

PYRAMID SCHEMES VS. LEGITIMATE NETWORK MARKETING

By Rosie Spiegel

When first approached about network marketing, many people erroneously associate this professional form of business development with the illegal pyramid schemes. The similarities and differences between the two must be understood before any skeptic can open his or her mind to this viable method for building a lucrative asset that is attainable by the serious entrepreneur.

In all business and government structures, the pyramid is the foundation. It contains the hierarchy of and indeed shapes the role of all who participate in the organization. Whether it is the president of the United States and his vice president, Congress, and all the way down to the local government employees, or Microsoft, where one guy sits on the top, followed by his vice presidents, all the way down to the mail clerks, the pyramid structure is ubiquitous. The first thing we should agree on is that there is no inherent problem with the structure of a pyramid.

In government and in business there are several features of the pyramid that are found consistently:

1. The further away from the pinnacle, the less power an individual has, and the less money he or she makes.
2. There is usually one person on the top and that position is typically unattainable to others in the organization. If someone lower down in the structure does assume that top position, it is still reserved for one person at a time.
3. Normally those at the top like to stay at the top. Those toward the top may have incentives to move up higher in their organization, but there is typically no incentive for those higher up to help advance those who are lower down to *surpass* them. The order of the hierarchy is somewhat sacred.
4. At each level in the organization job titles go along with salaries. Normally a person cannot assume more money or more power without the "permission" of someone above granting those advancements. Normally, people have little control over advancing. One cannot typically "self-advance."

Going back to pyramid schemes versus legitimate network marketing, the contrasts and similarities need to be examined. One of the bad images of pyramid schemes stems from the fact that if there is no viable product, or just money is being moved around, the people at the bottom really do get a raw deal. If only money is being passed around, by the time an individual rises to the top, the money may simply have run out. This is bogus, illegal and frowned upon by the Direct Sellers Association, and the Federal Trade Commission. (Both the DSA and the FTC oversee and ordain legitimate network marketing companies.) Contrast this with the Usana compensation plan in which a segment of your organization, a "leg", only pays out to those who qualify with enough volume during that pay period. In a pyramid scheme, the payout runs out because no such

limits are set. In a good network marketing company, like Usana Health Sciences, the products are of such high quality, they stand on their own. In other words, the company makes significant revenue from non-Associate product consumption. Said another way, the product is so good that people who aren't making money sharing the products with other people are consuming them for their own benefit.

Dr. Charles King, MBA from Harvard, economics instructor, teaching Network Marketing at the University of Illinois has said that network marketing is the fairest form of all business models. Although the structure is similar to what is commonly found in business and government, the business model of network marketing is opposite in many ways to a typical corporation. Under the Usana Binary Compensation Plan, for example, the following features distinguish it from a traditional corporation, as we know it:

1. Each associate can surpass the level of anybody who came into the organization before him or her, if the new associate's performance is greater than the one already in the business.
2. Each new associate is encouraged to become a CEO, or the top of his pyramid, by the encouragement, leadership, and training of those in his support team. Those above the new associate in the organization are motivated to elevate the level of everyone who is newer in the business.
3. There is no glass ceiling, no job title with a fixed and limited salary attached to it. The system does represent financial freedom because the model for business growth and the ability to generate income are inherently limitless. The rewards, incentives, acknowledgements, etc. at every level above the new associate, all the way to Usana corporate, are authentic, on-going, effective, and inspiring.
4. There are no barriers such as race, education, gender, previous experience, etc. Anyone who does the work gets to the top. (Robert Kiyosaki, author of Rich Dad, Poor Dad, and of The Business School for People Who Like Helping People has been a strong advocate of network marketing. He tells a story of having been the top salesman at Xerox; he was not promoted because he lacked a college degree.)
5. There is no single top position. There is unlimited room for these so-called top positions.
6. People can "self-advance." We give ourselves a raise based on performance, not on politics, nepotism, returning favors, or anything else.
7. No one's earnings are limited to his or her own efforts. Through the process of leveraging ourselves, the bulk of our commissions comes from other people like you and me, who want a better life. It is a business of teaching other people to teach other people, to teach other people, etc. It is an ethical, high-spirited, method of distribution, product consumption, and compensation.

Network marketing represents what we all crave: financial freedom, time freedom, and particularly with a company like Usana, optimal health to enjoy the other two. The opportunities for leadership and self-development are as great as the chance to make a lot of money. Whether or not you decide that this is for you, it is hard to beat this model for building an asset that will pay you over and over. Network marketing makes sense; it is the only viable model for creating financial freedom for the average person.