

1700s

“A peddler was usually welcome at the home of virtually any settler.”

\ The Yankee Peddler

The Yankee peddler is an iconic symbol of New England in the 18th and 19th centuries. These young men set out with their wares secured to their person or perched on wobbly carts. They followed the pioneers westward, serving as a conduit for goods, services and news between sometimes distant homesteads and the nearest towns.

Even though colonial households were much more self-sufficient than those of today, the need for finished goods, such as cast iron pans, pins and other notions, books and glassware, was nearly universal, making a visit from a peddler passing by a welcome sight.

Along with the things he offered for sale the peddler was also a source of social contact for people who rarely traveled far from their home.

“A peddler was usually welcome at the home of virtually any settler. In the first place his goods were needed, his news from the city eagerly awaited, and isolated pioneers were always glad to have the company. He did not have the social status of the settled merchant, but he was by no means a tramp or a ne'er-do-well—indeed most peddlers were of a respectable family background, and were peddlers only when young; sooner or later, when they had found a suitable spot, they settled down. Nowadays the word peddler is somewhat derogatory. . . But through the greater part of the nineteenth century things were not that way at all. A peddler was invited into a settler's home, seated and given a glass of cider while the housewife called her husband from the fields and the family gathered just to look at a man who had actually been in Marietta or Warren and could tell them all the news and gossip for miles around. After even a few weeks of training the peddler would have learned just how long he could permit this to go on before he opened his pack, or led them out to the wagon and got started on his real business in life”

Dolan, J.R. *The Yankee Peddlers of Early America*. New York: Clarkson N. Potter, 1964. p. 67



\ Rev. JR Graves Establishes the Southwestern Publishing House

The Southwestern Company history dates back to the first half of the 19th century. There are indications that the company was publishing religious pamphlets as far back as 1840 but the company finally settled in the mid-1850s as the Southwestern Publishing House under the leadership of Rev. James Robinson Graves. Initially the company sold its products through the mail but after the Civil War, Rev. Graves developed a new sales concept by engaging young Southern men to sell the products door-to-door.

\ Telephone invented

Alexander Graham Bell's new machine offers direct sellers a communication tool to reach potential customers.

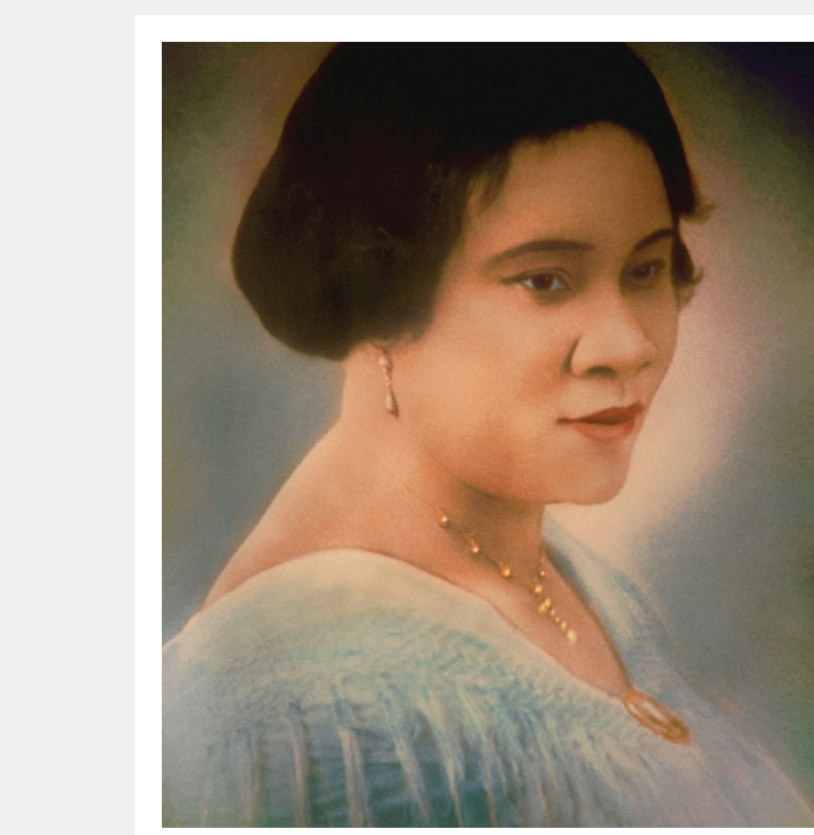
\ California Perfume Company Founded

David H. McConnell started a company called the California Perfume Company (CPC) in 1886 when he was 28 years old. The company offices were established in New York at 126 Chambers St., a manufacturing and shipping office operating from a room only 20 ft. by 25 ft. McConnell's first General Agent, Mrs. P.F.E. Albee, is still remembered today as a model for Avon Representatives and Zone Managers worldwide.



McConnell's first General Agent, Mrs. P.F.E. Albee.

\ The Aluminum Company of America (ALCOA) formed Wear-Ever Inc. as a subsidiary to market quality aluminum cookware through in-home demonstration.



\ Madam C.J. Walker Paves the Way for Women and Minorities

Madam C.J. Walker is one of the earliest pioneers of the direct selling method of product distribution. In 1905 she developed her own hair care products and started her own company — the Madam C. J. Walker Manufacturing Company — to manufacture and distribute them. Understanding the need for prospective customers to be able to experience her products, Madam Walker spent 18 months between 1906 and 1908 traveling door-to-door selling her products by demonstrating their use and effectiveness. Recognizing that she could duplicate her own successful sales in other women, Walker encouraged other Black women to leave unpromising careers as poorly paid washerwomen and maids to become Walker Agents and earn commissions selling various hair care preparations directly to customers. Capitalizing on the power of direct selling, Walker spent most of the next decade traveling to promote her products and train her independent sales consultants, proudly known as Walker Agents. By 1910 she had a growing cadre of Walker Agents to sell and demonstrate the product, but she continued to crisscross the United States speaking at churches, lodges and other public venues.



\ The Fuller Brush Company is Founded

\ The Agent's Credit Association is Founded in Binghamton, NY

In 1900 there were slightly fewer than 93,000 traveling salesmen, numbers warranting the formation of a national association — one that would look after the needs of direct selling companies and create an image for direct selling as a respectable profession by making sure ethical business methods were observed.

What is today known as the Direct Selling Association was formed in Binghamton, New York, in 1910. At its founding, the association was called the Agents Credit Association. The formation of this group marks the start of the modern-day direct selling era.

The Agents Credit Association had 10 members and functioned primarily in the fields of credit matters and collection of accounts, as its name implies. The original 10 members were:

- California Perfume Company (now Avon Products, Inc.) - New York, New York
- Freeport Manufacturing - Brooklyn, New York
- McLean, Black & Co. - Boston, Massachusetts
- Mitchell & Church - Binghamton, New York
- Mutual Fabric - Binghamton, New York
- National Dress Goods Co. - New York, New York
- Queen Fabric - Syracuse, New York
- Security Company - Weedsport, New York
- Standard Dress - Binghamton, New York
- World's Star Knitting - Bay City, Michigan

\ The West Bend Company is Incorporated

When a pocketbook manufacturing company burned down in 1911, many residents of West Bend, Wisconsin, were thrown out of work. Young Bernhardt C. Ziegler, a local entrepreneurial dynamo who had organized his own full-fledged fire-insurance company while still in high school, set out to find a substitute industry for the townspeople. Impressed by the growth of aluminum novelty and cookware companies in eastern Wisconsin, he recruited six other men who, with himself, each put down \$1,000 to incorporate the West Bend Aluminum Co.



\ World War I

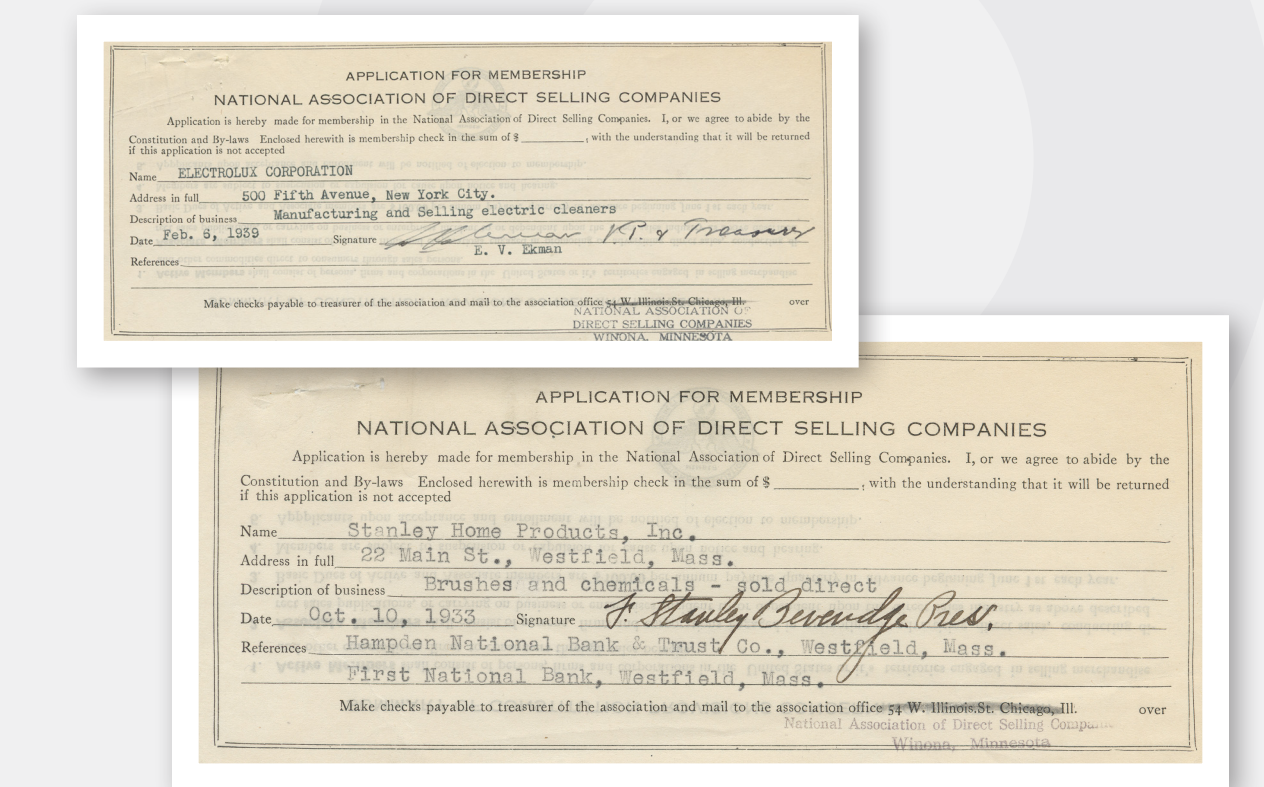
\ Name Changes

The association underwent a number of name changes within its first 10 years of existence. The Agents Credit Association was reorganized in 1914 and re-named the National Association of Agency Companies. For a brief period between 1917 and 1920, the name was changed to the National Association of Agency and Mail Order Companies, but the name was changed back in 1920.

1920s

Electrolux, Fuller Brush, Real Silk, and others were busy in the 1920s using door-to-door sales to market their products and make keeping the home a more efficient task, contributing to the ongoing scientific homemaking movement sweeping the U.S.

It was these companies and the executives who led them—including one Frank Stanley Beveridge, who would go on to found Stanley Home Products and give women such as Mary Kay Ash and Mary Crowley their start—that furthered what has been a decades-long adventure for direct selling, as our members continue to introduce products to the marketplace that address a need and inspire progress.



1920

\ DSA Statement of Purpose

By 1920 the association membership had grown to nearly 50 and had formed a strong enough organization to issue the following proclamation describing its purposes:

To protect against unjust taxation, license fees or other illegal restraint or interference with their business.

Co-operation, promotion and protection of the business interests of our members.

To prevent and discourage misleading advertising and all dishonest practices in the agency and mail order field.

To assist in the enactment and enforcement of laws, which in their operation shall deal justly with the rights of the Agency Houses and consumers.

To promote confidence between the consumers and the Agency Houses in our Association.

To foster and promote good will among our members.

1922

\ The Fuller Brush Man

The phrase “Fuller Brush Man” is coined by a salesman for the Saturday Evening Post. Having become a national celebrity by the early '20s, the Fuller Brush Man is a regular character in comic strips such as Mutt and Jeff and Blondie and Dagwood.



1924

\ The Association Headquarters Moves to Winona, MN

Winona was the home of one of the association's major members, Watkins Products, Inc. Watkins was a primary force in the formation of a satellite organization of direct selling companies called the Interstate Manufacturers Association. This regional group of companies was directed by association staff but was maintained as an autonomous organization. In 1965 members of the ISMA voted to abandon the organization and maintain membership only in NADSC.



1925

\ Reorganization and a New Name

At the annual convention of the NAAC in May 1925 at French Lick Springs, Ind., the association was again reorganized and renamed the National Association of Direct Selling Companies. It was at this time that the membership was first divided into Active and Associate members. “Active” membership was open to those concerns whose merchandise ultimately reaches the consumer or user by means of a personal solicitation. Mail order operations are not included. “Associate” membership was open to concerns furnishing services or selling merchandise to direct selling companies. Active membership is 80 and associate members number 11.

A new purpose statement was drawn up and the ethical principles therein contained were summed up by NADSC President Frank B. Jennings.

“What the direct selling industry requires above all, gentlemen, is a sincere determination on the part of everyone in it to conduct their business absolutely on the square, that their sales agents are honest, and reliable in their contact with the public...we must continue to operate in the spirit of the closest co-operation, that has always existed between the members of the NAAC, with our individual interests submerged and our supreme objective, the constant improvement and healthy growth of Direct Selling.”

Attorney James George became the first executive director of the association in 1925. Lloyd Deilke joined the association in 1938 as an assistant to Mr. George, and assumed leadership of the association in 1964.

1930s

1931

\ Green River, Wyo. Passes Legislation Restricting the Rights of Door-to-Door Sellers

Franklin Delano Roosevelt's New Deal and the legislation it championed advanced social welfare policies, but it also introduced the minimum wage, which forced direct selling companies to reexamine the way they compensate their sellers.

To adapt to this new social norm, companies such as Avon, The Southwestern Company, Stanley Home Products and WearEver Aluminum transitioned their tens-of-thousands of field sellers to independent contractors so they could stay in the field, earning their commissions and serving their customers. (Certain unemployment and breadlines would have awaited them otherwise.)



\ Stanley Home Products is Founded by Frank Stanley Beveridge

The ordinance was challenged on constitutional grounds by the Fuller Brush Company in 1932.

\ Norman Squires Conceptualizes the Party Plan Sales Model

Norman Squires is credited with conceptualizing and implementing the party plan method of direct selling. As a door-to-door salesman, Mr. Squires was frustrated by the inefficiency of knocking on many doors, with only a few positive responses. According to Mr. Squires' notes, his solution was “to get some customers in a block or neighborhood to invite 10 or 12 of her friends in for coffee at 2:00 p.m. or 3:00 p.m. at which time I would entertain them with a demonstration of the complete line.” He would ultimately present the idea to Mr. Frank Stanley Beveridge of Stanley Home Products, who embraced the idea as a way to distinguish the company from competitors. The rest, as they say, is history. Today, all companies using the party plan model can trace their roots back to the inspiration provided by Norman Squires.

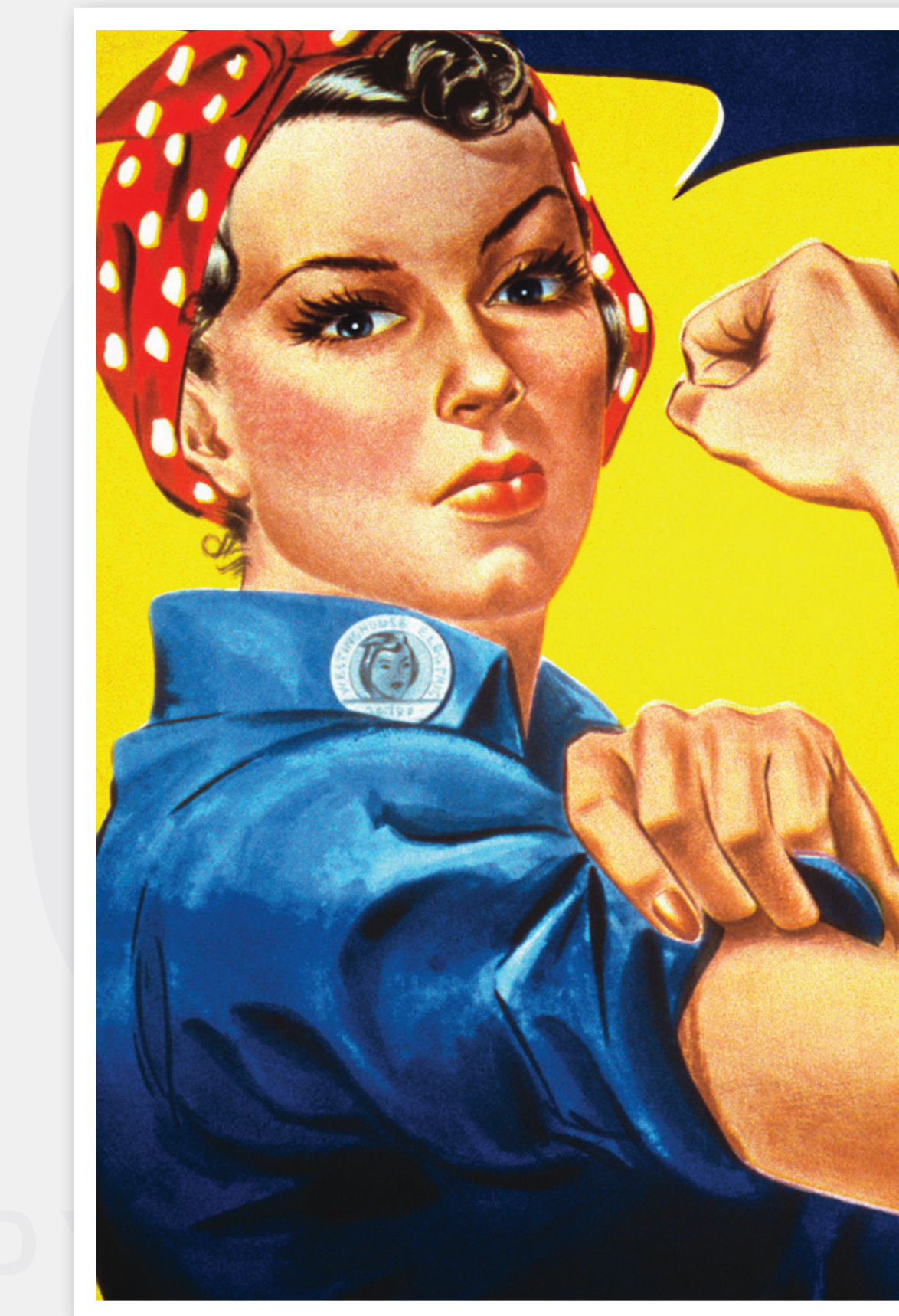


1940s

1941

\ The U.S. Enters World War II

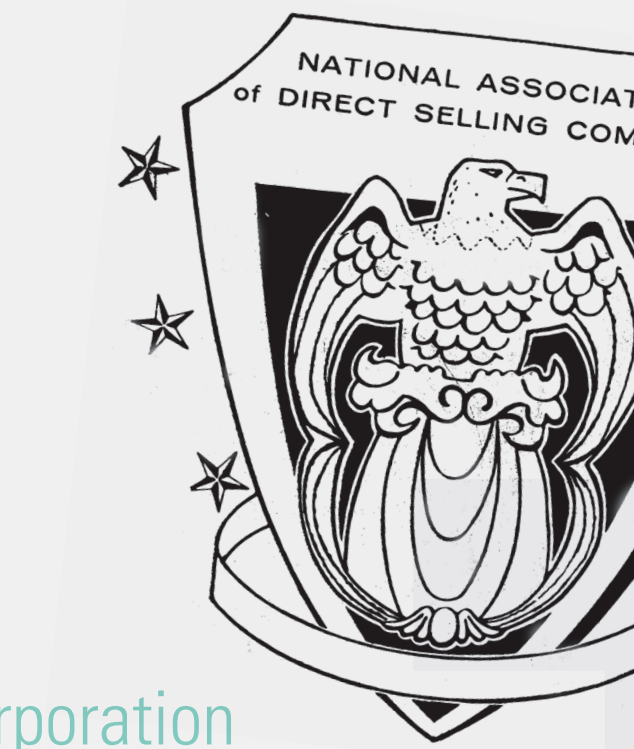
As World War II engulfs the world in turmoil, women in the US are called to service in factories across the country. This is the first time women have entered the workforce in such sizeable numbers. No longer would the fairer half of the American population be content solely with minding the home and the children. Their entrepreneurial spirit would last long after the men reclaimed their industrial jobs – prompting many women to turn to direct selling both as a pastime and a way to earn money, as they had become accustomed to during the war.



1946

\ NADSC Incorporation

The NADSC was officially incorporated in 1946 under the laws of the State of Minnesota.



1948

\ Nutrilite, Precursor of Amway, Establishes the Multilevel Marketing Sales Method

\ The Movie “The Fuller Brush Man” Has its Premiere

It what would be a first of many Hollywood brushes with direct selling, the movie “The Fuller Brush Man,” starring Red Skelton, is released. In the movie Poor Red Jones (played by Skelton) gets fired from every job he tries. His fiancée gives him one last chance to make good when he becomes a Fuller Brush man.



1950s

1950

Direct selling expanded dramatically in the 1950s as the entrepreneurial spirit took over and a multitude of future giants were born.

Network marketing great Amway and nutritional giant Shaklee were just two of our industry's leaders who were born during this decade. Also industry-leading companies that arriving on the scene were the "royal" fashions of Queens-Way, as well as Jafra and Home Interiors (founded by Stanley alums Jan and Frank Day and Mary Crowley, respectively).

Their success was, in large part, due to the thousands of homemakers who were looking for opportunities to earn extra income while taking care of their husbands and families, having been shuttled out of the factories once World War II and the Korean War were over.



\ The Movie "The Fuller Brush Girl" is Released

As a follow-on to the success of "The Fuller Brush Man" of 1948, Lucille Ball stars in this comedy. Hollywood would continue to portray direct selling as a staple of Americana as the movies "Edward Scissorhands," "Airplane" and "Fried Green Tomatoes" each includes a reference to direct selling or a character whom is a direct seller.

1951

\ DSA Begins its First Public Relations Program

The firm of Banner & Greif is contracted to maintain a public relations program for the association.

\ US Supreme Court Upholds Validity of Green River Ordinances

The Supreme Court rules in *Breard v. Alexandria* that the ordinances previously upheld at the state level barring door-to-door salesmen from calling on residences in cities such as Green River, Wyoming, are not invalid.

The direct selling industry will spend decades fighting such ordinances city by city until district courts begin to rule that such "Green River ordinances" are in violation of the 1st amendment right of free speech, while at the same time, promulgating reasonable self-regulatory standards regarding door-to-door activities.

The US Supreme Court will ultimately limit the ability of localities and government to arbitrarily restrict commercial speech.

\ Home Party Success

Tupperware finds that the Home Party is so successful that it pulls all of its products from retail stores and begins to distribute solely through direct selling.

1957

\ Mary Crowley Finds Home Interiors & Gifts



1959



\ Amway is Founded by Richard DeVos and Jay Van Andel

1963



\ Already a seasoned direct seller, Mary Kay Ash uses her life's savings to launch Mary Kay Cosmetics.

1968

\ J. Robert Brouse Appointed as DSA President

J. Robert Brouse became president of the association on Dec. 1, 1968, and was instrumental in the association's move to Washington, D.C.



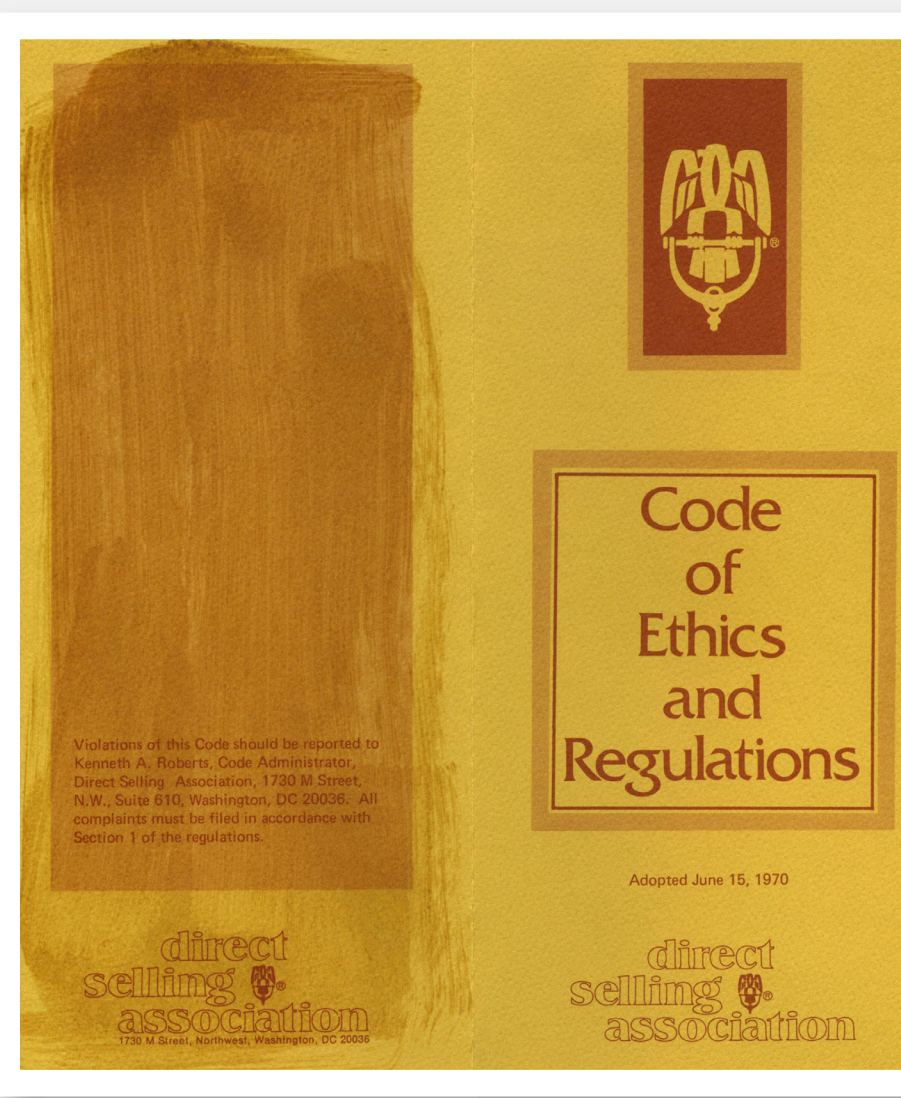
1969



\ The Association is Renamed the Direct Selling Association

In June 1969, during the 55th annual meeting, the board amended the bylaws and changed the name of the association to the Direct Selling Association.

1970



\ The Association's First Enforceable Code of Ethics is Adopted.

The Association's first Code Administrator was Clarence Lundquist. Congressman Ken Roberts, Henry Robinson, Bill Rogal and Gerald Gilbert succeeded him. The current Code Administrator is Jared Blum.

1973

\ The Direct Selling Education Foundation is Established



1977

\ *Queens-Way to Fashion v. U.S.* acknowledged the long understood legitimacy of classifying direct sellers as independent contractors.

1978

\ Neil Offen Becomes DSA President



1979



\ World Federation of Direct Selling Associations is established in Washington, D.C., with nine national DSAs.

/ *In Re Amway*, the U.S. Federal Trade Commission challenged the legitimacy of the Amway business model. Ultimately Amway was vindicated and their model upheld – a major victory for all multilevel marketing companies.

1980s

1982

The 1980s saw the creation of a many direct selling companies that today are industry leaders—but the decade didn't start out which such promise. Tough economic times resulted in declining revenues and fears that direct selling may not survive. However, as has been the case time and again, the appeal of direct selling in times when many are looking for supplemental income ultimately prevailed over economic woes. By the late-80s things were looking up and the industry would enjoy more than 20 years of steady growth.

Companies founded during the 1980s include:

The Pampered Chef
Herbalife
Arbonne
Life Force Int'l
Vorwerk USA
Kitchen Fair
Sunrider
Take Shape for Life
AtHome America
Nu Skin
Oxyfresh
Cookie Lee
Innovage
Melaleuca
Premier Designs
Fifth Avenue Collection
Unicity
Vantel Pearls
Creative Memories
Lectasia
Zermat
AMS Health Sciences
Body Wise
L'Bri
Stamplin' Up!
Reliv
Lifestyles USA
Smart Circle International
Traci Lynn Fashion Jewelry
Usborne Books at Home

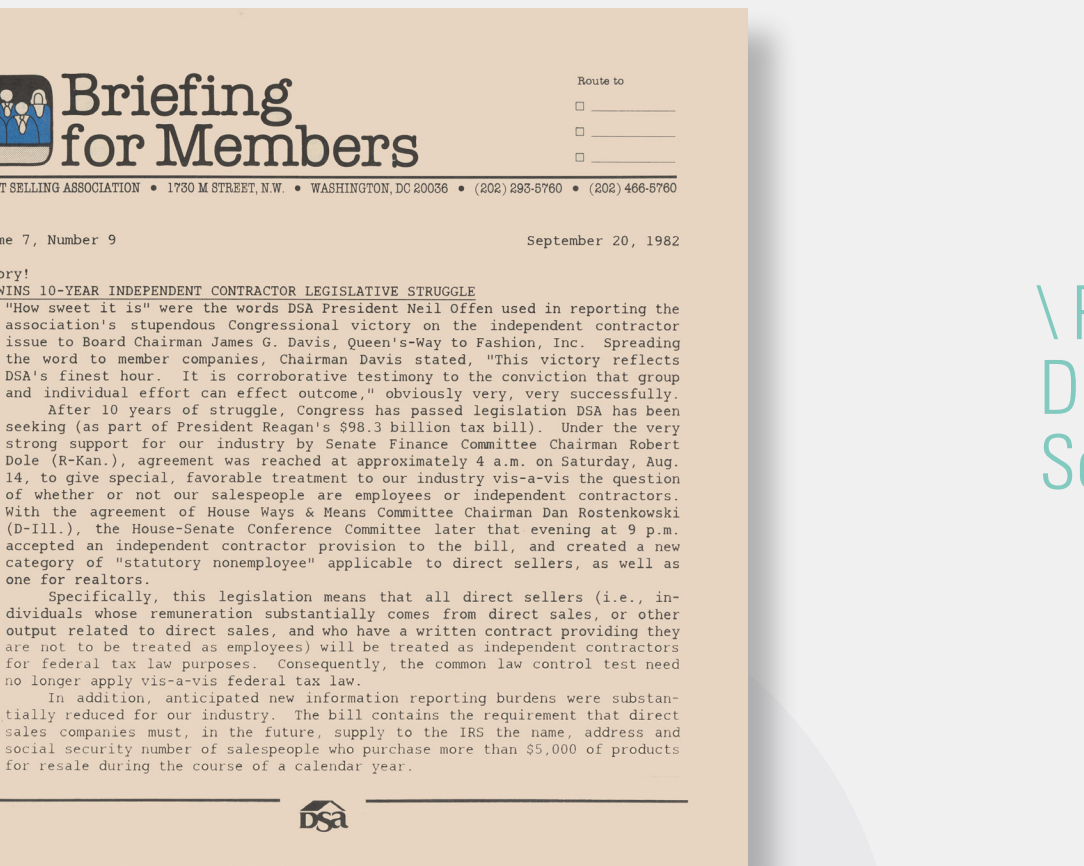
\ Congress Passes the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) creating special “statutory nonemployee” status for direct sellers in section 3508 of the tax code.

From “Briefing for Members” September 20, 1982

DSA Wins 10-Year Independent Contractor Legislative Struggle

“How sweet it is” were the words DSA President Neil Offen used in reporting the association’s stupendous Congressional victory on the independent contractor issue to Board Chairman James G. Davis, Queen’s-Way to Fashion, Inc. Spreading the word to member companies, Chairman Davis stated “This victory reflects DSA’s finest hour. It is corroborative testimony to the conviction that group and individual effort can effect outcome,” obviously very successfully.

After 10 years of struggle, Congress has passed legislation DSA has been seeking (as part of President Reagan’s \$98.3 billion tax bill). Under the very strong support for our industry by Senate Finance Committee Chairman Robert Dole (R-Kan.), agreement was reached at approximately 4 a.m. on Saturday, Aug. 14, to give special, favorable treatment to our industry vis-à-vis the question of whether or not our salespeople are employees or independent contractors. With the agreement of House Ways & Means Committee Chairman Dan Rostenkowski (D-Ill.), the House-Senate Conference Committee later that evening at 9 p.m. accepted an independent contractor provision to the bill, and created a new category of “statutory nonemployee” applicable to direct sellers, as well as one for realtors.



1984

\ President Ronald Reagan presents DSA with the Award for Voluntary Self-Regulation



The 1990s saw technology advance at a tremendous rate. In 1991 the National Science Foundation allows the first commercial use of the Internet. As this new technology rapidly takes hold and more and more Americans start paying for dial-up service, many were concerned this modern technology posed a distinct threat to direct sellers. Companies feared this impersonal realm could be a death knell for businesses that achieved their success through the personal connections their salespeople made out in the field. Over time, direct selling companies have embraced this technology—and the advancements that have come in the years since—as a complement to their sales methods, but this future was far from certain a decade ago.

Specifically, this legislation means that all direct sellers (i.e., individuals whose remuneration substantially comes from direct sales, or other output related to direct sales, and who have a written contract providing they are not to be treated as employees) will be treated as independent contractors for federal tax law purposes. Consequently, the common law test need no longer apply vis-à-vis federal tax law.

In addition, anticipated new information reporting burdens were substantially reduced for our industry. The bill contains the requirement that direct sales companies must, in the future, supply to the IRS the names, address and social security number of salespeople who purchase more than \$5,000 of products for resale during the course of a calendar year.



ONE HUNDRED YEARS OF DSA HISTORY

1990s

1992

\ Code of Ethics Protections Extended to Salesforce

The DSA Code of Ethics is amended to protect salespeople and distributors, adding a 90% inventory buyback and cooling-off requirement. The new provisions take effect on January 1, 1993.



\ Webster v. Omnitrition
...was a class action lawsuit that, in language from a decision by the U.S. Federal Court of Appeals for the Ninth Circuit, questioned the legitimacy of compensation paid on products and services purchased and consumed by individuals who are part of the salesforce.

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ONE HUNDRED YEARS OF DSA HISTORY

1996

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ONE HUNDRED YEARS OF DSA HISTORY

1998

\ Direct Selling is Banned in China.

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ONE HUNDRED YEARS OF DSA HISTORY

1999

\ Andrea Jung is named Avon’s first female CEO, making her the first Asian-American woman on the Fortune 500.

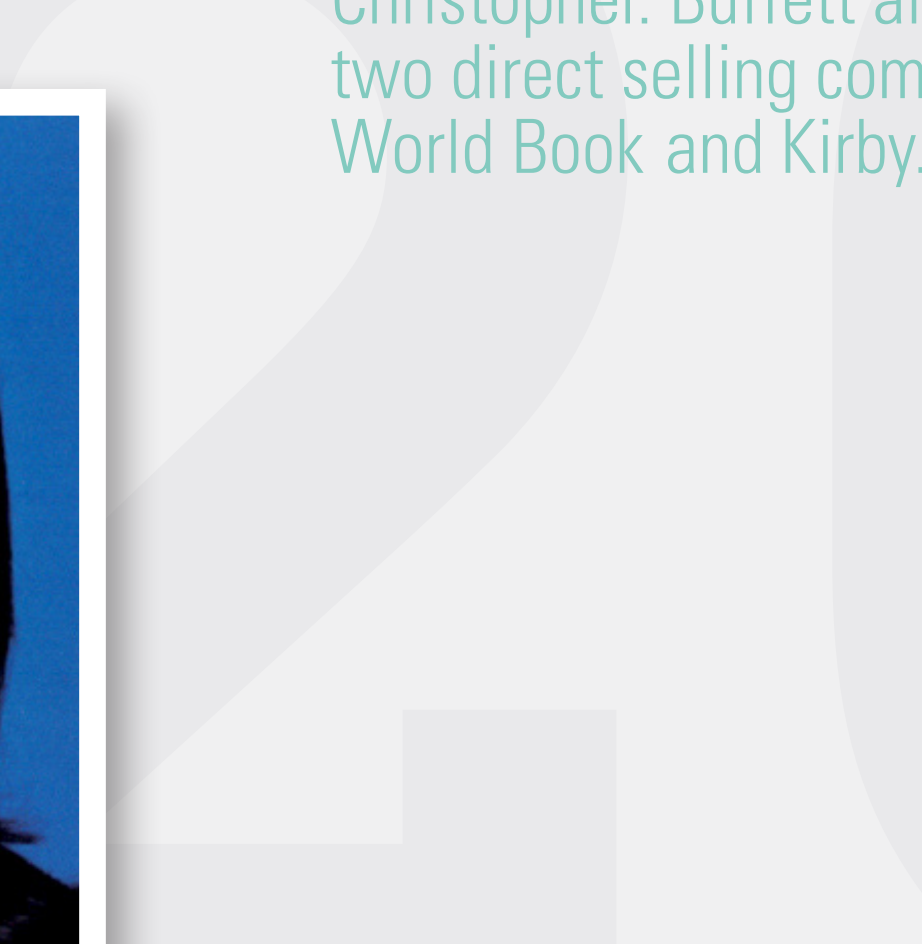


ONE HUNDRED YEARS OF DSA HISTORY

2002

\ DSA Model Anti-Pyramid Scheme Legislation Recognized by the Council of State Governments

The Council of State Governments recognized the DSA Model Anti-Pyramid Scheme Legislation as passed in South Dakota in their Suggested State Legislation Book. Six additional states have adopted some form of the model, which clearly distinguishes legitimate direct selling companies from illegal pyramid schemes.

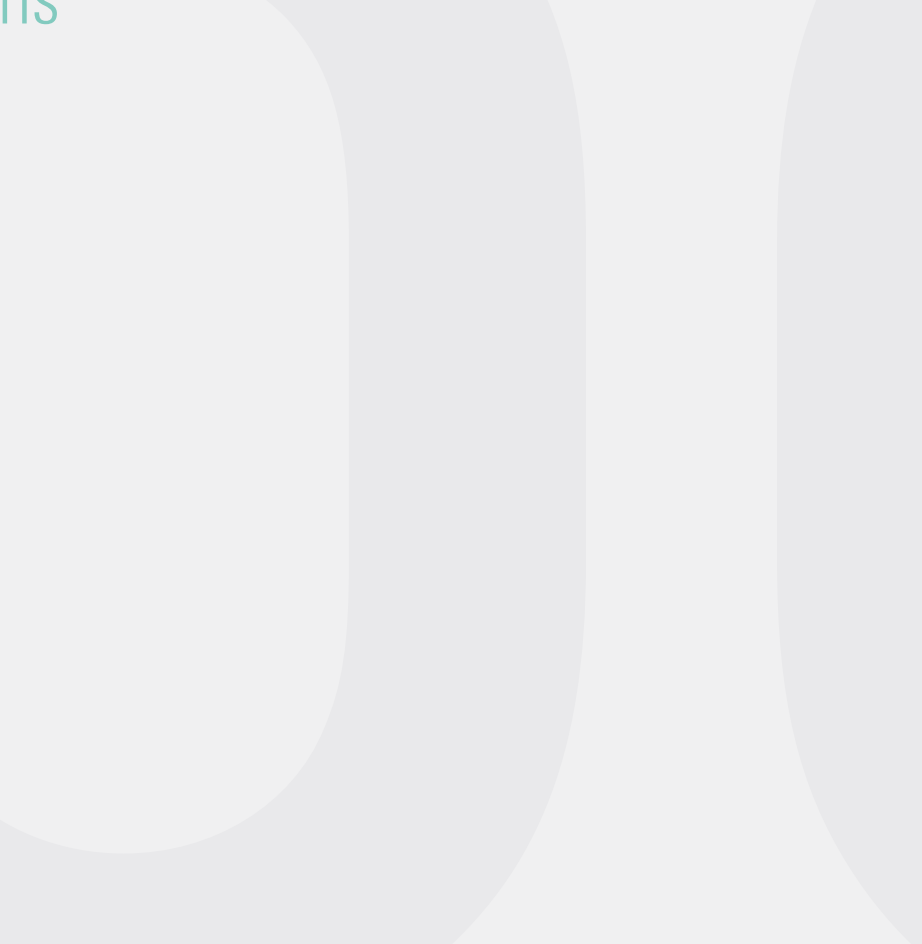


ONE HUNDRED YEARS OF DSA HISTORY

2004

\ China reopens its borders to direct selling as part of its accession agreement with the World Trade Organization (WTO).

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ONE HUNDRED YEARS OF DSA HISTORY

2005

\ Long-term Image Enhancement Program Implemented

The DSA Board of Directors approves plans for a long-term Image Enhancement campaign which would reverse nearly 30 years of relative inactivity in terms of proactive media outreach. In its first year the program results in more than 600 positive news stories.

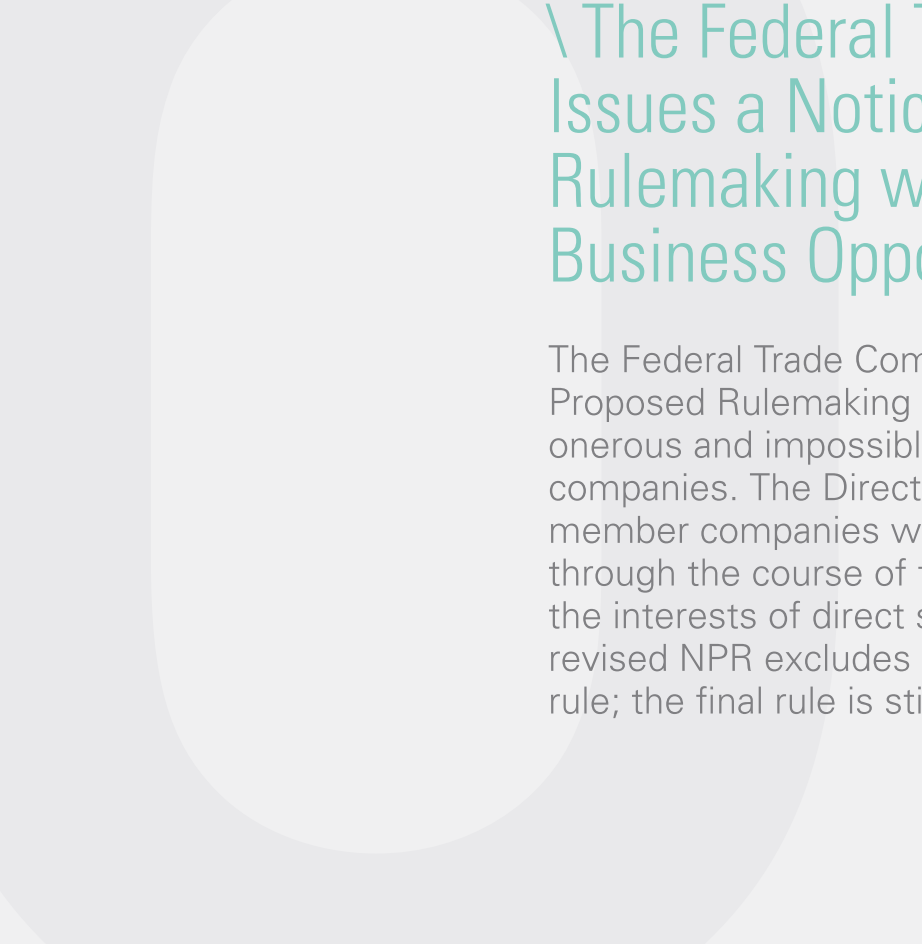


ONE HUNDRED YEARS OF DSA HISTORY

2006

\ The Federal Trade Commission Issues a Notice of Proposed Rulemaking with Regard to Business Opportunities

The Federal Trade Commission released a Notice of Proposed Rulemaking (NPR) that would have imposed onerous and impossible requirements on direct selling companies. The Direct Selling Association and its member companies would work for the next three years, through the course of the rulemaking process, to ensure the interests of direct sellers are protected. In 2009 a revised NPR excludes direct sellers from the scope of the rule; the final rule is still pending.



ONE HUNDRED YEARS OF DSA HISTORY

2009

\ DSA twice successfully fights proposals to withhold taxes on Independent Contractors in California.

In an attempt to address a massive budget shortfall the California legislature considers imposing a 3% withholding on payments to direct sellers in the state. This would have had a chilling effect on the ability of direct sellers to continue their businesses as so many sellers rely on their often minimal cash flow to not only build their businesses, but to support their families. DSA staff and members implement a grassroots lobbying campaign to educate California lawmakers about the negative impact this proposal would have on their constituents. On two occasions the proposal is removed from the budget package prior to passage.

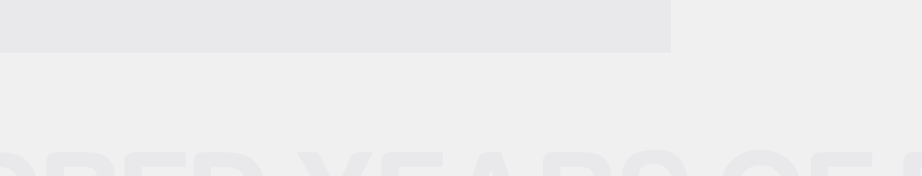
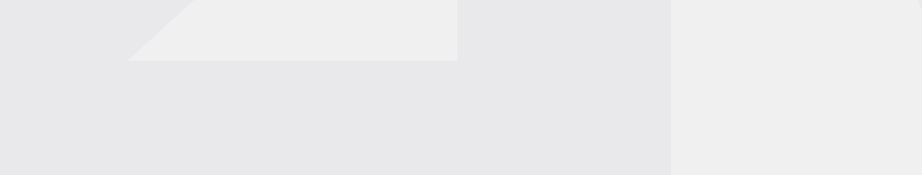
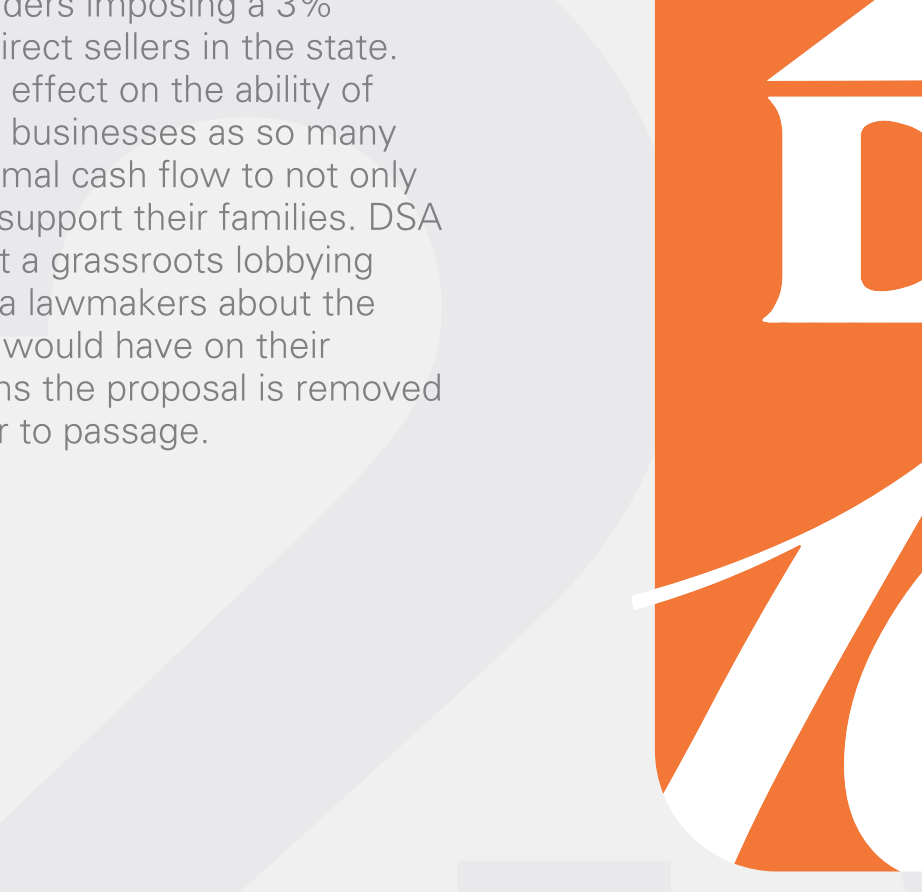


ONE HUNDRED YEARS OF DSA HISTORY

2010

\ DSA Celebrates its 100th Anniversary

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ONE HUNDRED YEARS OF DSA HISTORY