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# 2015 DSA Annual Meeting

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# **DSA Annual Meeting: Celebrating the Future**

by DSN Staff

# The U.S. Direct Selling Association had a packed agenda for its Annual Meeting, which was held May 31 to June 2 in San Antonio.

The theme for 2015 was "Opportunity," and the speakers and activities were designed to highlight opportunities direct selling companies have to shine, lead, inspire and achieve. In keeping with that theme, DSA President Joseph Mariano kicked off the opening general session by giving the audience a first look at the results of the association's 2014 growth and outlook research, which illustrate the size of the opportunities ahead. More than 18 million Americans were involved in direct selling in 2014, with retail sales volume growing 5.5 percent to \$34.47 billion. (For more results, see Page 88.) "The opportunities of the 21st century lie in this room," Mariano said during his opening remarks. "There is no reason that direct selling cannot be and will not be the next great engine of personal and corporate success."

The bulk of the meeting was devoted to informative and inspirational presentations from the main stage and a series of targeted workshops that offered a deeper dive into topics important to growing a direct selling company. Four company executives shared their stories with general session presentations: Initials Inc. Founder and CEO Britney Vickery, Stream Energy President and CEO Mark "Bouncer" Schiro, Zurvita Founder and Co-CEO Mark Jarvis and Isagenix International Co-Founder and Executive Vice President Kathy Coover. A panel of DSA and DSEF leadership shared their perspectives on the opportunities in the channel, and a panel of chief marketing officers discussed strategies for engaging with their salesforces and customers. Capping off the general sessions were keynote addresses from speakers outside the direct selling space: author and former advertising executive Sally Hogshead, who took the audience through the personality brand analysis detailed in her book *How the World Sees You*, and artist Allison Massari, who shared her story of perseverance and finding happiness in the wake of a traumatic accident.

The business agenda included strengthening the DSA Code of Ethics as well as electing new board leadership for the association and the Direct Selling Education Foundation. The meeting concluded with the DSA's Awards Gala Dinner and a live auction supporting the DSEF.

A record number of suppliers supported the Annual Meeting, with 135 booths in the exhibit hali. Many offered mini-workshops called Express Learning Sessions that gave participants a look at some of the cutting-edge developments in field recognition, technology implementation, brand expression and other important aspects of the business. The exhibit hall also was home to the Partners Make It Possible Scavenger Hunt, the opening night Blue Jeans Bash and great networking opportunities throughout the meeting. "I really thought it was a fantastic meeting," said Al Wakefield, outgoing Chairman of the DSA Supplier Committee. "Seeing suppliers and members getting together and people responding to the programs that were put on was extremely exciting."



The opening night event included a Blue Jeans Bash with a Texas theme.



Past DSA Chairman Truman Hunt (center) hands off the ceremonial gavel to incoming Chairman David Holl.

# Mary Kay's David Holl Takes Helm of DSA Board of Directors

As part of its business during the Annual Meeting in San Antonio, the board of the U.S. Direct Selling Association (DSA) officially selected its new Chairman: David Holl. Currently the President and CEO of Mary Kay Inc., Holl succeeds Nu Skin Enterprises President and CEO Truman Hunt, who completed his one-year term as board chairman at the association's annual business meeting May 31. In an interview with *Direct Selling News*, Holl said he plans to build on Hunt's priorities and accomplishments, with particular focus on continuing to foster collaboration between companies and enforcing the association's newly revised Code of Ethics.

Revising the Code of Ethics was the signature achievement of Hunt's term as chairman. The changes were the result of extensive committee and subcommittee work and included stronger requirements related to substantiating product and earnings claims, enhancing the existing "buy back" provision and introducing a new level of transparency to the code complaint process. Holl said companies can expect to see the board continue its work on compliance, enforcement and transparency. "It's not easy to get the whole industry behind the same code," he said. "...Now the proof is in the pudding."

Holl takes the helm of a diverse organization of direct selling companies, including newly established companies, those in fast-growth mode and established brands that have become icons of the channel. In his role as President and CEO of Texas-based Mary Kay Inc., he brings a unique perspective to the position. Mary Kay is the world's fourth-largest direct selling company and one of the most recognizable brands using the channel today, but it also is in a significant growth mode, with sales increasing \$400 million—from \$3.6 billion in 2013 to \$4 billion in 2014.

Like many of the large U.S. DSA member companies, international growth will continue to play a significant role for Mary Kay. China and Brazil are the company's top growth markets, Holl said, with China now its largest market and Brazil the market with the greatest percentage growth. Mary Kay moved into its newest market, Colombia, on March 13. By March 31, it had signed up 3,000 consultants—it's goal for all of 2015. Two months later, there were 10,000 Mary Kay consultants in Colombia.

In the U.S., Holl said Mary Kay has been seeing its consultant and customer base get younger. The company has invested heavily in social media and ramped up its promotions and advertising. So far, the company has seen growth in the number of consultants but domestic sales remain relatively flat. There is a huge opportunity, Holl added, in introducing a new generation to direct selling. "I know that we're pretty optimistic because of just what we've spent in the last 18 month and some of the metrics that we see on the advertising and what we've seen on the digital media side. It's got to start showing up in our numbers," he said. "I'm willing to be patient."

That excitement carries over to his outlook for the channel as a whole. "The direct selling industry is alive and well," Holl said at 1 conclusion of the interview. "I also think that in another year we'll have one more year of beating retail sales growth and beating growth, and that's the proof of how well our industry is doing. And, we'll do it against a better code of ethics."

# DSA 2015 Committee and Council Chairs

The U.S. Direct Selling Association's Board of Directors appointed the following members to committees and council chairmanships:

- Annual Meeting Committee: Lori Bush, Rodan + Fields
- DSA Awards Committee: Pam Dean, Thirty-One Gifts
- Communications Committee: Crayton Webb, May Kay Inc.
- Diversity & Empowerment Council: Mona Ameli, Take Shape For Life Inc. Medifast
- Education Committee: Dr. Traci Lynn Burton, Traci Lynn Fashion Jewelry
- Ethics & Self-Regulation Committee: Heather Chastain, Arbonne International LLC
- Executive Committee: David Holl, Mary Kay Inc.
- Finance Committee: Matt Blok, Amway
- General Counsel Committee: Allison E. Levy, AdvoCare International LP
- Government Relations Committee: Theresa Flores, Mary Kay Inc.
- Industry Research Committee: Pammie Strickland, Ambit Energy
- International Council: Richard M. Hartvigsen, Nu Skin Enterprises
- Member Services Committee: Chuck L. Thompson, Scentsy Inc.
- Nominating Committee: Truman Hunt, Nu Skin Enterprises
- Strategic Planning Committee: Marjorie L. Fine, Shaklee Corp.
- Supplier Advisory Committee: Robert Cavitt, Jenkon

# **DSEF Fundraisers: Live and Silent Auctions**

For the second year in a row, the Direct Selling Education Foundation (DSEF) held an auction at the DSA Annual Meeting on June 2 in San Antonio, during the Gala event. Called "The Experience of a Lifetime Auction," this year's event had two components: a live auction and a silent auction. The silent auction portion of the event opened prior to the Annual Meeting and ran through the last day of the conference. Attendees (and executives back home) could bid through an app on a smart phone or tablet. Items donated by DSA member and supplier companies included such things as cookware sets, an HDTV, a case of wine and Apple watches, among others.

Past DSA Chairman Truman Hunt, President and CEO of Nu Skin Enterprises, bids during the DSEF silent auction.

The live auction included six packages offering ultimate experiences to the bidders, such as two deluxe accommodation nights at Meritage Resort in Napa Valley, California, VIP arena access and sports tickets, and a four-day experience at a ranch adjacent to an exclusive Texas winery. The big winners of the evening were Orville and Heidi Thompson, owners of Scentsy, who took

home the "Big Apple Homerun: New York Yankees Luxury Suite" experience for a \$40,000 donation.

The Foundation's efforts during the Annual Meeting raised more than \$140,000 towards its 2015 Operating Fund. DSEF relies on contributions and volunteer service to operate programs that advance understanding of direct selling and promote the industry's commitment to ethics, consumer protection and self-regulation.

In other news, a new slate of Officers and Directors for the DSEF was approved during the Annual Meeting. The following Officers were approved for a one-year term: Chair – John Parker, Chief Sales Officer, Amway; Vice-Chair – Kerry Tassopoulos, VP, Public Affairs, Compliance and Risk Management, Mary Kay Inc.; Secretary – Adolfo Franco, Executive Vice President and Chief Operating Officer, DSA; and Treasurer – Matt Blok, Director, Functional Financial Planning and Analysis, Amway.

The Foundation also elected the following Directors to three-year terms: Traci Lynn Burton, Founder and CEO, Traci Lynn Fashion Jewelry; Heather Chastain, Senior Vice President and Chief Sales Officer, Arbonne International LLC; Mike Collins, President, LifeWave; Greg Probert, Chairman and CEO, Nature's Sunshine Products Inc.; Britney Vickery, CEO and Founder, Initials Inc.; and Dave Wentz, CEO, USANA.

## **Honors Bestowed at Awards Gala**

Seven companies received industry-wide recognition on June 3 at the Awards Gala, which capped the Direct Selling Association's (DSA) Annual Meeting. Held in San Antonio, the event revealed the winners of this year's ETHOS Awards, as well as a new inductee into the DSA Hall

of Fame.

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In May, the DSA announced the ETHOS sub-category winners across seven categories. From those finalists, a panel of industry leaders and outside experts narrowed the selections on the criteria of excellence, creativity and innovation.

In addition to taking home the ETHOS Award for its marketing campaign with Lifetime's TV series *Project Runway*, cosmetics giant Mary Kay saw Senior Vice President Michael Lunceford join other direct selling luminaries in the DSA Hall of Fame. The award honors Lunceford's longstanding support and leadership of the DSA, where he serves as Chairman of the Government Relations Committee, and the entire industry.



DSA President Joseph Mariano hosted the Annual Gala event.

# 2015 ETHOS Awards

### **Marketing & Sales Campaigns:**

#### Mary Kay Inc.

Project Runway/Lifetime

TV sponsorship

As the Official Beauty Sponsor of the popular TV show *Project Runway*, Mary Kay sought to increase brand awareness and purchase consideration among viewers, as well as empower the salesforce with a fun way to talk about the brand with new and existing customers. The promotion increased traffic to the website, and 75 percent of Consultants reported in a survey that the promotion increased sales.

### **Product Innovation:**

#### LifeWave Inc.

Theta One and Theta Active

Desiring to produce a product with fast results, LifeWave Inc. developed a nutritional drink supplement with a specific nutrient delivery system that was designed to produce results in minutes. The introduction of ThetaOne and ThetaActive has increased distributorships and elevated the company's product mix.



The crowd reacts during the DSEF live auction at the Awards Gala.

# **Excellence in Salesforce Development:**

#### Scentsy Inc.

Idea Share

In order to capture and leverage the ideas in the field, Scentsy implemented a website that allows Consultants to submit ideas, and to vote on the submissions. When an idea receives sufficient votes, the home office considers when and how to implement the idea, doing what it can to bring the idea to life.

### **Technology Innovation:**

#### Rodan + Fields

Self-checkout point-of-sale

Avoiding the traditional congested check-out lines at their annual salesforce convention, Rodan + Fields launched a self-service checkout system that allowed 1,000 Consultants to shop simultaneously and to only wait in line a maximum of 10 minutes. The system performed flawlessly during the convention and is being repurposed for other events.

### **Vision for Tomorrow:**

**Nu Skin Enterprises, Creating Smiles** 



Princess House CEO Connie Tang gets the crowd excited about the New York Yankees live auction package.

In more than 50 countries around the world, children are smiling every day because Nu Skin is committed to philanthropic work (https://www.directsellingnews.com/) through providing help and food to an impoverished world. Utilizing a corporate social responsibility model that involves the sales field, their customers and corporate employees, Nu Skin engages in innovative efforts to help those less fortunate.

### **Rising Star:**

#### **All'asta**

With a twist on the traditional in-home party, All'asta brings together people and their "once-loved" items in a silent, in-home auction. Also offering eclectic local and global items in a catalog, the company has generated growing Consultant and customer interest in its unique approach.

### **Partnership Award:**

#### **Step Into Success**

Belinda Ellsworth has assisted more than 100 direct selling companies to find strategies and programs that work for them. From research on industry trends to facilitating focus groups to offering advice, Ellsworth has served the industry for nearly 20 years.



DSA President Joseph Mariano provides an optimistic outlook for direct selling to the crowd at the Annual Meeting.

# **Another Milestone for Direct Selling**

#### by Ben Gamse, DSA

DSA President Joseph Mariano delivered some good news at our Annual Meeting last month in San Antonio: New data from the 2015 Growth & Outlook Survey (2014 data) indicates that direct selling in the U.S. has risen to record highs in both estimated retail sales (\$34.47 billion) and number of people involved in direct selling (18.2 million). These figures represent increases of 5.5 percent and 8.3 percent, respectively, over 2013.

As the U.S. economy carries on its recovery from the last recession, direct selling continues to experience steady gains, outperforming the retail sector overall and GDP. Specifically, the three-year compound annual growth rate (CAGR) from 2011-2014 for direct selling retail sales of 4.89 percent is about a full percentage point higher than both U.S. retail growth (3.8 percent) and U.S. GDP growth during the same period (3.90 percent).

Based on the continued strength of the business model and market opportunities ahead, direct selling is poised for even more growth in the next three years—approximately 3 to 5 percent by our estimation. A number of factors help explain why 2014 was a record year.

First, e-commerce, social media, and mobile technologies continue to improve dramatically, creating opportunities for direct selling companies to broaden their reach, increase their efficiency and complement in-person sales. Kerry Brown, Chief Marketing Officer of Stream Energy, recently noted that we will witness an increase in technology-focused tools that allow consultants to run their businesses anywhere and anytime, thanks to new mobile technologies. Second, consumers' appetite for wellness products continues to increase, as baby boomers age and new generations of Americans grow up more health aware and engaged than those who came before them. As the national interest in wellness continues to explode, so too does the direct selling channel, whose focus on personal demonstration is a great approach for marketing supplements, shakes, snacks and other products designed to enhan health, nutrition and performance.

Privacy -

Finally, U.S. unemployment has been on a downward trend since 2011 and is nearing pre-recession levels. However, the number of people that are underemployed (discouraged, marginally attached, and part-time workers) has decreased at a slower rate and is still above pre-recession levels. According to a recent Economist story, "The Economy Doesn't Matter," full-time jobs have declined but part-time positions are on the rise since the recession. As people look for low-risk, low-cost and flexible entrepreneurial opportunities, direct selling continues to be an ever-popular option.

Also notable is the ethnic and racial profile of direct sellers in 2014, which closely mirrors the profile of all Americans—another powerful indicator that in direct selling, opportunity doesn't discriminate. Everyone who is willing to put in the effort associated with building their own business has a chance to succeed.



# Code of Ethics: Updates Reflect a Community United by Purpose

After months of work at the committee and subcommittee level, the board of the U.S. Direct Selling Association (DSA) approved a series of revisions to its Code of Ethics during the 2015 Annual Meeting. The revisions tighten the Code's rules governing product claims and earnings claims, enhance the Code's inventory buy-back provision and create a more transparent system for reporting on Code compliance complaints and their resolutions. (For a complete copy of the Code of Ethics, visit www.dsa.org.)

The DSA Code of Ethics first went into effect in 1970. Throughout its history, the Code has been the foundation for the association's role as an effective self-regulatory organization committed to consumer protection. While the Code has been modified numerous times in its more than 50-year history, this new set of changes is particularly significant. Together, the updates reflect the voice of the direct selling community, redoubling its commitment to being a force for good throughout the world by offering high-quality products and a flexible path to entrepreneurship to people from all walks of life.

In times such as these, when the direct selling channel is under frequent attack, speaking with one voice is critical. The companies and individuals involved in bringing about these Code updates deserve tremendous praise for their commitment to the project and the high level of collaboration required. It's no small task to steer an organization as large and diverse as the DSA toward consensus on policy changes of any kind. When you're dealing with policies that shape some of the core business functions of member companies, change can be understandably daunting. But the Ethics & Self-Regulation Committee tackled the project methodically, gathering input and support from a large number of member companies and providing regular updates on progress to the entire board. They consistently demonstrated a strong sense of mission: to update the Code in such a way that the document fully reflects the organization's long-standing commitment to consumer protection and ethical business practices.

The changes to the Code go into effect Jan. 1, 2016. Between now and then, look for the DSA to create and distribute materials designed to help member companies educate their salesforces and customers about the updated Code. In addition, the Ethics & Self-Regulation Committee will be finalizing details related to the public reports the Code Administrator will make regarding company complaints and their resolution.

The Code itself is only one piece of the puzzle. To complete the picture of direct selling as an entrepreneurially minded community dedicated to adhering to the highest standard of business ethics in the world, each individual company must examine their own level of passion and commitment to this standard. We challenge all companies, DSA and non-DSA members alike, to seize this moment in time as the perfect opportunity to raise the bar even higher. The goal is for everyone who touches a direct selling business—customers, prospects, employees and independent sales associates alike—to leave better than they were when they arrived.

The latest DSA research shows that 18.2 million Americans were involved in direct selling last year with retail sales totaling more than \$34 billion, so delivering on that mission requires a systematic approach to consistently achieving excellence in a huge number transactions and interactions.

As the noted speaker, author and personal development thought leader Jim Rohn, whose work continues to positively impact direct sellers around the world, once said: "You must take personal responsibility. You cannot change the circumstances, the seasons, or the wind, but you can change yourself." Rohn's profound thought triggered for us a few ideas about how to leverage the Code changes:

- **Conduct a thorough self-assessment.** Is your company living up to the highest standards of business ethics and consumer protection in the world? Are you leaving everyone you touch better than you found them? Make sure your company practices are following the spirit, and not just the letter, of your ethics platform.
- **Commit to a culture of continuous improvement.** Use the results of your self-assessment to identify areas in which your company has room for improvement. Prioritize those areas and establish specific action items, complete with task leaders and deadlines. Once you've completed the list, go back and conduct another round of assessment.
- Elevate business ethics to a cornerstone of your corporate strategic plan. Selling, recruiting, training, development and retention are likely major components of this plan already, and they no doubt are supported by a robust marketing plan and top-notch product innovation and research. By devoting similar strategic effort to ethics, your company can ensure that the highest ethical standards are woven into every aspect of the company's focus, including the support and development of employees and members of the field.
- Make business ethics training a focal point of all events and training programs. Use these forums to weave the Code of Ethics as well as your own company policies and procedures into the fabric of your company culture. Consistent, frequent messaging and training will make business ethics as fundamental as selling.
- Share your commitment to the world. Since its earliest days, direct selling has stood as an opportunity for distributing high-quality goods and services and for giving people an opportunity to earn additional income or build a part-time or even full-time business. When your company is committed to delivering on those fundamentals, that's a well-earned point of pride for your distributors. The field can become a legion of voices for good business practices, sharing their pride in your company's position on this important issue.

Direct selling continues to face challenges from those who attack the business model, often with financial motives of their own. But while we can, and should, continue to defend the channel from those attacks, lasting change in the public's perception of direct selling will only come through change from within.

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