

Direct Selling: The Negatives are Drowned Out by the Positives

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There are a lot of outspoken bloggers and critics online, as well as negative opinions floating around the social networks. It's not hard to find a loud voice criticizing the direct selling industry through a quick Google search. And it is true... there are many pyramid/Ponzi schemes, primarily internationally based, that parade

themselves as MLM/direct selling... and they are not. They are merely pyramid headhunting recruitment schemes that often use bogus products and services as an excuse to move money. The entire emphasis of such organizations is to cause investors to pay money and cause others to do the same, with a thin veneer of an actual product or service. In fact, the revenue to pay commissions instead comes from distributor payments and not sales to the ultimate user.

Despite this, the facts remain MLM and direct selling are a major part of the fabric of commerce. Statistics on 2014 sales, compiled by the World Federation of Direct Selling Associations, indicate global sales of \$183 billion and 100 million distributors. In the U.S., there are 18 million distributors posting \$35 billion in sales. Numerous direct selling companies are traded on the NYSE.

Many direct selling companies have histories dating back to the 1800s (see our MLM company profiles page to read over 700 MLM company profiles). Avon, alone, dates back 130 years. Companies like Avon, Mary Kay, and Tupperware have long and credible company histories and support thousands of households in the U.S. and internationally. Network marketing has a lengthy history of reputable companies. This industry supports millions of independent consultants in the United States and abroad.

Finding a Good MLM Company

How do you find a good MLM company for you? There are ways to make sure that a direct selling company is a good business and ethical. First, contact the industry association websites, such as the Direct Selling Association (DSA), to see if the company is a member and if they abide by the DSA's Code of Ethics.

Secondly, if you're considering becoming a part of a startup network marketing company, learn how to recognize some red flags. Is the company offering a tangible product or service? Make sure that the company offers a product or service, and not something intangible, such as prayers or wishes. Does the company ask for an unreasonably-high investment to join? Startup kits average anywhere from \$50-\$150. If a company is asking for \$500 for their startup kit, perhaps you should begin asking more questions. This alone is not a sign of a company operating illegally, but can be a sign to look for additional clues for questionable practices. Does the company focus its mission on primarily recruiting new members and not focus on the sale of product (or service) to the end consumer? A legally-operated MLM company will have a primary focus of selling products (or services) to the consumer, not just in recruiting new consultants.

Be sure to investigate any opportunity that you are considering joining and due your own due diligence. And, if you are starting your own network marketing company, it would be wise of you to hire a credible MLM attorney that specializes in direct selling law.

And probably your best educational resource: check out the hundreds of articles, videos, company profiles, etc. at MLMLegal.com.

If you are interested in attending the *Starting and Running the Successful MLM Company* conference visit our [conference page](#), view our [speaker list](#), or [get more details](#). All executives/owners of direct selling companies are welcome to attend. Call 800-231-2162 to register.

Our next *Starting and Running the Successful MLM Company* Conference takes place October 22 and 23, 2015 in Las Vegas. View our [conference flyer and speaker](#) list online. Participate in our [Innovation Campaign](#) for your chance to receive TWO FREE TICKETS to attend our next conference.

If you're reading this blog post and the conference dates above have passed, check our [website](#) for the current conference dates.

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