



**Bedoya Confirmed as FTC Commissioner**

Democrat majority on Commission restored

MORE ON PAGE 12

# DSA Submits Comments to FTC on Earnings Claims Rulemaking



The Association urges continued self-regulation in lieu of new rule

In response to the Federal Trade Commission's (FTC) request for comments on its Advanced Notice of Proposed Rulemaking (ANPR) regarding earnings claims, the Direct Selling Association (DSA) filed comments on May 10, the final day allotted for public comment.

In the 21-page submission, signed by DSA President Joseph Mariano, the Association presented a detailed argument that a new earnings claims rule was not warranted, but that if a new rule was to be implemented, it should provide a balance between consumer protection and the ability of micro-entrepreneurs to establish and grow their small businesses. The letter urged the Commission to follow FTC precedent and advertising principles, including First Amendment protections for commercial speech.

CONTINUED ON PAGE 7

## INSIDE THIS ISSUE



**SPECIAL REPORT**

**OPTIMIZING COMPANY CULTURE**

Business dynamics shift to keep up with new regulatory and field-level realities.

18

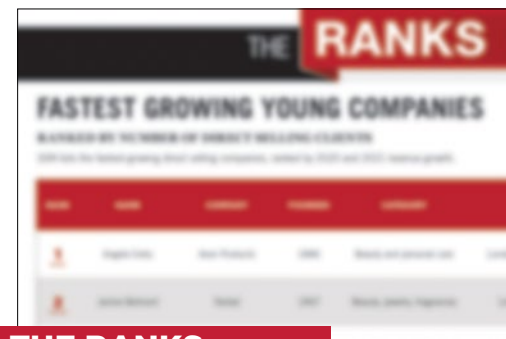


**GETTING REAL**

**TASTEFULLY SIMPLE**

Founder and CEO of Tastefully Simple, Jill Blashak Strahan, shares valuable business and life lessons.

24



**THE RANKS**

**FASTEST GROWING YOUNG COMPANIES**

New direct sellers are finding early successes with significant revenue growth.

33





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# INSIDE May-June 2022

## COVER STORY

### 01 DSA SUBMITS COMMENTS TO FTC ON EARNINGS CLAIMS RULEMAKING

*The Association makes case against a new rule*  
By David Bland

## NEWS FEATURES

### 08 EARNINGS FALL FOR MAJOR DIRECT SELLERS IN FIRST QUARTER

*Persisting economic and geopolitical problems curb profits*  
By Dave Rauf

### 12 ALVARO BEDOYA CONFIRMED AS FTC COMMISSIONER

*Democrats regain majority on Commission*  
By SSN Staff

### 13 SENATE COMMITTEE INTRODUCES BILL TO RESCUE 13(B) AUTHORITY

*Lawmakers attempt to restore 13(b) monetary powers*  
By SSN Staff

## SOCIAL TECH UPDATE

### 14 BUYING VS BUILDING YOUR SOFTWARE

*Consider existing resources and support to make best decision*  
By Jordan Zommick, Guest Contributor

### 16 HOW 'LEARNING DESIGN' CAN CHANGE YOUR COMPANY

*Create lasting change with AI and Automation*  
By Lauren Mason Carris, Guest Contributor

## SPECIAL REPORT

### 18 OPTIMIZING COMPANY CULTURE

*Regulatory and field-level changes affect dynamics of culture*  
By Jenna Lang Warford

• Listen without trying to solve challenges  
• Help them feel heard: "I'll take that back to the team"

**Next?** Identify strengths & weaknesses  
Create a strategy for enhancing strengths & addressing weaknesses  
Identify Milestones for progress

Channel Consultants can be effective here

Corporate + Field developed

**Shifting**  
Remember PHS: Priorities, Habits, Systems: everyone needs to understand  
Priorities: everyone needs to understand  
Habits: these are built through time  
Systems: must be built to support  
Get buy-in from all key leaders  
Address top leaders individually  
Communicate with next level  
Address all areas of impact  
- Be transparent  
- Don't gloss over challenges  
- Empathize

Empathy is key to all relationships with employees and the field  
\*NeuroLeadership Institute

## 22 THE OPTICS: CULTURE FOR THE WIN

## GETTING REAL

### 24 Q&A WITH TASTEFULLY SIMPLE'S JILL BLASHAK STRAHAN

## THE RANKS

- 29 COMPANIES THAT PROVIDE APPS
- 33 FASTEST GROWING YOUNG COMPANIES
- 34 YOUNG COMPANIES TO WATCH

## INSIDE EACH ISSUE

- 05 PUBLISHER'S NOTE
- 36 WHAT'S NEW
- 37 MEET OUR PARTNERS
- 38 PEOPLE ON THE MOVE
- 40 RESOURCE DIRECTORY

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**PUBLISHER'S NOTE**

## SSN's 4th Anniversary Edition

A sincere thank you to our contributors, staff, advertisers and readers

Hello friends,

Happy fourth anniversary to *Social Selling News*! I am thrilled to present you with our special Anniversary Edition. We have more news, contributed content and rankings than ever before in this expanded edition, and I would like to thank all of the channel executives and suppliers who contributed their expertise and insights to bring this together.

I would also like to convey my deepest thanks to our incredible advertisers. It goes without saying that this endeavor would be impossible without your support. Collaborating with you to achieve our respective goals, getting to know your teams and meeting many of you in person over the past year has been one of the highlights of my time here as publisher. As H.E. Luccock said, "No one can whistle a symphony. It takes a whole orchestra to play it."

One of my favorite parts of each edition is the contributed content we receive from the professionals throughout the channel. The information, advice, and experience they share with our readers in features such as *Social Tech Update* and *Risk Roundup* is

utterly irreplaceable. I consider you a part of our team, and I extend my sincere thanks to each of these contributors for your insights.

Speaking of teamwork, I am incredibly fortunate and grateful to work with a top-notch staff here at *SSN*. Their attention to detail and creativity is on display in each page of this publication. From editing to layout to advertising, the final product sent to press each month is a testament to their professionalism and talent.

On the news front, the regulators and representatives in D.C. continue to stay busy, having promoted new legislation and rules over the past few months that could significantly impact direct sellers and their business models. With the FTC finally filling its vacant seat this month, the Commission is now back to a 3-2 progressive majority to push through Chairwoman Lina Khan's agenda targeting Big Tech, Big Pharma, antitrust matters and companies that offer business opportunities.

*SSN* will keep a close eye on the developments surrounding the FTC's ongoing proposal for a new earnings claims rule, as well as the Commerce

Committee's new legislation on Capitol Hill, so please visit [socialsellingnews.com](http://socialsellingnews.com) for the latest breaking updates on these subjects.

Finally, I would like to thank each of you, our readers. We strive to provide you with the most relevant and actionable news and direct selling insights so that you can run your businesses with the critical information that you need. Therefore, your input and opinions on the topics we write about are the most valuable part of our content. I hope that the coming months will give me the opportunity to hear your thoughts on the subjects that matter most to you as direct selling executives.

Thank you again for your support and for reading *SSN*!

Warmly,



DAVID BLAND

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## COVER STORY ►► DSA SUBMITS COMMENTS, CONTINUED FROM 1

### Industry Statistics and Public Polling Support Direct Selling

The DSA's letter begins by reminding the FTC to consider the impact of such a rule on the 6.8 million out of the 7.3 million direct selling participants in the U.S. that work their business on a part-time basis for the purpose of earning "modest extra income on the side," providing the participants with flexibility, depending on their schedule and financial goals. The Association also points out that a significant number of women (76 percent) and Hispanics (23 percent) have sought out the direct selling opportunity and touts a 2018 Evolving Marketplace Study it conducted, reporting a reasonable average startup cost of \$82.50 throughout the channel.

The Association also references its 2020 DSA/IPSONS Consumer Attitudes & Entrepreneurship Study finding that "seventy-nine percent of Americans have a favorable opinion of direct selling and see the business as an attractive option for entrepreneurship."

### FTC Reminded of Direct Selling's Self-Regulation

DSA's efforts toward self-regulation is reviewed in the next section of Mariano's letter. He references the Association's Code of Ethics and informs the Commission that both consumers and salespeople are able to file complaints with an independent Code Administrator if they wish to submit a violation of the ethics code. Mariano also points out that, according to the Code, earnings claims made by member companies as well as their independent salespeople must be "truthful, accurate, and presented in a manner that is not false, deceptive or misleading."

The letter goes on to report that the Code of Ethics requires DSA members to adhere to a 90 percent inventory repurchase agreement that applies to inventory purchased by the salesperson within 12 months from date of purchase.

Additionally, Mariano urges the Commission to acknowledge the "extensive self-regulatory and compliance practices that already exist in direct selling." He informs the Commission that the DSA, following the suggestion of senior FTC staff, has funded the independent Direct Selling Self-Regulatory Council (DSSRC) since 2019 and that this represents the Association's largest expenditure each year.

Emphasizing the small fraction of channel-wide claims that are deemed to be false and misleading, Mariano reports that the DSSRC has documented 784 problematic claims out of a total of 900,000 URLs that the DSSRC has reviewed since 2019.

For those false or misleading claims that the DSSRC has opened cases on, and subsequently referred directly to the FTC, Mariano reminds the Commission that these referrals save the FTC valuable time and resources.

The Direct Selling Compliance Professional Certification Program, launched in 2021 for member executives, is mentioned next. Mariano advises readers of the letter, "In its first three offerings, over three hundred executives have become certified through the program, which has sharpened the industry's understanding of key concepts related to company compliance programs." He also reports the establishment of the Compliance Officers Council of the DSA, which is "working on proposals to augment and bring consistency to compliance practices across the direct selling industry for both members and non-members."

### Rules Already in Place to Address Deceptive Earnings Claims

The DSA's letter recognizes that the FTC's loss of monetary relief via Section 13(b) of the FTC Act after the *AMG Capital Management v. FTC* Supreme Court case is a primary motivation for the Commission to seek a new earnings claims rule.

Yet, the letter reminds the Commission that it still has many remaining authorities that provide for action against this type of unlawful conduct; Section 19 of the FTC Act allows for monetary relief and financial restitution for consumers following administrative complaints and actions in response to violations—a tool that the FTC has recently used more frequently.

By utilizing the existing powers of the FCT Act, Mariano prompts the Commissioners to remember that, "Sections 13 and 19 in particular, afford the FTC great flexibility in how it can bring and structure lawsuits and the types of relief it can obtain. The FTC can bring an action under Section 13 for injunctive remedies and Section 19 for monetary relief. The Commission is not powerless to collect money for consumers."

The DSA also points out that individual states' ability to obtain monetary relief was unaffected by the AMG decision and notes that the Penalty Offense Authority remains available to the Commission to pursue punitive monetary action against violators.

Mariano further states that the FTC's authority should come from Congress. Citing the example of the COVID-19 Consumer Protection Act, passed by Congress in 2020, he presents the DSA's position that this law "provides a good example where Congressional legislation has provided tools to protect consumers and guard against consumer harm."

### Case Law Does Not Support the Need for New Rule

The proceeding nine pages of the DSA's public comment provide a sourced argument that the FTC would be "fundamentally at odds" with Commission advertising principles and previous case law were it to establish a new rule.

The DSA calls into question the FTC's targeting of earnings claims for "prescriptive regulation" and its treatment of these claims as "fundamentally different than

all other advertising claims." Furthermore, the DSA's letter questions why the Commission is considering precluding the use of disclosure statements and disclaimers for companies offering business opportunities when they are widely accepted in other industries and marketing channels.

The Association's letter provides a lengthy argument that the First Amendment provides substantial protections for commercial speech and documents several instances where the Commission has in the past acknowledged these protections. The letter also states that "First Amendment jurisprudence has long expressed a strong preference for the use of disclosures in advertising in order to modify statements that might otherwise be construed as misleading."

### DSA Promotes Existing Alternatives to Rulemaking

The final pages of the DSA's public comment on the FTC's ANPR on earnings claims list the Association's recommendations for alternatives to a new rulemaking. First, it calls for increased reliance on independent self-regulation through the DSSRC, citing deterrence and swift action as strengths of this program—goals that the FTC specifically cited in the ANPR.

The letter also recommends that the Commission emphasize and promote individual efforts by companies to regulate their own business by tracking compliance, stating that these compliance metrics could then be provided to the FTC. The DSA writes that companies able to demonstrate specific compliance practices should be given consideration by the Commission before it proceeds with action under a potential new rule.

SSN



David Bland is the publisher of *Social Selling News*.

# Earnings Fall for Major Direct Sellers in First Quarter

## Inflation, geopolitical uncertainty, supply chain and COVID-19 contribute to declines

By Dave Rauf



“We’re particularly encouraged with our results considering the continued global pandemic disruptions, including increasing lockdowns in China and the conflict in Europe and global economic challenges,” Napierski said.

### Nu Skin

The Utah-based seller of skincare and nutritional products reported first-quarter profit of nearly \$39 million, down 18 percent from a year ago, but said it made sales gains in several key regions despite heightened uncertainties in the global market that are negatively affecting direct selling companies.

Nu Skin said sales for the three-month period that ended in March were roughly \$605 million, a drop of 11 percent compared to the same time last year.

However, the company exceeded the high end of its revenue forecast for the quarter by \$15 million, buoyed by sales increases in the U.S., Taiwan and Southeast Asia. Each of those markets were bolstered with momentum from new product launches.

CEO Ryan Napierski, in a call with analysts announcing quarterly results, said he’s pleased with the company’s first-quarter results, and added that it had “outperformed expectations.”

But Napierski warned that much of the uncertainty affecting international markets would spill into the second quarter, namely strict COVID-19 measures in China resulting in lockdowns that are now extending to Beijing and Guangzhou. The war in Ukraine, Napierski said, is also creating “major disruptions” and impacting the company’s business across the entire region.

“We anticipate these disruptions and the loss of momentum to impact our Q2 and annual results,” he said. “While we anticipate near-term headwinds given the dynamic macro environment, we remain confident in the significant growth potential of our business.”

As other direct sellers have done, Nu Skin has resorted to raising prices to offset market disruptions. Most of the company’s global markets will see prices increase by 5 percent at the start of the second quarter, while a few will implement price changes in the early summer or later in the year.

As a result of ongoing global unpredictability, Nu Skin also announced it is changing its annual guidance, lowering its revenue forecast by about \$150 million. The company expected full-year revenue to range from \$2.51 billion to \$2.62 billion.

### The Numbers

- Total Profit: \$38.7 million, down 18 percent
- Total Sales: \$604.9 million, down 11 percent
- Americas Sales: \$123 million, down 8 percent
- Southeast Asia-Pacific Sales: \$90 million, up 8 percent
- Europe and Middle East Sales: \$52 million, down 30 percent
- China Sales: \$124.5 million, down 17 percent

### IOT-Connected Devices

As part of the company’s strategic transformation plan unveiled during an Investor Day event in February, Nu Skin planned to roll out IOT-connected (Internet of Things) devices to customers in the future. It will be a key component of the company’s product personalization strategy, Napierski said.

The devices, according to Napierski, “will enhance the consumer experience and forge even stronger connections with the



We listen in on the public company earnings calls and read the transcripts so you don’t have to. Check back each quarter for our review with insights and takeaways for your own business.

company to enhance personalization of product and content curation, improving customer loyalty and lifetime value.”

Coupled with the company’s Vera app, its current personalized product experience, the devices will provide Nu Skin with valuable customer data about what products they’re buying and even how they’re using those products.

And that data is expected to be particularly granular about the customer experience. One Nu Skin executive on the call with analysts went so far to say that if the devices receive data indicating customers are spending 65 percent of the time focused on one side of their face versus the other, that it could prompt the company to better tailor the design of its next generation of products to those needs.

“I kind of liken it to almost Netflix shipping DVDs versus having persona-driven content curation. In our case, it’s persona-driven product curation,” Napierski said. “In the very early stages, it will be somewhat basic in terms of how that experience goes. But just as we’ve seen with Netflix over the last decade, the degree of personalization through persona-driven management is going to increase significantly.”



### Herbalife

Herbalife reported declining sales in almost all of its key markets during the first quarter, as inflation, geopolitical uncertainty in Eastern Europe and a new wave of COVID-19 outbreaks contributed to the downturn.

The network-marking giant said it is projecting that sales activity for the second quarter also will be down, but expects year-over-year growth to return by the fourth quarter.

During the three-month period that ended in March, Herbalife reported total net sales of \$1.3 billion, down 11 percent compared to the same time a year ago. That includes double-digit declines in China, Europe and the Americas. Sales in North America tumbled almost 10 percent from a year ago.

CEO John Agwunobi, in a conference call with analysts, said cost increases, the conflict in Ukraine and ongoing COVID-19 issues in Asia and South and Central America were key factors for why the company’s results “fell short of our expectations.”

In China, Herbalife’s business was hit particularly hard due to the pandemic, with sales falling by 38 percent. The latest series of lockdowns in China, Agwunobi said, “have added to ongoing challenges in that market.”

To offset those factors, the seller of supplements and weight-loss products will take “incremental pricing actions during the second quarter,” he added. Herbalife had already increased prices in the majority of its markets during the first quarter.

The company was also planning to implement short-term and long-term cost-control measures, with the intent of getting back to growth by the fourth quarter.

“Our teams here at corporate and around the world are laser-focused on achieving this growth,” Agwunobi said.

Herbalife updated its full-year guidance, estimating that sales will be down in the range of 4 percent to 10 percent. The company also said it expected sales to be down during the second quarter in the range of 11.5 percent to 17.5 percent.

### Q1 Numbers

- Total Sales: \$1.3 billion, down 11 percent
- Total Profit: \$98.2 million, down 33 percent
- North America Sales: \$326 million, down 10 percent
- Europe and the Middle East Sales: \$295 million, down 17 percent
- South and Central America Sales: \$82.9 million, up by 14 percent
- Asia-Pacific Sales: \$408 million, flat
- China Sales: \$105.6 million, down 38 percent

### Underperforming Distributors

Herbalife said it had zeroed-in on a group of distributors failing

to meet expectations during the current sales slow down: those who joined during the pandemic. Agwunobi said the decline in business was primarily attributable to the performance of the pandemic-era group.

Meanwhile, “those that joined the business pre-pandemic continue to order at historical level,” he said.

Agwunobi added that the consistent output from distributors who joined pre-pandemic “demonstrates the continued strength of the foundation of our business.”

### Return to Live Events as a Sales ‘Catalyst’

Herbalife executives also said they believed there’s a solution to getting those underperforming distributors back on track: live events.

Most of the distributors who joined Herbalife during the pandemic have never attended an in-person event, an important collaboration tool for direct sellers to energize and teach distributors how to sell products. Several company executives on the call with analysts stressed that the reemergence of live events should help catapult sales.

“We are in the belief that our return to live events is really the key, absent any other kind of global event. So what’s happened since February, of course, is we’ve had the Russia, Ukraine event. And it’s not localized to just Russia, or Ukraine. The sentiment at the consumer and distributor level could have had an impact on our activity levels across a lot of countries,” President John DeSimone told analysts. “And so absent any new event or any worsening of that particular conflict, we think that in-person events will be a kind of catalyst, almost an inflection point for our improving activity levels.”



### Tupperware

Tupperware’s turnaround has hit a bump.

The maker of food storage containers, kitchen goods and beauty products reported that sales fell 16 percent in the first quarter, primarily due to low recruiting and salesforce activity amid Russia’s invasion of Ukraine as well as COVID-19 lockdowns in Asia.

All four global regions where the company sells its products reported revenue drop offs, with Europe and Asia-Pacific combining for 70 percent of the total decline in sales. The lone bright spot: Mexico, which saw sales increase 7 percent year over year.

In 2020, the legacy direct seller embarked on an ambitious plan intended to reverse years of losses and negative sales growth. And, for part of 2020 and much of 2021, the story at Tupperware had been one of progress, with sales and profit soaring as more people needed to cook and store food at home during the pandemic.

But with COVID-19 restrictions easing and more people increasingly going out to eat, consumers aren’t buying Tupperware products like they were last year.

CEO Miguel Fernandez told analysts during a conference call that the company finished 2021 encouraged that its turnaround plan was on track but acknowledged that the work was not over.

“This turnaround plan is still the right one and one that we believe

CONTINUED ON PAGE 10

EARNINGS FALL, CONTINUED FROM 9

will ultimately be successful, but it still requires a lot more work,” said Fernandez, who noted that the first quarter of 2022 was challenging for a variety of consumer goods businesses with international footprints.

Among the factors cited for the sales downturn: the Russia and Ukraine conflict, strict COVID-19 lockdowns in China and inflationary pressures that have increased the price of resin, freight, and source product costs.

Fernandez said Tupperware was taking “immediate actions” to improve the business. That included raising prices, including 10 percent price increases effective in early May. Moving forward, Tupperware will be “closely monitoring continued cost increases, and we will be proactive to take pricing action,” Fernandez said.

The company is also planning to “rightsized” segments of the business to offset fluctuations in the market, including restructuring its organization in Europe and Asia-Pacific.

Citing its disappointing quarterly performance, Tupperware said it had decided to withdraw its full-year guidance.

“We acknowledge that we have greater uncertainty and lower visibility than previously anticipated,” Fernandez says. “I should note that we’re not taking the decision to pull guidance lightly.”

**Q1 Numbers**

- Total Sales: \$348 million, down 16 percent
- North America Sales: \$102 million, down 14 percent
- Asia-Pacific Sales: \$98 million, down 15 percent
- South America Sales: \$58 million, down 2 percent
- Europe Sales: \$91 million, down 19 percent

**New CFO**

During the call with analysts, Fernandez also announced the hiring of a new chief financial officer for Tupperware. Mariela Matute, a finance executive who most recently served as the CFO at Calavo Growers, a fresh foods processing and distribution company, will join the company in late May.



**Nature's Sunshine**

Nature's Sunshine reported a \$3 million loss during the first quarter, as the company grappled with global supply chain issues and inflationary pressures that offset an overall sales increase.

CEO Terrence Moorehead said he was pleased with the company's top-line performance, given the heightened uncertainty and challenges in the global market.

The Utah-based nutritional and personal-care products maker reported \$110.5 million in sales during the three-month period that ended in March, a year-over-year increase of 8 percent.

Nature's Sunshine said sales in Asia increased by about 30 percent compared to the same period a year ago, with big rises in several key markets in the region: Revenue from China increased by 46 percent; sales in Japan jumped by 33 percent; and Taiwan sales soared by about 250 percent.

Moorehead noted that the first three months of the year were “certainly more challenging than any other quarter in our past.” For example, sales in North America declined by almost 5 percent. He also pointed

out that inflationary pressures “may be impacting consumer behavior, with some consumers becoming more price sensitive.”

“The lingering effects of COVID-19 and the Shanghai shutdown, the devastating war in Ukraine, an intensifying supply chain crisis and rampant inflation were a unique combination of headwinds we had to navigate in the first quarter,” he said.

That the company reported an 8 percent sales increase amid those challenges, Mooreheads said, reflected “the strength of our brand and the steps we’ve taken to build momentum in the business.”

But Moorehead warned that the near future posed “increased risk” for the business.

“Given the current headwinds, we are currently pleased to be discussing year-over-year sales growth. That said, ...as the tail end of the first quarter and April played out, we saw the headwinds have a more significant impact on the business and believe there is risk—there’s increased risk associated with our full year expectations.”

Nature's Sunshine did not provide any revenue forecasts.

**Q1 Numbers**

- Total Sales: \$110.5 million, up 8 percent
- Asia Sales: \$46.1 million, up 30 percent
- Europe Sales: \$21.7 million, flat
- North America Sales: \$35.9 million, down 5 percent
- Latin America and Other Sales: \$6.6 million, flat

**Supply Chain Issues Hurt North American Sales**

During the call with analysts, Moorehead stressed that sales in North America declined because the company had a difficult time sourcing key ingredients for its products. The overall impact of the

supply chain crunch likely affected North American revenue by \$2 million to \$3 million, he said, or within the range of 5 percent to 8 percent of sales for that segment.

“Throughout 2021, our team was able to proactively mitigate port delays, raw material shortages and manufacturing constraints to meet demand while preserving our margins,” Moorehead said. “This was generally still the case in the beginning of 2022. However, as the quarter progressed, there was a sharp drop off in our ability to source a few key ingredients that make up the complex formulas in 40 to 50 top selling products. Not having these products, especially in a healthy selling environment, reduced net revenues in our North American business.”

**Manufacturing Solutions**

Moorehead said the company was able to avoid supply chain issues through much of last year, allowing it to meet increased demand. But more raw ingredient shortages are becoming standard.

And in response, Nature's Sunshine said it's looking to shore up future supply by expanding its supplier base and building vertical farming relationships.

“Our plan to upgrade and automate our manufacturing facility, along with the expansion of our global supply chain footprint, will provide additional performance enhancements,” Moorehead said. “Our goal is to expand and diversify our capabilities while reducing costs to drive these initiatives forward and take our supply chain to the next level.”



Dave Rauf is a Social Selling News Contributor.



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Federal Trade Commission

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# Alvaro Bedoya Confirmed as FTC Commissioner

Democrats regain majority on Commission after a contentious nomination process

By SSN Staff

After months of Commerce Committee gridlock and COVID-19 delays, Alvaro M. Bedoya was confirmed as Federal Trade Commissioner on May 11 by the U.S. Senate. Vice President Kamala Harris broke the 50-50 party-line vote to secure Bedoya as Rohit Chopra's replacement to the five-person Commissioner's table, which gave the Democrats a 3-2 majority vote.

Bedoya's area of expertise is privacy law as it relates to Big Tech. The 40-year-old Yale Law School graduate was the founding director of the Center on Privacy & Technology at Georgetown Law

School, where he currently serves as a visiting professor. There, he co-authored an investigatory paper looking at the race and gender bias inherent in facial recognition technologies, which led to hearings by the House Committee on Oversight and Reform, new laws curtailing the technology, and a comprehensive audit of the Basic Input/Output System (BIOS) by the National Institute of Standards and Technology.

The Peru-born naturalized citizen also wrote an impactful paper for the *New Mexico Law Review* in 2020 titled, "Privacy as a Civil Right" that was

subsequently included in five leading privacy casebooks.

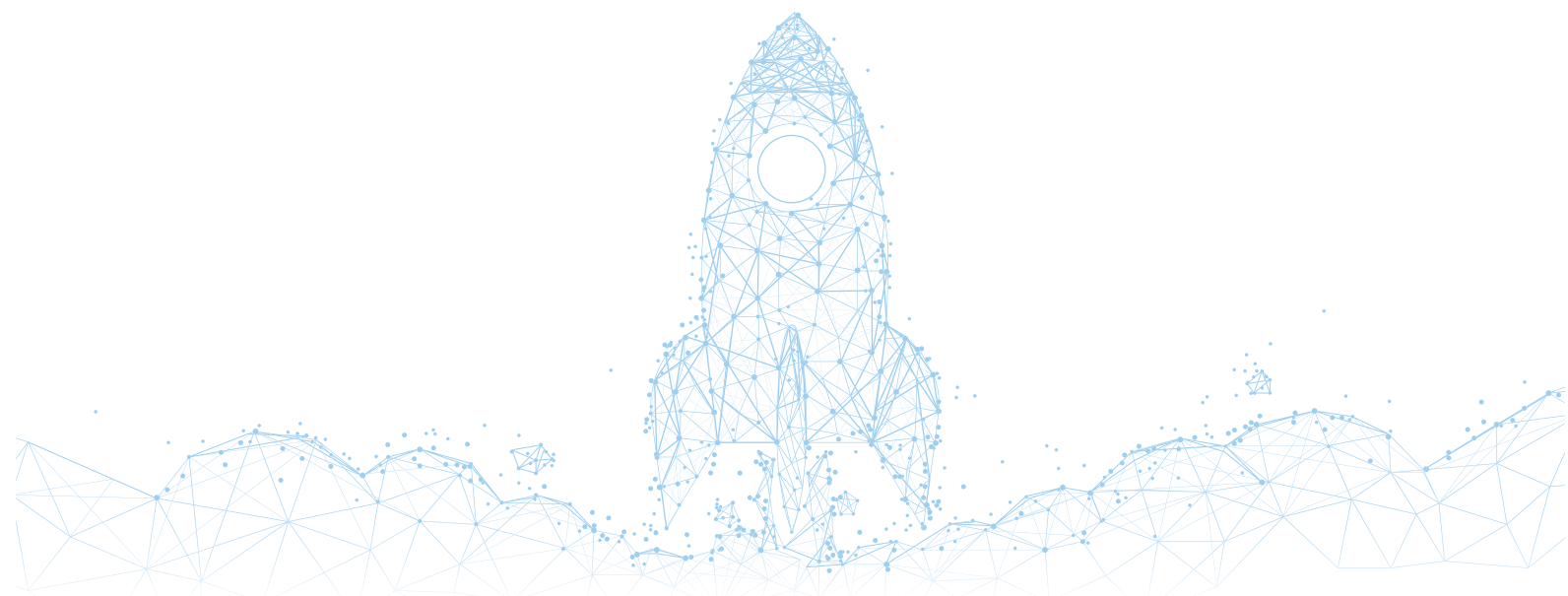
While Bedoya's background appears to be a perfect fit for Democrat Chairwoman Lina Khan's priorities, including the targeting of Big Tech, Republicans strongly opposed his confirmation, painting Bedoya as a political extremist.

The day before Bedoya's confirmation, Senate Minority Leader Mitch McConnell said, "He is an essentially foolish choice. I would urge my colleagues on both sides to stop this awful nomination so the president can reconsider and send us somebody suitable."

Donnelly McDowell, partner at Kelley Drye & Warren LLP, says, "Bedoya got the nod as FTC Commissioner based on his privacy background, having founded Georgetown's Center on Privacy & Technology. While he has not taken a position on direct selling that I'm aware of, we expect him to largely align with his fellow Democratic commissioners in support of more aggressive regulation and enforcement. Of course, Bedoya's confirmation doesn't change the tools the FTC has at its disposal from a statutory perspective. It does, however, make it more likely that the Commission will push forward with new legal theories and have the votes to test those theories in court."



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# Senate Commerce Committee Introduces Bill to Restore FTC's 13(b) Authority

Legislation would empower the Commission with authority the US Supreme Court ruled it never had to begin with

By SSN Staff

On May 3, Senate Commerce Committee Chair Maria Cantwell (D-Washington) introduced legislation to reconstitute the Federal Trade Commission's (FTC) ability to return money to consumers under Section 13(b) of the FTC Act by restoring the Commission's monetary authority to seek redress on behalf of wronged consumers. This authority was unanimously nullified by the Supreme Court in the *AMG Capital Management v. FTC* decision handed down in April 2021.

This legislation, *The Consumer Protection Remedies Act of 2022*, allows the FTC to go to federal court to seek judgments returning to consumers the ill-gotten gains from unfair or deceptive conduct by violators and bad actors. The bill also provides for monetary redress for consumers harmed by anti-competitive conduct. Furthermore, the legislation provides for the ability of the Commission to sue for injunctive relief and consumer redress for prior conduct, as well as ongoing conduct.

This bill was made public one day after the release of a Commerce Committee report detailing the implications of the Supreme Court's *AMG* decision and arguing for a restoration of FTC powers.

“**Monetary relief should not be available for every consumer protection violation but should be reserved for the most egregious types of cases.**”  
— *US Chamber of Commerce*

The 80-page report, focusing primarily on the purported harm to consumers perpetrated by Big Tech and Big Pharma companies, also gives a state-by-state breakdown of FTC 13(b) cases prior to the *AMG* decision that resulted in significant consumer refunds, including the Commission's action against direct seller Herbalife.

While Section 19 of the FTC Act provides for monetary restitution and relief to wronged consumers, the Commerce Committee's report argues the need for legislation that would remedy the "lengthy process involving both administrative adjudication and

federal court litigation that would take years before consumers could receive refunds."

### US Chamber Calls Bill 'Troubling'

In a letter to Senator Cantwell, U.S. Chamber of Commerce Executive Vice President Neil Bradley said, "This legislation would grant sweeping enforcement powers to the Federal Trade Commission," and the proposed bill "has no meaningful bipartisan or stakeholder involvement."

The Chamber has previously expressed its concern with any

legislation that would circumvent the "reasonable person" standard found in Section 19, which states that the Commission must demonstrate that "a reasonable [person] would have known under the circumstances [that the conduct] was dishonest or fraudulent." In an April 2021 letter to the Commerce Committee, the Chamber states: "Monetary relief should not be available for every consumer protection violation but should be reserved for the most egregious types of cases. Section 19 recognizes this by inserting a 'reasonable person test' for the courts to utilize, however, the FTC draft language fails to include such a standard in its proposed text."

### Future of Bill Uncertain

While both sides of the congressional aisle have expressed interest in reining in Big Tech and Big Pharma, Chair Cantwell's bill, co-sponsored by Senators Amy Klobuchar (D-Minnesota), Raphael Warnock (D-Georgia) and Ben Ray Lujan (D-New Mexico), is expected to receive significant pushback from Senate Republicans.

SSN

# The Challenge of Software: Buy vs. Build

Predictive actions, behavior modeling and feedback loops for decision making

By Jordan Zommick, Guest Contributor

Whether you're a startup or established Fortune 500 company, making the 'Buy vs. Build' decision for your company is one of the most important decisions for you to make. To start, it may be beneficial to look at the decision more holistically rather than focusing on any one particular driver.

## Strategy and Competitive Advantage

Build when the capabilities are core to your business and differentiate your company in the marketplace. If it doesn't give you a competitive advantage, you should consider buying that capability and integrating it into your overall strategy.

## Cost Considerations

You must consider all costs associated with the effort, including implementation and ongoing costs. Do you need additional tech infrastructure? Do you need additional staff to implement and others to support after it's launched?

It's also important to consider the long-term costs for at least five years because 70 percent of all software costs generally occur after implementation.

A Software-as-a-service (SaaS) partner will be able to clearly articulate the total costs, including implementation, infrastructure, and ongoing support. Choosing to build a solution that your organization hasn't built previously or attempted to build often

leads to greatly underestimated costs and timelines. Often, those complex projects are not finished on time or within budget. Sometimes they are two or three times larger of an effort than originally projected.

## Scale and Complexity

Just because something may be simple and easy to build doesn't necessarily mean you should always build it, and that is generally a good guideline. If a project is complex and requires specific expertise, find a SaaS partner who can offer a mature solution. Generally, SaaS partners tend to offer economies of scale as their costs per client go down the more clients they add.

## Maturity vs. Commoditization

Buying a solution often means receiving industry best practices as well, which are obtained directly from the feedback of many clients over the years. These product-based solutions will constantly improve their development over the years, so they come with many great features baked into the platform. It's tough for a company to build best-in-class solutions when they haven't had the luxury of learning for years about what works and what doesn't. The market's maturity will generally weed out poor solutions from the best ones.

## Advantages of SaaS

- The software already exists and has many of the capabilities your



organization needs today and tomorrow.

- The software often allows extensive customization through configuration rather than software modification.

- The software often allows for various integration and extendability to meet varying client requirements.

- The software is primarily debugged, so you don't have to do that, saving months of time testing for complex projects.

- The vendor often provides extensive training, user manuals, and ongoing support.

- The vendor consistently updates and improves the set of capabilities to anticipate tomorrow's needs.

## Time to Value

Building software is generally an enormous effort requiring many

internal employees across multiple departments to envision, build, deploy and maintain. Unless you have the subject matter expertise in-house, it will almost always take longer than buying something and configuring it for your needs. Buying allows you to deploy and start receiving value much faster than building it yourself. If you are slow to the market, it gives your competition the advantage of innovation, allowing them to reach consumers with new products, services, or offers before you do. It also allows other businesses the opportunity to dominate the market, even with a substandard product simply because they got there before you.

## Internal Resources Availability and Expertise

Are you creating something that requires specific expertise not available within your company? Has your company ever done something like this before? Do you have the

confidence that your internal team can deliver a product as good as something commercially available? If the answer to these questions is "No," you should strongly consider buying something to solve your business challenges instead.

On the other hand, your company may have specific expertise that nobody else has. You should not want to share that intellectual property (IP) with someone else who could negate your differentiator. You'd want to double down and build something you own in this case.

## Risks

There are inherent risks to buying software and building your software. When thinking of buying something, maybe you'd like to do it because it offers the least risk option. In this scenario, risks such as resource management, development problems, and launch timelines then fall on the vendor. But if you build it yourself, those problems land directly on your desk.

## Support in Place

Buying a solution will also allow an organization to rely on professional support structures with well-defined SLAs, whereas building it yourself requires training individuals in-house or hiring additional support staff. The other benefit of buying a solution is that the vendor gets feedback from their clients and often finds and resolves bugs before you even encounter them. SaaS products have a team to build new features and support their platform.

A business executive often doesn't think about these specific tasks when building a solution in-house vs. buying something:

- Define business requirements, technical requirements, reporting requirements
- Design the solution architecture as well as wireframe any UI
- Design and set up the cloud infrastructure

- Develop the solution
- Test and debug
- Create training materials and other documentation
- Train end users
- Train support staff
- Integrate solution into company processes
- Provide support
- Perform regular maintenance (backups, patching, bug fixes, product enhancements)

## Summary

If a product or solution is differentiating for the marketplace or very well understood and requires a small effort, then send it to your product development teams to build. However, if it's a commodity product that requires fast time to value, always go with well-known, industry-proven SaaS providers.

Knowing that most IT shops can build just about anything, the trick is to know which path to choose based on the company's best interest and setting aside egos.

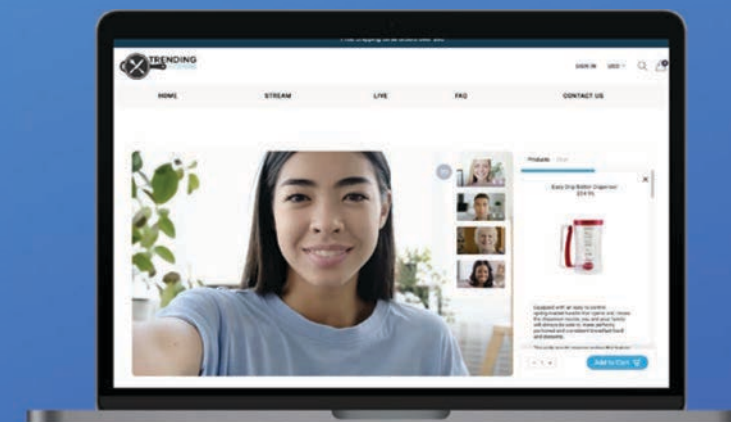
The top priority should be delivering value to your business stakeholders as soon as possible for the least cost. At the end of the day, unless you are a pure software company, you should be buying more than 10 times as often as you build. If you aren't at this ratio, you are likely not considering the enormous cost you incur for your business, both in dollars and time.

SSN



Jordan Zommick, CIO, DirectScale.

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# How ‘Learning Design’ Can Change Your Entire Company

Create lasting behavior change with ongoing results

By Lauren Mason Carris, Guest Contributor

In the wake of direct selling’s “digital transformation,” one area remains largely underserved, yet has incredible potential. (And it’s probably not the most obvious one.) It’s learning design.

- Inconsistent onboarding experiences
- One-size-fits-all experiences
- Compliance with the FTC
- Monitoring of compliance externally

True learning isn’t just the acquisition of knowledge. It’s a behavior change.

Traditional “one-and-done” onboarding methods and “content dumping” training methods are no longer fit for purpose and cannot scale at the pace of change we are experiencing.

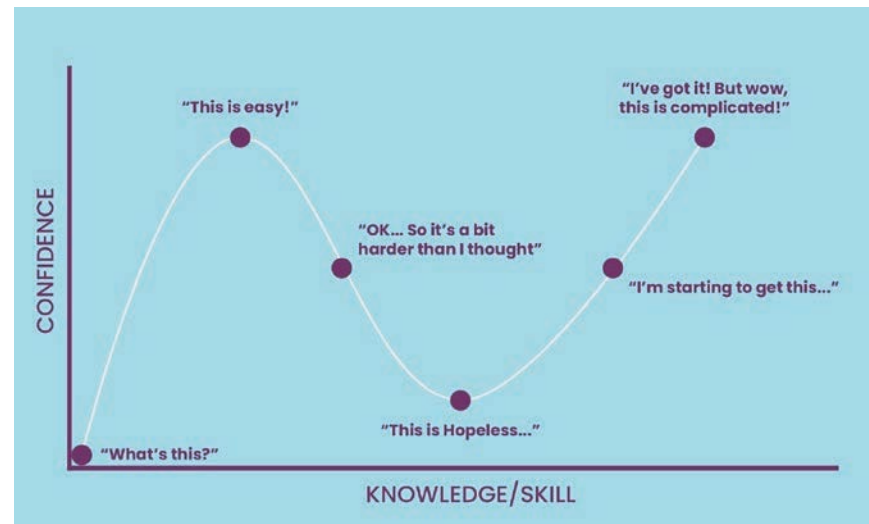
With rapid changes in technology, compliance, and globalization, the pace of learning, unlearning, and relearning is relentless for individuals at all levels of an organization. Companies are investing more and more in new tools and rethinking internal processes to optimize business and increase efficiencies, yet one critical variable in the equation is overlooked—behavior change as a result of learning.

Learning design changes behavior. An intentionally designed digital learning experience can make all the difference. Emerging from the fields of cognitive and behavioral psychology, the science of learning—and design thinking—learning design can transform entire organizations into learning organizations. By empathizing with learners, mitigating the forgetting curve with learning intervals, and automating habit-forming patterns, learning design can have a positive impact on individuals at any point in their learning journey.

### But First, Empathy

Empathy is the cornerstone of the design thinking process. By understanding learner needs, motivators, distractors, and behaviors, designers (as well as organizations and leaders) can better anticipate moments of friction, frustration, and knowledge gaps critical for the field to evolve along their journey.

- High consultant churn
- Leader overwhelm and pressure

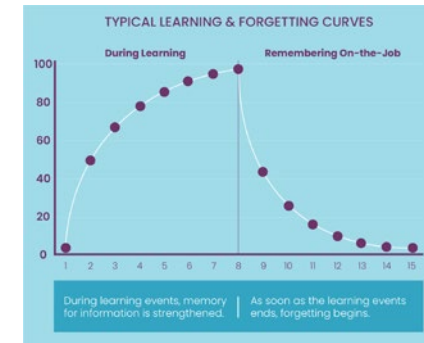


Imagine a learner snapshot that indicates where the learner lives, the language they speak, the knowledge and behaviors they bring with them, their technical competence, and their goals and aspirations. These data points can bring critical insights about what behaviors may result in a greater effort to change. These insights also inform how to contextualize, motivate, and reward a learner along their journey.

These insights can in turn help organizations identify the most critical, relevant, and meaningful aspects of onboarding or new knowledge as well as when to deliver such learning. Continuously evaluating your learners’ experiences to identify moments of delight and mitigate troughs of despair (the Dunning-Kruger Effect) can make all the difference in retaining learners at both onboarding and continuous-learning stages.

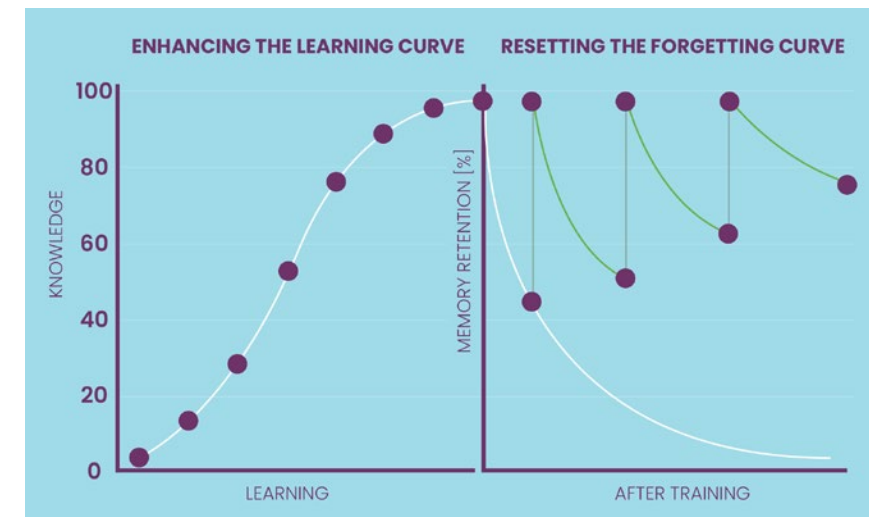
### AI-Powered Learning Intervals to Reset the Forgetting Curve

Research conducted across the industry tells us that the onboarding experience and “first moment” of success are sometimes at odds, given that both need to happen immediately and continue in some fashion. This reality tugs at learners’ mental capacity and bandwidth and puts organizations at risk of learners not acquiring essential knowledge while forgetting knowledge gained before use. Traditional onboarding and continuous learning, or training events, are typically massive one-time events in isolation. Lots of learning may happen during the event and memory is strengthened, but forgetting happens as soon as the learning event ends because the learner wants to get busy being successful.



Onboarding and event training as a series of smaller learning moments (small steps) with concrete outcomes, repeated at regular intervals, can help learners reach their desired destination in far more effective ways. This approach maximizes retention of information and knowledge, increases desired behavior change, resets the forgetting curve, and leads to more satisfying learning experiences.

Combining learning experiences with AI can leverage learner insights to predict personalized learner intervals, delivering opportunities to review, re-learn, and apply knowledge to action. Investing in AI-powered learning systems gives the corporate office an incredible wealth of learner data ripe for action, supporting the transition toward establishing a “learning organization.” Gone are the days of guessing where consultants hit the trough of despair, assuming how much is just enough for a learner, or miscalculating the timing of when someone needs to re-learn. Instead, organizations can



make data-driven decisions and investments based on learner behavior data that reveal moments ripe for intervention, support, and re-learning to progress consultants along their journey.

### Automating Learning in the Flow of Work

Repeated, routine behaviors completed on a regular basis become hardwired into our brains, creating habit loops. We are then able to perform these behaviors, or tasks, without much thought, leading us to operate on autopilot. How can we leverage this concept to inform training and upskilling of a direct selling force? By creating automated patterns for the basic daily tasks that need to be done.

Leading experimental psychologist Steven Pinker has spent years studying brain patterns to understand how our minds have evolved over time. Having focused most of his career exploring evolutionary psychology and human nature, his advice on what role technologists can play on “humanizing” our future is profound in the context of learning and automation. While many fear “the robots taking over” or “computers making us dumb,” Steven deduced that, actually, technology’s greatest boon for our brains is to maximize our efficiency.

We are happier and more fulfilled if we don’t have to waste time doing inefficient things. When we think

about the field, what is the No. 1 thing slowing them down? It’s the inability to efficiently and quickly:

- Learn • Do • Lead

Often, onboarding and upskilling is considered a waste of time as consultants are driven by the urgency to get going and start making money. Leaders reach a saturation point with constantly learning new tools to optimize their business. And when so many companies have thrown tool after tool at their field with no real impact, who can blame them?

The biggest drive for the field is generating revenue. Yet, as mentioned earlier, when learning how to generate revenue (the knowledge) and learning how to use a tool to complete revenue-generating tasks (the actions) are in direct competition with each other. So, what is the answer? Personalize and integrate the experience. Bring relevant learning into the flow of work, in the spaces where learners are doing their work—in this case, working their business.

Take Duolingo, for example. These science-driven, digital, bite-sized language lessons use AI to deliver repeatable patterns of learning content. Duolingo assesses and adapts to each learner’s skill level based on their behaviors and sets goals based on their learning appetite. Learners are rewarded for their achievements and “re-learn” information at regular intervals, reducing the risk of forgetting.

Imagine this approach applied to direct sales onboarding where sellers are taken through an ongoing workflow of learning while working their business. The technology learns with them, guiding them through a personalized path based on their technological proficiency, time capacity, behaviors and ability to apply learning to action, and progress along their self-identified goals. This future-state of learning delivers smarter technology that empowers users to have agency over their

learning journey and expedite their business success. It’s “learning in the flow of business success.”

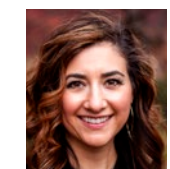
### Where To Start and Why?

Creating a successful learning design roadmap is a considerable undertaking. Applying learning design to your company takes time and adjustment, but the return on investment yields significant rewards:

Start small: as in the smallest risk, smallest moment of success, and smallest bit of knowledge needed to take action toward success. Start with *new* social sellers and the critical actions needed for success. Identify the skills, knowledge, and practice needed to achieve success. Map these events across an “action map” that defines the learning journey. Identify the smallest, most relevant information that can be applied in action, and celebrate the completion of the knowledge + action = behavior change flow. This process maximizes brain activation, creates a reward pattern, and generates the dopamine hit required to make it stick. Then deliver this flow within the tools your field uses to run their business.

So how can learning design change your entire company? The way people learn and work has changed. Our brains and our behaviors have been shaped by the digital world we live in. Investing in a science-backed digital learning platform built for the mind (and heart) of direct sellers today is paramount for future success.

Taking control of the field’s training through a sophisticated, AI-powered, data-driven system is just the way to truly create lasting behavior change. It’s time we all *learn to succeed*.



Lauren Mason Carris, VP Learning Design, Penny AI.

# Optimizing Company Culture

## Business dynamics shift in response to regulatory requirements and fields in flux

By Jenna Lang Warford

**Regulatory scrutiny, an influx of distributors, supply chain issues, and the Great Resignation coming closely on the heels of the growing gig economy may have had an unforeseen impact on direct selling companies: subtle, unintentional shifts that are now being felt in company cultures.**

“Regardless of what you may think the culture is, the collective response from your stakeholders is the true measure of what your culture is,” says Kristi Hubbard, recently named CEO of **Norwex North America** and former CEO of **Younique**. “I have found the best way is to just ask... For current employees, surveys are a great way to do this. You can get a good read on previous employees from exit interviews if you have done those. For the field, interviews, surveys, and focus groups all work well. For customers, surveys or focus groups are good tools. And vendors are usually more responsive to interviews with those whom they already have relationships with.”

Darrell Starkweather, vice president of field development and support at **Ambit Energy**, says, “Go to your field and ask several leaders what your culture is. And if you get five different answers, then you probably don’t have a defined culture. But ask. And ask questions about anti-culture,

“Go to your field and ask several leaders what your culture is. And if you get five different answers, then you probably don’t have a defined culture.”  
 — Darrell Starkweather, Vice President of Field Development and Support, Ambit Energy

such as ‘What things do you see as a field leader that are hurting our business?’ My guess is, on those topics the answers will be fairly consistent.

“What I’ve learned over the years is don’t underestimate how smart and aware and in tune your field is to how the company’s doing,” he adds. “They know what customers are saying, they know what is working and what isn’t.”

Melissa Soete, president of consultancy firm Sales from Within, agrees. “It’s 30-minute appointments of questions: what’s working well, what isn’t working well. It’s listening, observing

and creating a safe place for feedback.” When the CEO isn’t the right person for doing a deep dive, consultants or field-facing employees may be a good choice. Soete, who has served with direct selling companies as a CEO and founder, says that training those people to listen is important. “When they’re getting suggestions from the field, they can just listen; there’s no need to explain ‘why we couldn’t do it.’ They can simply respond with, ‘Thank you for sharing that information. I’ll bring it back to the team.’ People innately think they have to give an answer, and then the field doesn’t feel heard; people really just want to be heard.”

### Steering After the Baseline Is Clear

Charting the course to where you *want* your company’s culture to be can’t just be inspiring words from stage or slogans on a wall; it has to come from a clear understanding that *culture is how people experience the company*. “It’s important that those leading this charge decide what it is that they want their customers, their field, and their employees to experience,” says Melissa Gurney, who has worked on international and domestic sales and field development teams, and is now a regional sales manager for **Norwex USA**. “If the leading team assumes it’s all about them and they’re not really thinking about how others will experience it, it shows from top to bottom.”

Once the desired company experience is solidified, the priorities are simple, if not easy, according to Hubbard. “When you have demonstrated values and a clear vision on the direction the company is heading, establish measurements so you know if you are achieving success, and focus on continuous improvement and accountability.” She also emphasizes that it’s important to have a safe environment to stretch and to fail.

Starkweather, who has been with **Ambit Energy** since 2008, experienced an acquisition—and

merging of cultures—during the fourth quarter of 2019, just prior to the pandemic. The first key to the successful merging of cultures began during the process of selecting the right buyer. He says, “There were numerous offers, but there was only one that really aligned with **Ambit’s** priorities and culture. **Vistra** truly wanted a direct sales model. They wanted to invest in the salesforce, not just take over a big customer group. And their culture was a fit. What’s important to them lined up really well with what is important to **Ambit**: doing business the right way. Sometimes, maintaining integrity means you have to do things differently and, quite frankly, that can be counter to sales goals. But the priorities of our culture say we have to maintain integrity. And if that means that we have a little shortfall on the plan for sales and new recruits, then that’s OK. Because doing it the right way matters more.”

### Make People Feel Valued When Shifting Culture

“I have had the pleasure of working with high performing teams on several occasions,” says Hubbard. “The best cultural shift I witnessed first-hand was a company I joined that was in the middle of merging two similar-sized businesses with drastically different cultures. Both were worried about losing what was special about their company’s own culture. Stepped up communication was what made the biggest difference. I never cease to be amazed at how much people feel valued when you take the time to make sure they know what is going on. That makes them feel valued and a part of the transformation.”

The best place, in fact, to start in shifting your culture, Gurney believes, is with employees.

“Starting with the employees is the fastest way to make a big impact. When the employees feel valued and believe that the corporate leadership has integrity, every person they touch experiences how that employee feels about the company.”

She recommends taking advantage of technology when beginning the internal shift. “I’ve seen a weekly Zoom call with all of the employees, from C suite to entry level, make a huge impact. It builds relationships across teams and makes a significant difference.”



CONTINUED ON PAGE 20

REMEMBER THAT PART IN THE PRINCESS BRIDE WHERE THAT DUDE GETS PUSHED DOWN A HILL AND YELLS “AS YOU WISH” AS HE’S TUMBLING DOWN THE HILL? THAT PART WAS EPIC!

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## 5 Priorities for Optimizing Company Culture

### 1. Understand Corporate Culture Will Be Duplicated in the Field

“Like most things, you can’t say one thing and do another. Your field is very perceptive. They know exactly what you’re doing, and they will compare it to what you’re saying,” says Darrell Starkweather, vice president of field development and support, Ambit Energy. “One of the things that personally helps guide me is (our cultural initiative) to always do the right thing. And sometimes that’s admitting a mistake and then making sure that you correct it.”

### 2. Keep Open Lines of Communication

“I am a huge proponent of walking around the office and having casual conversations with people throughout the company,” says Kristi Hubbard, CEO of Norwex North America. “Most people genuinely have the best interest of the company and other team members at heart, so they want to share how we all can be better. Listen carefully to that information. Oftentimes the team member knows the problems and already has the answers to resolve it. It is our job as leaders to give them the resources needed, remove any barriers, and give them the confidence to make the decisions—and sometimes the ‘air cover’ to take action.”

### 3. Handle Change with Respect and Empathy

“Change is inevitable, so part of the way that we create culture well is to establish ways that support people moving forward together,” says Melissa Soete, president, Sales from Within. “We have to be honest. People want the company to win, no matter how scary the change seems. Lay out all the why’s, honestly; address how it will impact them. Don’t try to brush over it with, ‘This is all so good!’ It’s a relationship. So really understand where they’re coming from and address it.”

### 4. It’s All About Mindset

“(For employees and the field) optimizing culture is mindset work,” says Melissa Gurney, regional sales manager, Norwex USA. For whatever you’re shifting or emphasizing, the key is often figuring out a habit, routine, or ritual that puts the individual or the team into a good frame of mind, starting with the corporate employees. “You can’t be in a bad place and try to tell people why they should be in a good place. For the field, finding that good space is usually a matter of reigniting the excitement for the product or their impact,” she says. For the employee, it may be less easy to define, but each one needs to have clarity on how to shift into a positive frame of mind.

### 5. The Salesforce and the Corporate Office Are Partners

“It’s imperative that there is never a point that anyone is allowed to talk negatively about the field within the home office. There is no exception to this. It happens at virtually every company, and it has to be squashed,” Soete says. “Because it can be a cancer where employees start talking about how ‘they don’t read anything’ or how much the leaders are earning, and ‘do they really deserve that?’; it’s a constant ‘us against them’ mentality. When that starts creeping in within customer service departments or sales teams, the field feels it.”

CONTINUED FROM 19

But field connections, she believes, can require face-to-face interaction. “Have real conversations, get to know them. Then when it comes time for more difficult discussions, you’ve built the relationship and it’s easier to say, ‘It’s not in the budget,’ or ‘It’s just not in the best interest for the company overall.’”

### Keep Culture Top of Mind

Success in optimizing culture comes at the price of intense focus, according to Starkweather. “Every training you do, every speech that’s given, every video that’s created should echo the values of your culture. You attract people that are like-minded to that, and it’s easier to find people who agree with you than try to change someone’s opinion.”

He recommends that while integrating the emphasis of cultural values into daily goals and tasks, also recognize those who joined in and made the shift well.

### Nuanced Conversations During Culture Shifts

When a culture shift includes corrections and redirections, such as situations that have the potential to involve regulatory agencies, Soete believes a consciously light hand is necessary. “We’ve all been forced to raise the bar of scrutinizing everything, and it’s healthy for the industry. But we have to be mindful about how we go about it. I’m seeing cultures being destroyed by a really heavy hand on compliance.”

“Yes, compliance has to be consistently trained on, but when someone breaks a policy, that first contact needs to be delivered with kid gloves,” she says. “Send a note, then make a phone call and talk it through. Because when a direct seller gets a notification, ‘You’re out of compliance for policy X, Y, Z!’ they may be at that common point where they’re weighing: *Is this worth it? Is this not? Am I making enough money? You know what, screw it. I’m not doing this anymore.*”

“We’ve all been forced to raise the bar of scrutinizing everything, and it’s healthy for the industry. But we have to be mindful about how we go about it. I’m seeing cultures being destroyed by a really heavy hand on compliance.”

— Melissa Soete, President, Sales from Within

“I believe that 95 percent don’t do it on purpose. What direct seller reads a policy and procedure guide? I know there’s some people that violate policies purposefully, but it’s a very small percentage,” Soete says.

Gurney advises that whether the problem is compliance or addressing less tangible issues, the opportunity to evaluate voice tone and body language is key to a successful shift. “Consider, what’s the communication process? How will you take action? They say that even though someone feels one way, if they’re trying to communicate in a different way, you can see how they really feel because people are intuitive.”

“So when you have to have those hard conversations, maybe a Zoom is an option,” she says. “But I approach those conversations

without assumptions, because it might be something that she’s not even really aware that she’s doing. Video lets you see body language and hear their tone.” This allows you to deepen the exchange. You can respond, ‘So I’m hearing this, or I’m seeing this; share some more with me.’”

Starkweather notes that optimizing culture isn’t instantaneous, but that it matters intensely to the field. “At the end of the day, people choose to be a part of this. They don’t have to; we know it’s a volunteer army that they can choose to align themselves with—or not. If you think of them as volunteers aligning themselves with a movement or a cause because it aligns with their personal beliefs, their integrity, what makes them feel good and how it helps other people, you’ll make sure

“Starting with the employees is the fastest way to make a big impact.”

— Melissa Gurney, Regional Sales Manager, Norwex USA

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Jenna Lang Warford is a Social Selling News Contributor.

you’re offering an opportunity that people are proud to be a part of. It’s their reputation that they’re putting on the line when they go out. So I think you have to take that to heart and choose to protect their reputation.”

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37% of culture-change initiatives succeed.  
— McKinsey & Company



## Culture Check-Up More than Stirring Words from Stage

- When:** Every 18-24 months it pays to do a culture check-up.
- Why?** Culture is an experience; people and representation impact it.
- How?** Connect, connect, connect.
- Who?** Talk to:
- Customers
  - Employees
  - Field members

- What?** Casual conversations < Interviews  
Casual conversations < Surveys  
Ask about experiences and results:
- Listen without trying to solve challenges
  - Help them feel heard: "I'll take that back to the team"

- Next?** Identify strengths & weaknesses  
Create a strategy for enhancing strengths & addressing weaknesses  
Identify milestones for progress

**Channel Consultants can be effective here**

## Strengthening the Positive

- Intentionality
- Weekly emphasis:
  - In all meetings
  - External videos (TED talks, etc.)
  - Social sharing graphics
- Corporate videos, podcasts
- Book of the month discussions
- Employee & Leader by level Masterminds

**Growth Mindset TED talk by Angela Duckworth**

## Adding in Priorities

- Evaluation of "replacing" or "adding" priorities
- Transparent communication on Why/Benefits:
  - Corporate ladder
  - Field ladder
- Address concerns
- Clearly defined expected outcome
- Measurable goals
- Realistic timeline
- Timeline check-ups

**Corporate + Field-developed strategy**

## Shifting

- Remember PHS:** Priorities, Habits, Systems\*
- Priorities:** Everyone needs to understand why this matters
- Habits:** These are built through time and intention, not desire
- Systems:** Must be built to support priorities and habits  
Get buy-in from all key leaders: corporate & field  
Address top leaders individually  
Communicate with next levels of leaders in groups  
Address all areas of impact:
- Be transparent
  - Don't gloss over challenges
  - Empathize

**Empathy is key to all relationships; relationships with employees and the field drive this channel.**

\*NeuroLeadership Institute

## Eliminating the Negative

- Recognize the negative & its impact
- Determine cause vs. effect, be thorough
- Be clear, concise and compassionate in communicating the root and the fruit
- Initiate the changes within the corporate team first
- Have conversations with top level leaders
- Give leaders verbiage to communicate the changes to their teams
- Never (ever) allow corporate staff to speak negatively about the field

**"Replace, don't just eliminate." Language should focus on replacing the negative with a positive.**

## Celebrate the Milestones of Change

- Regular brainstorming/mastermind:
  - What are the systems and habits that support your culture's priorities?
  - Are they effective?
  - Are they being utilized?
  - How can these systems and habits be strengthened?
  - How can the systems and habits be promoted and celebrated?
- Create Recognition (system) for employees and field around priorities
- Establish regular cycle of recognition (habit), especially for first few years:
  - Monthly
  - Quarterly
  - Annually

**Does it matter? Show that it matters.**



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## Getting Real with Tastefully Simple's Jill Blashak Strahan

Her thoughts on serving vs. selling and meeting people where they are

Jill Blashak Strahan, Tastefully Simple Founder & CEO, is a top female entrepreneur and inspiration to countless people across the nation. In 1995 Strahan launched Tastefully Simple offering high-quality, easy-to-prepare foods in a 1,200 square-foot shed with no running water. From packing orders on a pool table, to being a \$143 million company within 13 years, to 11 years of declining sales, Strahan learned priceless business and life lessons. Recognized as an exceptional CEO, she has earned numerous awards for her achievements and unique philosophies. She published a book about her journey—*Simply Shine: Stories That Stirred the Fire*.



**SSN: From owning a restaurant to having corporate and direct-mail clients to founding a direct selling company, you have gained a wealth of knowledge about sales and building relationships. What were the most valuable lessons you took from each of these previous experiences?**

This is an excellent question. I realize there is a thread that connects everything to Tastefully Simple.

In the early 1980s I was 22 years old when I became the owner of our hometown café named Jill's Grill. Our differentiator was having homemade quality—it was really good food! Fast forward to Tastefully Simple in 2012 where I had a valuable lesson based on market research. People perceived our products to be homemade. I was shocked. In my era, we considered homemade to be “made from scratch,” like at Jill's Grill. Over the years, behaviors have shifted. Today, if we're cooking at home and stir two ingredients into one of our Tastefully Simple mixes, it is homemade. *Stirring is cooking.*

An important lesson when I was a financial advisor (really a glorified salesperson) at First American Bank was that I did not see myself as a salesperson. My job was to cross-sell other services when someone opened an account with me. I had an excellent vertical sales index, and my supervisor told me I was a great salesperson. I told her, “I don't look

at it as ‘selling.’ I'm genuinely interested in helping our clients utilize services I believe they will value. If they have an overdraft, they'll want Anytime Credit. If they need to access their account, they'll want an ATM card. I tell our Tastefully Simple consultants that there is no swimming in Lake Me. If you make it about you, it's not going to work. People sense it. They see through you. One of our four principles is “Be real,” which means be authentic. Care about people, and do the right thing for them. Like Simon T. Bailey says, “Serve vs. sell.” Amen, Simon! Help them solve a problem.

With my next business, Care with Flair Gifts & Gift Baskets, the most popular basket choices were the ones that had food in them. Because I don't like to take time to cook, I only sold products that were easy to prepare. It was 1989–1994, and many women were working full time. They were busy. Convenience sold and, clearly, it still does today 30 years later. More than ever, people want high-quality that is fast and easy to prepare. Again, serve vs. sell. Help them solve a problem.

I also learned about the power of sampling in my home-based retail store. My clients appreciated the ability to “try before they buy.” The other lessons: People are willing to pay for creativity and personal touches—from a fun “Tummy Tickler” or “Bait & Bobbers” theme to a satin ribbon to secure their bag, or a thank-you card. It helps people feel special, builds relationships and retains clients.

In 1994, I closed the retail store and shifted sales channels—selling to business accounts and promoting open house events through direct mail to my client base. As they were in my retail store, these events were an experience—music, sampling, scents wafting, lovely displays. Some people would call this “fluff.” I have a different perspective. It creates energy. I'm a big believer in creating energy.

This is why I was so passionate about Tastefully Simple. I would tell guests at my tasting parties, “You get to hang out with your friends and taste fabulous products. It's a beautiful thing. We give you an *experience* that uses all of your senses—your taste, your smell, your sight, your hearing, and your touch.” Lesson: Food is an *experience*.

**SSN: You mentioned the concept of serve vs. sell. What do you tell your field about how to sell without selling?**

Food can sell itself. You taste it, and you either like it or you don't. It's a blessing. However, that is a very slippery slope. When we solely rely on that approach, we miss opportunities to serve our customers in a bigger, more intentional way. It comes back to knowing what problem we're helping them solve, whether it's helping them decide what to eat or offering them more flavor, cash or fun with the business opportunity. The core of this is learning what *they* want. That is selling without selling.



**SSN: What do you think of today's anti-direct selling movement, and what roles do individual companies play in reputational repair for the channel?**

Candidly, we will never completely overcome negativity. We're sellers. Some salespeople are too pushy. Some make inflammatory claims about their products or make it sound like it's easy to earn income. These people are not *servicing*.

I loudly applaud the anti-direct selling movement for their passion and hard work to affect change, and vehemently agree with their desire to drive new behaviors. Holding people accountable for their actions is imperative. Our government's role is to protect its people, in this case, from unethical, deceptive companies who are driven by greed. Luring people in with false marketing and inflated income claims is simply wrong. We are what we tolerate. They deserve to be penalized.

I am *equally passionate* about, and protective of, the direct selling industry and its incredibly powerful impact on people. I'm a dairy farmer's daughter who started Tastefully Simple in a shed with no running water 27 years ago when my late husband and I had a \$25,000 annual income. I know what it's like for the vast majority of people in the United States, who have little or no discretionary income. I know how it feels to save money to purchase a patio set. And it's not just the financial aspect. It's the pride and confidence

that is built through the experience of setting a goal and achieving it. It builds a muscle in our heart that beats stronger for our personal power and for not being a victim of our circumstances. Is it “life-changing” income? Maybe not in the eyes of the wealthy, but it certainly was in my case.

I pray decisions are made that are strategically balanced and with a win-win mindset.

Penalize unethical companies who entice people with false claims—and also mar the reputations of those of us who strive to do the right thing.

Protect integrity-filled companies who under-promise and over-deliver and are respected as difference-makers in the world.

Give people the opportunity to be an entrepreneur. Direct selling is a blessing to so many people who cannot afford to start their own business or don't have the support they need. It is the American Dream.

What role do we play in repairing the reputation of our industry?

Be honest and transparent. Under-promise and over-deliver in your marketing. Income disclosure statements are critically important to post on your website. Do 80 percent of our TS consultants get involved because they love our products or want a sense of community? Absolutely. We meet people where they are.

Remain centered and ask questions when confronted by a naysayer. This is difficult for me. My fear kicks in, and I react defensively. When I take the time to stop and respond, not react, I can dive deeper. I can encourage them to share more about their stance. Have they had a bad experience with a direct selling company? That taints our perspective as people. It's real.

Always make your products the lead dog. Over the years we've had the debate: What do we sell first, our products or the business opportunity? I don't waiver in my response. It is our products. Do you really want a crap ton of salespeople who aren't passionate about your products? I don't.

**SSN: Is having a C-suite corporate leader crucial to the growth of the company? Or can someone, such as a top field leader, initiate or combine with other field leaders to make that type of surge?**

Strong C-suite leadership is critically important. Top field leaders are also key to the success of any company. They are your best advocates when they trust you. Leveraging their peer-to-peer influence is essential, especially in change management. When we rolled out our Amazon channel, we had our top leaders “hug and hole-shoot” our plan, and then they shared the message with their peers. It was a lot of work to execute, but it worked out beautifully. The juice was worth the squeeze.

CONTINUED ON PAGE 26

**GETTING REAL, CONTINUED FROM 25**

Hiring field leaders can have its strengths and challenges. It depends on their experience with corporate positions. Do they know how to impact change within a corporate structure? Do they know how to collaborate with other teams to get the best results? Do they have experience with making tough decisions? Do they know how to deal with toxicity and silos? If so, seize the opportunity! If not, they may be better suited as an individual contributor.

**SSN: COVID-19 opened the door for being able to hire across the country for executive and director roles. Many direct selling executives (as well as execs in traditional companies) look to Jim Collins' *Good to Great* as a guide for only getting employees who are a good cultural fit and then being flexible until the "right seat on the bus" is found for them. What are your thoughts on finding the right seat on the bus for those who are good cultural fits?**

Without a doubt, we hire for culture first. For over 20 years we have wrapped our interview questions around our four principles, and more recently, our 24 Behaviors. This is largely why we have such a fabulous HQ team.

Now, the question about moving awesome people around to find the right seat for them on the bus? Yes! Do it, when you can afford it. During our financial turnaround, we couldn't afford that luxury. We had a very small bus with a limited number of seats. It was excruciatingly painful when we had humble, hungry and smart team members who got off the bus. I had an amazing executive assistant for many years. She would

finish my sentences. She could read my mind. Deservedly so, she wanted to move into a leadership position. Unfortunately, we were laying off leaders, not adding more. Although Tresa loved Tastefully Simple, she accepted a leadership position elsewhere.

**SSN: What do you think is the direct selling channel's most overlooked or underutilized opportunity?**

What if we worked together more with an abundance mentality? Think about how much we all spend on conferences, keynote speakers, technology, and incentives. How could we leverage our buying power? I know. It's radical but only when we often have a scarcity mentality. How could that work? What would it look like? What I love about the Direct Selling Association is how abundant people are and their willingness to share. Let's use it to our advantage and build strength in numbers.

The other opportunity is channel diversification. A few years ago, many DSA conference attendees were talking about our competitor, Amazon. We had already launched our Amazon channel based on our philosophy of "let's not beat 'em, join 'em." Increasing our Amazon prices by 30 percent and providing a Brand Advocate Bonus helped us retain the trust of our consultants. We need to ask ourselves, how can we think outside the box to leverage more opportunities to reach new clients, without cannibalizing our direct sales channel?

**SSN**

Jill Blashak Strahan was interviewed by David Bland on behalf of *Social Selling News*.

Each month *Social Selling News* interviews a person connected to the social selling phenomenon, asking them to share their experience and insight into the channel.



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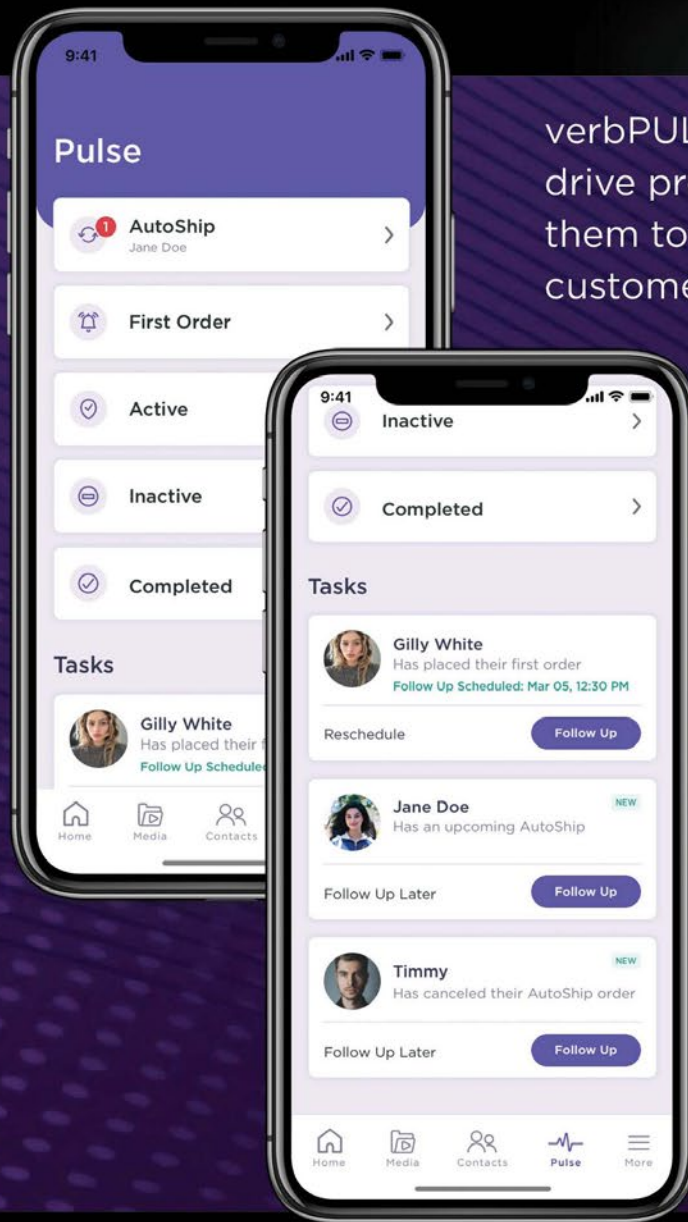
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# THE RANKS

## COMPANIES THAT PROVIDE APPS

RANKED BY NUMBER OF DIRECT SELLING CLIENTS INVOICED IN LAST 12 MONTHS

Each month, *The Ranks* spotlights companies, people or trends that are important to the direct selling channel. This month, *The Ranks* lists companies that provide various types of apps, ranked by number of direct selling clients invoiced over the past 12 months. Companies that did not provide information are listed in alphabetical order after companies that did.

RANK	COMPANY NAME & LOCATION	NUMBER OF CLIENTS INVOICED LAST 12 MONTHS	KEY CONTACT	3 REPRESENTATIVE CLIENTS	WEBSITE	CONTACT INFO	TYPE OF APP
<u>1</u>	Verb Technology American Fork, UT	152	Mckinley Oswald	Kyani Senegence Market America	verb.tech	800-506-6677 sales@verb.tech	Sales Enablement
<u>2</u>	Rallyware Mountain View, CA	82	Dan O'Marra	New Avon, Nu Skin, Tupperware	rallyware.com	801-441-8499 Dan@rallyware.com	Onboarding & Training, Incentives & Recognition, Sales Enablement
<u>3</u>	Krato Scottsdale, AZ	61	Matt Lind	Color Street, MIG Living, Theorem Method	krato.com	336-395-4947 matt@krato.com	Onboarding, Training, Retention, Sales, Gamification
<u>4</u>	Penny AI Vancouver, CA	18	Mark Hughes	Rodan + Fields, Truvy, Nu Skin	getpenny.com	778-919-6670 mark@pennyapp.com	Social Sales Enablement and Learning Platform
<u>5</u>	Field Check (Momentum Factor)	11	Travis Wilson	Juiceplus, Nu Skin, Mannatech	momofactor.com	512-690-2134 hi@momofactor.com	Mobile Compliance
<u>6</u>	Cheddar Up Denver, CO	10	Nichole Montoya	Stella & Dot, cabi, Matilda Jane	cheddarup.com/ brand	303-587-6961 nmontoya@cheddarup.com	Home Office-Controlled Sample and Inventory Sales
<u>7</u>	Socialsales.io Plano, TX	4	Preston Ridley	Forever Living, AdvoCare, Initial Outfitters	socialsales.io	214-659-1549 hello@socialsales.io	Social Selling and Prospecting
<u>8</u>	AMI San Francisco Bay Area, CA	did not provide	Amal Aziz	Scentsy, Tropic Skincare, Epicure	sellwithami.com	503-475-1771 amal@ami.co	CRM, Sales Enablement, Social Commerce
<u>9</u>	marGo	did not provide	Art Russo	did not provide	marGo.me	arusso@marGo.me	CRM and Digital Marketing Automation for Corporate & Field

## COMPANIES THAT PROVIDE APPS



**McKinley Oswald**  
President of Direct Sales, Verb  
verb.tech

“For over 30 years, we have provided sales enablement solutions that help with growth and retention. Our new verbPULSE feature allows your field to access a variety of reports and tools that enable them to track customer buying patterns and effectively communicate with customers with the goal of increasing sales and growing their business. At Verb, we provide your sales force with the tools they need to build a phone-based business.”



**George Elfond**  
CEO, Rallyware  
Rallyware.com

“For leaders who are eager to optimize distributor performance and retention, Rallyware’s end-to-end performance enablement platform uses the latest advances in data-driven technology to centralize the user experience in a consolidated suite for learning, productivity, and engagement. Rallyware transforms the direct selling distributor’s experience into a sleek, modern journey from onboarding and digital learning to personalized incentives & recognition programs, using multiple integrations and analytics to motivate optimal distributor behavior and reward such behavior.”



## COMPANIES THAT PROVIDE APPS



**Matthew Lind**  
Founder & CEO, Krato, Inc.  
krato.com

“Krato was built on 25 years of experience in the direct selling arena. We took on the biggest challenges that distributors face—training and growth. We answered the questions, how do you keep distributors interested in a world of constant distraction and how do you help distributors reach their audience and communicate their message more effectively? Krato develops custom branded mobile applications that answer those questions and more. By breaking down the difficulty of learning how to sell into bite-sized pieces that distributors can understand, digest and put into action, we provide the road map to success. Instead of overwhelming your field, we have developed a way to make learning fun by using gamification as the mode of education. Using our mobile app, distributors receive custom data-driven notifications relating directly to their business and their team, giving them the ability to lead others to success. Knowing what to do next provides comfort and makes selling simple.”



**David Abbey**  
CEO, Penny  
getpenny.com

“Penny is the partner of choice for digital-first direct sales companies. Built for global, enterprise deployments, Penny drives digital innovation from change management to long-term adoption.

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## THE RANKS

### FASTEST GROWING YOUNG COMPANIES

RANKED BY 2020 TO 2021 REVENUE GROWTH

The Ranks lists the fastest growing direct selling companies, founded between 2015-2019 and ranked by 2020 to 2021 revenue growth. We also included a list of Young Companies to Watch that have launched since 2020.

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RANK	COMPANY NAME & LOCATION	YEAR FOUNDED	2021 REVENUE	2020 REVENUE	\$ GROWTH	PRODUCT CATEGORY	WEBSITE
<u>1</u>	Vida Divina Ontario, CA	2016	\$800M	\$505M	\$295M	Health and Wellness	vidadivina.com
<u>2</u>	ByDzyne Evanston, WY	2019	\$34M	\$18M	\$16M	Digital, Wellness, Travel	bydzyne.com
<u>3</u>	QuiAri Brandon, FL	2019	\$50M	\$35M	\$15M	Health and Wellness	quiari.com
<u>4</u>	Red Aspen Boise, ID	2017	\$34M	\$20M	\$14M	Beauty	redaspenlove.com
<u>5</u>	VYVO Santa Clara, CA	2019	\$70M	\$56M	\$14M	Technology, Health and Fitness	vyvo.com
<u>6</u>	Success Factory Amsterdam, NL	2018	\$225M	\$220M	\$5M	Technology, education, trading platform	successfactory.com
<u>7</u>	Activz Global West Jordan, UT	2017	\$14M	\$12M	\$2M	Health and Wellness, Beauty	activz.com
<u>8</u>	inCruises Guaynabo, PR	2015	\$109M	\$107M	\$2M	Travel	incruises.com
<u>9</u>	Ascira Global Dubai, UAE	2019	\$7M	\$6M	\$1M	Personal Development	asciraglobal.com
<u>10</u>	iBumerang Houston, TX	2019	\$31M	\$30M	\$1M	Travel	ibuumerang.com

# THE RANKS

## YOUNG COMPANIES TO WATCH

COMPANY NAME & LOCATION	LAUNCH DATE	KEY EXECUTIVE	PRODUCT CATEGORY	WEBSITE
AmpLIFEi — Greenwood, IN	2020	Robert Oblon	Nutrition	amplifei.com
Avere — Glen Cove, NY	2022	Elizabeth Polke	CBD Products	averelife.com
Bella Grace Global — Tampa, FL	2021	Meredith Bilbro	Beauty	bellagraceglobal.com
Bellia — Waco, TX	2021	Antonio Barrera	Luxury Goods and Jewelry	belliaworld.com
DebtCleanse — Chicago, IL	2022	Jorge Newbury	Financial	debtcleanse.com
Tradekology — Houston, TX	2020	Manoah McClendon	Trading education	tradekology.com
Velovita — Sunrise, FL	2020	Kosta Gara	Health and wellness	velovita.com

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## WHAT'S NEW ►►

### Modere Makes List of 50 Fastest-Growing Companies Led by Women

Once again, **Modere** has joined the list of the 50 Fastest-Growing Women-Owned/Led Companies, a prestigious group selected by the Women Presidents Organization and J.P. Morgan Chase. Recognized for the third year in a row, Modere hit No. 4 this year. The company debuted on the list in 2020 as No. 3 and rose to No. 1 in 2021. This year is the 15th anniversary of the celebrated list. It recognizes the advancement of women in business by honoring women-owned/led, privately-owned companies that have generated significant growth in the previous five years. Nominees for this recognition are ranked based on a formula that combines percentage and absolute growth for revenue over those five years. Modere earned the No. 4 ranking through a growth rate of more than 1,500 percent since 2017.

### Mary Kay Plants 1.2 Million Trees to Promote Reforestation

Coinciding with the celebration of International Day of Forests and World Tree Day, **Mary Kay Inc.** released a report detailing its longstanding partnership with the Arbor Day Foundation. Together, they have planted more than 1.2 million trees all over the world in efforts to counteract climate change and carbon dioxide emissions as well as increase reforestation. In its 2022 Trees: Lungs of the Earth report, Mary Kay shares the benefits to planting trees completed through this partnership so far: Carbon: 1.2 million metric tons of carbon dioxide have been sequestered to date; Water: 81.9 million gallons of water have avoided runoff ( equal to 930,710 people with clean water); and Air: 4,236 tons of air pollutants have been removed. In 2021, Mary Kay completed six planting projects featuring fire recovery, insect restoration forests, and reforestation in Brazil, the Mississippi River Valley, Florida, China's Gansu Province and Inner Mongolia Forests, Peru, and Germany. In 2022, the company plans to plant trees in China, Brazil, Madagascar and Florida.

### USANA Reports Progress in 2021 Sustainability Report

For a second year, **USANA** has released its annual sustainability report, which highlights the company's progress toward its organizational priorities and environmental, social, and governance (ESG) achievements in 2021. The company is now better aligned with relevant reporting frameworks, including the Global Reporting Initiative Standards, the Sustainable Accounting Standards Board Standards and the UN Sustainable Development Goals. Highlights of the company's ESG achievements include: implementation of more than \$1 million in salary adjustments, including an increase in wages for entry-level employees; providing more than 4.5 million meals through the USANA Foundation; saving approximately 400,000 pages of paper by switching to a digital holiday gift guide; deriving 26 percent of its energy for the headquarter campus from solar arrays and renewable energy certificates; switching plastic bubble to 100 percent biodegradable fill in U.S. packaging; and investing \$10.6 million in R&D.

### Betterware de Mexico Reports 36% Net Revenue Drop in Q1

**Betterware de Mexico** reported its first-quarter financial results for 2022 with net revenue that decreased 36 percent within the first quarter. Still, Betterware expected this drop, given that the same quarter of 2021 was the company's strongest in history with 205 percent growth over 2020. Though the company also experienced uncertainty during the quarter, including supply chain bottlenecks and increases in commodity price and inflation rates due to strained geopolitical conditions, the company has positive expectations for a long-term growth as consumers continue to return to pre-pandemic lifestyles and consumption. Gross margin in the first quarter increased to 63.6 percent from 57.5 percent in Q1 2021, and full-year gross margins are now expected to be within the range of 58 percent-60 percent. EBITDA decreased 41 percent year over year, but the prior year's quarter saw the highest EBITDA level in company history. Net income experienced a similar comparison, decreasing 58 percent after last year's 339 percent net income growth rate.

### Amway's Global Sales Up 4%, Hitting \$8.9 Billion in 2021

**Amway** announced sales of \$8.9 billion for the year ending Dec. 31, 2021, which represents an increase of 4 percent compared to 2020. Nutrilite, a top-selling brand of vitamins and dietary supplements, accounted for 53 percent of 2021's sales. Amway's strongest markets in 2021 were: China, the U.S., South Korea, Japan, Thailand, Taiwan, Malaysia, India, Russia and Italy. The company also reported higher sales in several of its key markets including Malaysia, South Korea and China. The company said there were several factors that contributed to the growth, particularly its nutrition programs and products, such as its top-selling multivitamin. Amway also launched an Artistry skin supplement that combines nutrition and beauty categories. In addition, the company credits the opening of the XS Experience Center and the first year of XS Energy Plant operations at Amway's world headquarters. Amway invested \$15 million in a redesign to create the plant, a 60,000-square-foot, state-of-the-art manufacturing facility.

### Medifast Reports 22% Revenue Jump in Q1 2022

Medifast, the parent company of direct seller **OPTAVIA**, announced record increases for the first quarter of 2022. Revenue for the company increased 22.6 percent to \$417.6 million, with net income growing 1.7 percent, to \$41.8 million. The number of active OPTAVIA Coaches jumped 21.7 percent to 63,900. Gross profit as a percentage of revenue saw only a small drop to 72.4 percent, compared to 73 percent in the first quarter of 2021. The quarter saw an EPS of \$3.59, an increase of 3.8 percent. Income from operations increased 4.3 percent to \$55.1 million from \$52.8 million. The company's balance sheet remains strong, with cash, cash equivalents, and investment securities of \$122.1 million, and no interest-bearing debt. Full-year guidance is now expected in the range of \$1.78 billion-\$1.84 billion, an increase from previously announced expectations. Full-year 2022 EPS has been increased as well, with an expected range of \$14.60-\$16.05.

### eXp World Holdings Reports Q1 2022 Revenue Increase of 73%

eXp World Holdings, the parent company of **eXp Realty**, announced revenue of \$1 billion, a 73-percent year-over-year increase from the same quarter the previous year. When compared to 2021, the company's gross profit increased 56 percent to \$83.5 million, net income increased 83 percent to \$8.9 million, and adjusted EBITDA increased 19 percent to \$17.7 million. Earnings per diluted share increased 100 percent to 6 cents. Agents and brokers on the eXp Realty platform increased 55 percent to 78,196, and real estate transactions closed increased 55 percent to 114,305. The company's balance sheet remained strong with \$130.1 million in cash and cash equivalents, up from \$104.4 million on March 31, 2021. The company also repurchased approximately \$30 million of common stock during the first quarter of 2022, and an amendment by the board was approved to increase the stock repurchase program from \$400 million of common stock to \$500 million.

## WHAT'S NEW ►►

### FTC to Return \$149 Million to AdvoCare Former Distributors

Resulting from its lawsuit against **AdvoCare** in 2019, the Federal Trade Commission (FTC) is repaying more than \$149 million to AdvoCare distributors, who the FTC said were deceived into believing they could earn significant income through the business opportunity. In its complaint, the FTC specifically pointed out that AdvoCare, its former CEO, and some top sales leaders falsely offered "a life-changing financial solution that would allow any ordinary person to earn unlimited income, attain financial freedom, and quit their regular job." The FTC stated this included pressuring distributors to focus on recruiting rather than selling products to consumers, as well as "incentivizing" them to purchase large quantities of AdvoCare products. Payments will be sent by check and PayPal to more than 224,000 former AdvoCare consumers.

### Zinzino Purchases Enhazz Global

Norway-based **Zinzino**, which markets and sells nutrition, skincare and lifestyle products, has acquired Switzerland-based skincare company **Enhazz IP AG**, including rights to its brands HANZZ + HEIDII and YU. This purchase also includes Enhazz's distributor organization and merchandise on hand. The Enhazz business, which reported sales of approximately 3 million EUR (\$3.4 million USD) in the previous year, is expected to create strong growth through the shared networks. According to Zinzino, with both companies founded in the Nordic region and based on similar philosophies and cultures, the joining of brands was the right fit. Zinzino will pay a fixed purchase price of 1 million EUR for Enhazz, divided into 75 percent cash and 25 percent newly issued Zinzino shares. There are also additional conditional purchase prices based on the sales development generated by the acquired distributor organization in the period 2022-2027. This total is estimated at 2.5 million EUR. Zinzino is a \$150 million USD, publicly listed company on NASDAQ (ZNZNF), founded by Orjan and Hilde Saele in Norway.

### LifeVantage Reports Small Decrease in Q3 Revenue

**LifeVantage** reported financial for the third quarter ended March 31 with revenue of \$50 million, a small decrease of 3 percent from the same period in 2021. The company initiated a quarterly dividend of 3 cents per common share as well. Gross profit for the third quarter was \$40.3 million, or 80.7 percent of revenue, compared to \$42.8 million for the same period in 2021. Adjusted EBITDA for the company was \$3.4 million, down 29.2 percent from the previous year, and adjusted earnings per diluted share were 12 cents, down from 20 cents. The company repurchased approximately 326,000 shares and had a strong balance sheet with \$17.8 million in cash, down from \$23.2 million on June 30, 2021, and no debt. Net income for the third quarter of fiscal 2022 was \$1.1 million, or 9 cents per diluted share. Fiscal 2022 revenue guidance is now expected to be within the range of \$204 million to \$207 million.

### Kannaway Getting Closer to Approval by UK Food Standard Agencies

The UK Food Standard Agencies (FSA) has added **Kannaway**, the direct selling subsidiary of Medical Marijuana Inc., to its list of brands that have submitted Novel Foods applications. The listing provides these brands with the ability to continue marketing their products in the U.K., while excluded brands must discontinue sales. Listed by the FSA as "Awaiting Evidence," Kannaway's cannabidiol (CBD) products are now pending final toxicology results, but the FSA is satisfied with all other submitted evidence. If successful, Kannaway's CBD products will move on to the final "Validated" status. The U.K. is the second-largest market for consumer CBD, standing only slightly behind the U.S., according to the Association for the Cannabinoid Industry. Medical Marijuana Inc. CEO Blake Schroeder said Kannaway established operations in Europe in 2018, becoming the first direct selling company to sell CBD there.

## THE SUPPORTERS ►►

## MEET OUR PARTNERS

Below is a listing of all of the suppliers who placed display advertising in this month's issue. We are grateful for their participation and support in bringing news and information to the social selling channel.

<b>EXIGO</b> .....	<b>02</b>	<b>NEXIO</b> .....	<b>19</b>	<b>DIRECTSCALE</b> .....	<b>32</b>
<b>BYDESIGN</b> .....	<b>04</b>	<b>TRINITY</b> .....	<b>21</b>	<b>HANNA SHEA</b> .....	<b>39</b>
<b>METRICS GLOBAL</b> .....	<b>06</b>	<b>THATCHER</b> .....	<b>23</b>	<b>INFOTRAX</b> .....	<b>44</b>
<b>MOMENTUM FACTOR</b> .....	<b>11,34</b>	<b>VERB</b> .....	<b>28,43</b>		
<b>XIRECT</b> .....	<b>12</b>				
<b>BLOO KANOO</b> .....	<b>15</b>				

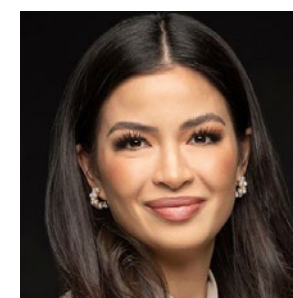
# People on the Move



**MARIELA MATUTE, TUPPERWARE Brands Corp.**  
**Mariela Matute** has joined **Tupperware Brands Corp.** as chief financial officer. Matute brings more than 20 years of finance experience in technology, consumer and manufacturing. She previously served as CFO of Calavo Growers. She has also held financial leadership roles for Amazon Business, Driscoll's Inc., The Chia Co., Henkel, and Procter & Gamble.



**MARK AND TAMMY SMITH, VERONA International Holdings Inc.**  
**Mark Smith** and **Tammy Smith**, two co-owners of **Verona International Holdings Inc.**, have been appointed to its board of directors. Verona is the parent company of **DreamTrips International LLC**. **Mark Smith**, who is currently CEO of DreamTrips, will also serve as chairman. **Tammy Smith** serves as chief field officer of DreamTrips.



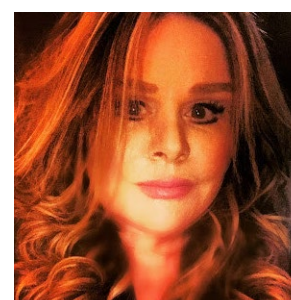
**DANA FORTUNE, 4LIFE Research**  
**Dana Fortune** has been promoted by **4Life Research** to vice president of marketing and sales initiatives. At 29, Fortune is its youngest VP and represents a new generation of 4Life leaders. She joined the company in 2018 and has advanced in the marketing department to lead digital marketing. Before 4Life, she spent three years at **LifeVantage**.



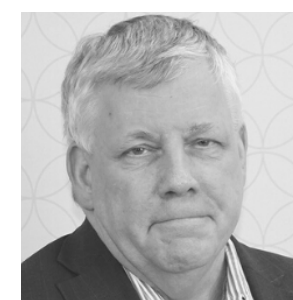
**JULIA KU, ASEA**  
**ASEA** has hired **Julia Ku** as vice president of Asia. Ku will focus on driving sales and field initiatives in Hong Kong, Malaysia, Singapore and Taiwan, and lead strategy development. She has over 20 years of experience in direct selling, with previous executive roles in China focused on sales strategy, incentive program development and training.



**LAUREN CUMMINS, AVON Worldwide**  
**Lauren Cummins** has joined **Avon Worldwide** as vice president of marketing in skin care and personal care. Cummins has over 25 years of international retail experience. She was previously vice president of product and design at Flying Tiger Copenhagen and spent 12 years with The Body Shop.



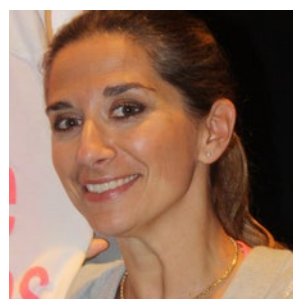
**CARMEN WASSERMAN, LE-VEL**  
**Le-Vel** has hired **Carmen Wasserman** as chief legal officer. Wasserman previously served as associate general counsel and data privacy officer at **Arbonne**, and before that worked with Compliance Legal and Strategic Solutions. She has spent 27 years advising startups as well as larger companies on global laws and regulations.



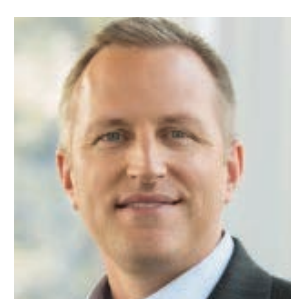
**TERRY WHITE, SALADMASER**  
**Saladmaster**, a **Regal Ware** brand, has named **Terry White** as the new senior vice president of its Asia Pacific Region. White formerly held roles focused on the Japanese market at **Rodan + Fields**, **Kyani**, **Toys "R" Us**, **Neways**, **Amway**, and **Komorebi Consulting** and brings over 20 years' experience in direct sales and consumer products to Saladmaster.



**ANDREANA FLORES, APLGO**  
**Andreana Flores** has been named country manager of **APLGO Philippines**. A legal adviser by profession, Flores joined direct selling five years ago. She recently served as an international market coordinator for several companies launching in Asia, South Africa, and Europe. She will now focus on business development and customer service.



**CELINE DEL GENES, HERBALIFE**  
**Celine Del Genes** has been nominated to **Herbalife Nutrition's** board of directors. Del Genes is currently the global general manager of specialist sports at Adidas AG, where she has spent over 20 years building extensive experience in global product launches. At Adidas she moved into higher roles growing adidas brands.



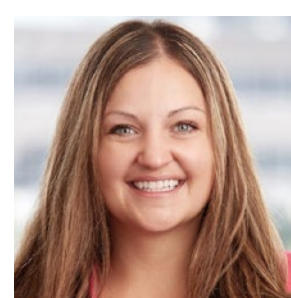
**CLAYTON JONES, HELO CORP.**  
**Helo Corp.**, parent company of **Vyvo**, has added **Clayton Jones** as chief legal officer. Before joining Helo, Jones served as vice president international and general counsel at Gröv Technologies and, before that, vice president and deputy general counsel at **Nu Skin Enterprises**. He also practiced law at Dorsey & Whitney.



**JOSH PAINE, IDLIFE**  
**IDLife** has named **Josh Paine** as president and CEO. Paine's over 20 years' experience includes leading companies as a top executive as well as building profitable organizations, such as **WorldVentures**, **ROVIA**, and **CheapCaribbean.com**, through "conscious capitalism." He will now assume IDLife's daily leadership responsibility.



**JORDEN BELL, ARBONNE**  
**Arbonne** has appointed **Jorden Bell** as chief marketing officer. Bell brings more than 15 years of leadership and strategic branding experience to this new role, including serving as chief brand officer and general manager of **Stella & Dot**, as well as working at Pottery Barn and Bergdorf Goodman. Bell will now lead Arbonne's creative strategy.



**LYNDI SMITH, YOUNG LIVING**  
**Lyndi Smith** has returned to **Young Living** to serve as chief marketing officer. Smith has more than 20 years of marketing and communications experience. She started at Young Living in 2001, working up to senior vice president of global marketing before leaving in 2021. Smith's work will now include developing brand, communications and content.



**ERIC HAYNES, VERONA International Holdings Inc.**  
**Verona International Holdings Inc.**, the parent company of **DreamTrips International LLC**, has promoted **Eric Haynes** to CEO and to its board of directors. Haynes previously served as chief legal officer and chief operating officer. He brings almost 20 years to the role, including time at **Mary Kay Inc.** and **Neora**.



**CHRISTOPHER BECK, MODERE**  
**Modere** has hired **Christopher Beck** as chief technology officer (CTO). Beck will lead tech-enabled customer experiences across company channels. He has over 25 years of expertise in IT and most recently served as global head of IT, enterprise systems and PMO at Harry's. Beck also has directed IT systems for Tapestry and Merrill Lynch.



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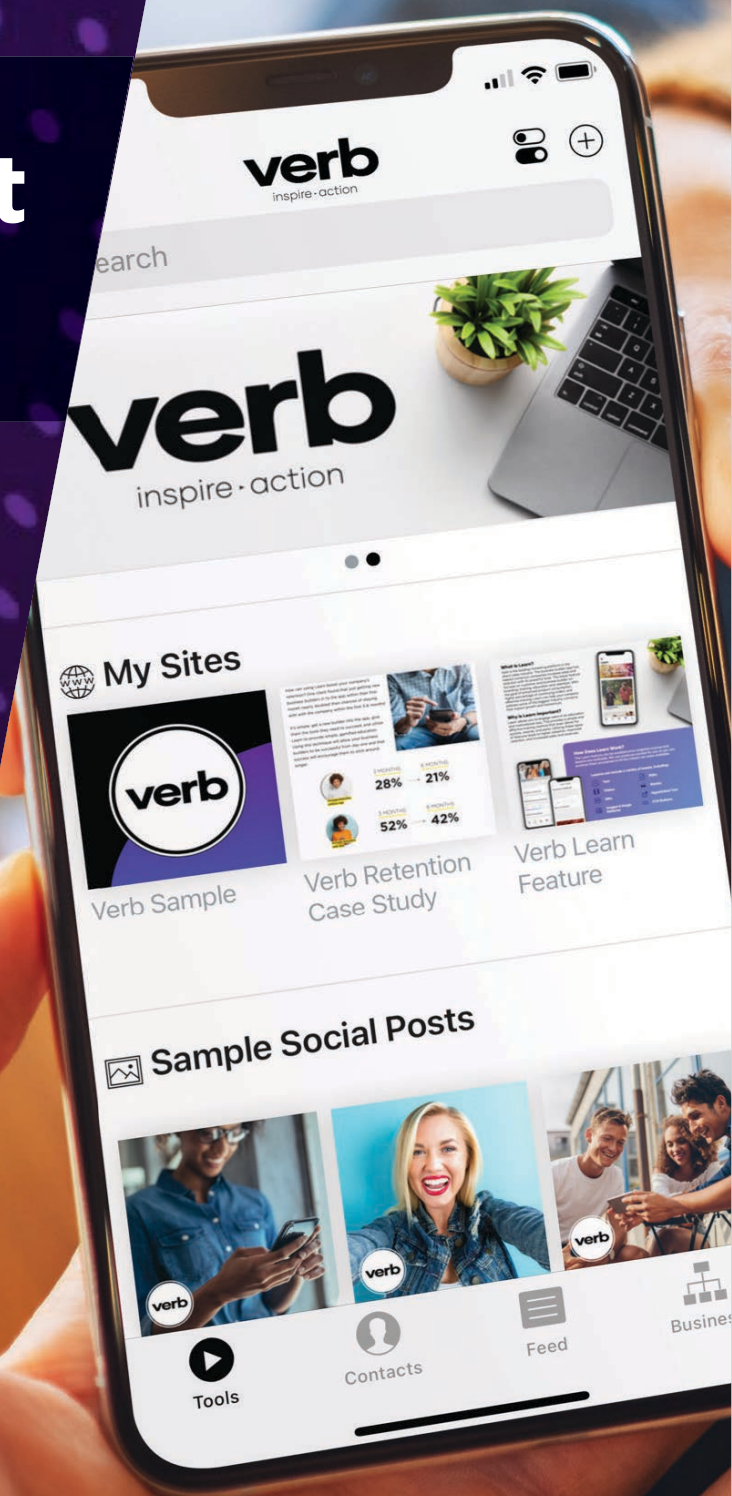
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