

Direct Selling Business Model

4Life[®] is a direct selling company. 4Life products are sold by independent distributors to customers in one-on-one, interpersonal transactions which provide time for explanation and guidance. A 4Life distributor who chooses to build a 4Life business sells 4Life products to customers exclusively using a direct selling model of distribution.

Direct selling vs. pyramid schemes

Direct selling companies like 4Life contribute to a vibrant marketplace by selling competitive, high-quality products and providing a sustainable source of income for those who choose to resell those products. These companies:

- Provide accurate information about the company, its products, and what one can expect as a seller of the company's products and services
- Charge a nominal fee for a starter kit, which includes samples, catalogs, order forms, and other tools that help the distributor begin selling
- Have a product or service that is competitive in the marketplace and is purchased by the ultimate user
- Require sellers to hold little or no inventory and have a buyback policy to protect against inventory loading
- Base compensation primarily on the sale of products and services to the ultimate user—sales generated by the distributor or others that the distributor has recruited
- Describe the business opportunity and give potential sellers adequate time to make an informed decision
- Promote consumer protection and guarantees, many of which are voluntary standards that exceed the requirements of any regulations created by the FTC or mandated by federal or state law (DSA members have also pledged to abide by a strict Code of Ethics that outlines a high set of standards for interactions with both sellers and customers.)

Pyramid schemes take advantage of and defraud people because they:

- Promise high earnings with little effort
- Promise that one can earn a substantial income merely by recruiting people into the operation
- May or may not sell a product, but if there is a product, it generally has little or no actual value
- Convince people to buy large amounts of inventory which they cannot easily sell to others and is not returnable (called "inventory loading")
- Charge large up-front fees to get involved, either as a direct payment or in the form of an obligatory payment for "products"
- Pressure people to sign up immediately by suggesting the same opportunity will not be available later
- Base compensation primarily on activity (these payments for recruitment are called "headhunting fees") and convince participants to get involved with the promise of receiving such fees when they recruit others

Pyramid scheme operators prey on victims by using misinformation to make a bad opportunity seem too good to pass up. Many critics of the direct selling model manipulate the facts to discredit legitimate companies. Some don't understand the differences themselves and add to marketplace confusion by spreading misinformation. They count on the fact that many consumers aren't familiar with the differences between frauds and legitimate companies. The best remedy is to become educated so you can make your own determination about what is real and what is a fraud.



TOGETHER, BUILDING PEOPLE®

Pyramid schemes exist, so it is important to know the facts about how to identify them—both for your own protection and to avoid missing out on great products and business opportunities provided by legitimate companies. Millions of people around the world benefit from the income they make through direct selling and the products they purchase. Direct sellers are the original word-of-mouth marketers. They use personal recommendations to connect people and products. In a time when social media makes word-of-mouth a preferred method of gathering information and making purchasing decisions, direct selling could not be more relevant.

