free auto-ship* for customers who refer other customers through referral programs. These referral programs can also include free auto-ship for independent representatives who have a certain number of customers on auto-ship, meaning that the representative's own monthly consumption of product is covered. These referral programs, which attractively combine the customer-focused Party Plan outlook with the Network Marketing-style auto-ship approach, have been very successful and have led to significant growth for the companies and leaders involved.

Examples of companies that lend themselves to a hybrid model are Nerium, ItWorks, and Thrive Life.

## *Who does best with each model?*

Direct sales appeals to people interested in earning extra money outside of a traditional job. Some choose to work part-time with a direct sales company as a way to pay for the extras that challenge their budget, often in addition to a full-time job. Others are looking for a way to make additional money while still attending to priorities in their lives like parenting, caregiving, school, or charitable work and appreciate that they can control their calendar and plan events, parties, and *one-on-one appointments* (where you meet with clients individually instead of in a group setting, like a home party) around their schedules.

According to the Direct Selling Association of the United States, 83 percent of representatives in direct selling are women. In the past, generally speaking, men tended to be drawn more to the Network Marketing model, with women feeling more comfortable focused on the Party Plan style of business.

Perhaps sharing products they are passionate about comes more easily to most women. In any case, there's no question that Party Plan selling is very popular among females. In general, women enjoy gathering with other women and tend to look for reasons to do so. Having a Party Plan business or hosting a party provides an excellent excuse to get together.

In recent years, with the growth of the Internet, the increase in dual-income families, and product lines that are more appealing to modern women (weight loss, skincare, and energy products), there has been a noticeable increase in Hybrid and Network Marketing companies targeting a female salesforce.

In addition, busy people of both genders see the benefit of Network Marketing's reputation for ongoing *automatic* income (also known as *residual income*) from a business that can fit into the nooks and crannies of their schedule and be handled by phone and keyboard, instead of with a schedule of home parties. This could explain why many married couples choose to build a business together in the Network Marketing model.

Party Plan is still going strong and continues to be the top choice of people interested in earning profits and creating cash flow from even the early stages of their business. Quite often, representatives in Party Plan get paid for some or all of their sales the night of each party. For people looking to alleviate day-to-day budget shortfalls, the Party Plan model is especially attractive.

With the changes in the industry through the Internet and social media, as well the globalization of the industry, direct sales is growing. And with multiple ways to touch your business, all three models are becoming more appealing.

## *Your First Steps in Direct Sales*

Much of this book is devoted to helping you work through the many details of direct selling, and I devote whole chapters to explaining the many facets and supporting you in making decisions.

Let's say for a second that you've picked your product and company and have decided to join up. What happens then? What are you in for? Here is a simple checklist you can follow as you take your first steps in your new business.

While waiting for your kit:

- ✓ Get a date book or calendar big enough to write in. This is where you will schedule your meetings, appointments, and parties.
- ✓ Mark all the dates that you want to work for the next two months and add any personal conflicts to your calendar. If your goal is to work Tuesdays and Thursdays, then put a star on each of those dates. This will help you offer dates to clients who want to set parties or appointments with you.
- ✓ Schedule your launch party. Your *launch party* is a party you host yourself that will launch your business to your family and friends. For best results, you'll schedule two launch parties within three days of each other. Chapter 8 talks all about launch parties.