

WHO STOLE THE AMERICAN DREAM?

Why I Wrote This Book

Have you ever made fun of ...ridiculed...and abused...
Until finally there came a time when you said,
"ENOUGH IS ENOUGH"

Well. I came that point in my life. I'm mad-and I'm not going
to put up with any more!

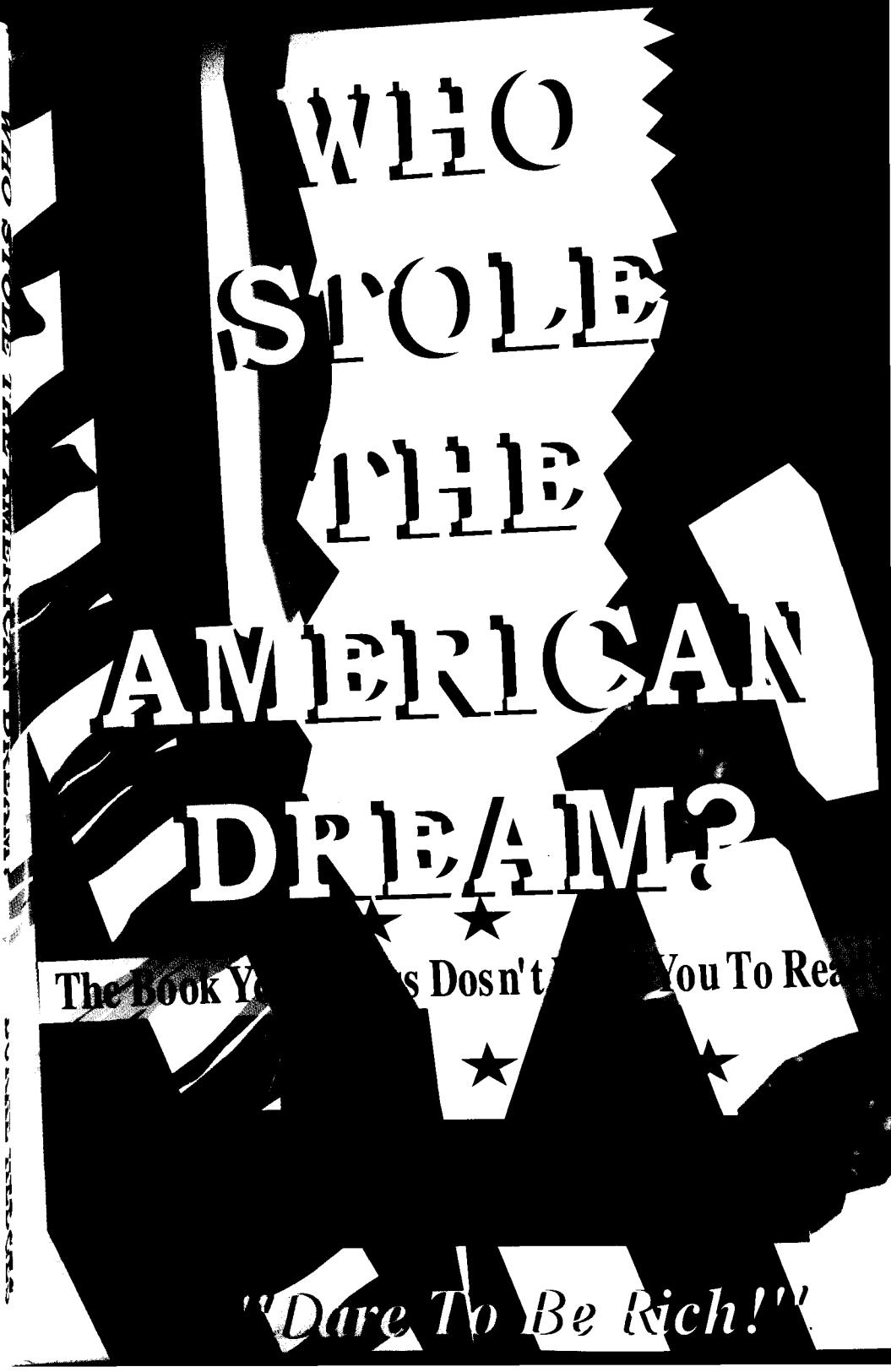
So I'm writting this book to tell you the truth ... to tell you what
you real chances are today to make it in conventional business
that are closing their doors every day-and lying off people by
the thousands!

I finally decided that someone needs to tell the truth about how the
average person could succeed in an industry that is revolution-
izing the way the world does business called Network Marketing.

Is Network Marketing a scam? ... A scheme?...Or the American
Dream?

You deserve to know the truth. The whole truth. And nothing but
the truth!

Read this book...And you be the judge!



Contents

<i>Acknowledgment</i>	<i>vi</i>
<i>Why I Wrote This Book</i>	<i>vii</i>
<i>Introduction.....</i>	<i>1</i>

Phase One: The American Dream

1 The Myth of the American Dream	18
2 Why ?.....	17

■ *Phase Two : Who Stole the American Dream—And Why*

3 Pyramid Schemes	23
4 Illegal Pyramid Schemes	25
5 Legal Pyramid Schemes	32
6 There Is No Security Anymore	44
7 What Are Your Options?	58

■ *Phase Three : Why Traditional Ways Aren't Working Anymore*

8 Paradigm—A \$100 Word and a Million-Dollar Idea...59	
9 Why Network Marketing? Ch... Ch... Ch... Changes ..66	
10 Whisper This Word to Yourself "Distribution".....72	

■ *Phase Four. The Truth About Network Marketing*

11 What Is Network Marketing?	81
12 If Network Marketing Is So Great—Why Haven't We Been Told the Truth About It? — .«« 106	

■ *Phase Five; Network Marketing and You*

13 Why Is Network Marketing Exploding?	127
--	-----

Acknowledgment

This book would never have been possible without the relentless support of John Fogg and Steve Price, two dear friends and business partners whom I admire enormously.

A special thanks to my wife Debbie and my three boys, Burkie, Nathen and Spencer, for their continuing support in every endeavor I dare to undertake. And to my mother, Maritza, and my step-father, Harley, for their faith in me.

My heartfelt appreciation to my Canadian partners and life-long friends—Peter Webster, Sal Occhipinti, Henry Asmann, and Brian Parker.

A debt of gratitude goes to economist Paul Zane Pilzer for giving us a new and more accurate way of looking at business and the world.

A big "thank you" to all my teammates at the International Network Training Institute (INTI) for standing by me from the beginning. And a very special thank you and a big hug of gratitude to my invaluable assistant, Sandee Lorenzen.

Finally, my gratitude and deep admiration to Ted von Schullick, a co-worker and good friend who passed away while this book was being written.

—B.H.

Why I Wrote This Book

Have you ever been made fun of... ridiculed . . . and abused . . . until finally, there came a time in your life when you said—

"ENOUGH IS ENOUGH!"

Well, I came to that point in my life. I'm mad—and I'm not going to put up with it anymore!

So I'm writing this book to tell you the truth... to tell you what your real chances are today to make it in *conventional businesses* that are closing their doors every day—and laying off people by the thousands!

I finally decided that someone needs to tell the truth about how the average person *could* succeed in an industry that is revolutionizing the way the world does business ... how you could be your own boss and earn anywhere from part-time income to an absolute fortune in an unconventional business called Network Marketing.

Is Network Marketing a scam? ... A scheme? ... Or the American Dream? You deserve to know the truth. The whole truth. And nothing but the truth!

Read this book . . . and you be the judge!



Introduction

'America's Lost Dream'

Cover of *Newsweek*, March 2, 1992

Something was terribly wrong!

As I slipped my key into the front door lock, I had a strange, unsettling sensation. I could feel an almost electric, tingling sensation on the skin of my arms and hands. My stomach was suddenly empty... I felt oddly hollow and sick.

I opened the door and cautiously walked inside. It wasn't getting any better. It actually hurt now.

I looked around. I was in the right house. Nothing was out of place. It just didn't feel right—and the feeling was getting worse by the second.

Then I saw it. There was a hole right under the television where the VCR used to be. It was *gone*!

Oh no, I thought, what else did they steal?

Stop, Thief!

Somebody had broken into *my* home, messed around with *my* stuff, rifled through and ripped off *my* private things—and my wife Debbie's things, too. And my kids—they'd even stolen from my kids!

Who Stole the American Dream ?

If this has ever happened to you, you'll probably never forget the feeling. I know I never will. As I remember this incident now, even though it happened years ago, those uncomfortable physical sensations return immediately.

It was awful—and it's *still* awful. I felt—dishonored... personally violated... angry... and absolutely powerless to do anything about it!

That's how we feel when someone steals from us.

And those are the feelings we have about someone breaking into our home and stealing stuff—just material things, which in my case, I went out and replaced in less than a week.

Imagine how much more shaken, angry and powerless we'd feel if someone stole so private and precious a thing as our *dreams*.

And that's just what they've done.

Somebody—or more accurately, a whole big bunch of somebodies—has stolen the American Dream. Right out from under our hard working noses.

We've had our hopes and dreams ripped off, our futures stolen and fenced by a bunch of freewheeling felons getting rich at our expense.

The American Dream Has Become a Myth

The American Dream is a fairy tale—

Not because it's not real...

Not because it's a thing of the past...

Not because it's not possible to achieve anymore, either...

And *not* because we don't deserve it. Absolutely not that!

It's become a myth because the way we've been brought up—and the things we've been taught that we *had to do to* realize the American Dream—simply don't work anymore.

Burke Hedges

And what's more, that whole business of "Get a college degree, work your way up the corporate ladder or start your own small business and achieve your dreams..."—could be a *setup*. For an increasing number of us, it's turned into a con, a scam and a scheme the big-shot power people use to get us to work our lives away trading too much time for not enough money just to make *them* rich!

Just thinking about it brings up the same feelings in me that I had when my home was broken into...

With one exception.

I don't feel powerless. Not anymore.

I found a way to get back the American Dream.

But before I tell you my way—the average person's way—let me ask you some questions.

What Is the American Dream ?

Is the American Dream going to college and getting a degree? Now, you know that works for some, but really—how many? And isn't it true that even for the doctors, lawyers, and Indian chiefs of government and corporate America, the future isn't what: it used to be?

How many college grads find work in their chosen fields today? How many are doing that same work ten years later, or even five?

Not very many.

Is the American Dream getting a good job? Working for a living? Can you get a job where you can earn what you're worth, where you'll get rich, find fulfillment, and gain freedom—trading your time for money?

Did you know that over half of all first-time heart attacks occur between the hours of 8 AM and 10 AM *Monday morning*? That tells me that people *would rather die than go back to work*!

There's no loyalty in corporate America anymore—and there's no security, either. According to Paul Zane Pilzer,

Who Stole the American Dream ?

a world-renowned economist, we're headed for as much as 20 percent unemployment by the year 2000.

Is the American Dream owning your own small business? I did that. Made a million dollars, too... but it cost me over \$1.2 million to do it!

Did you know that 90 percent of all small businesses fail in the first year... and 80 percent of the survivors close their doors in the next five? And that 80 percent of those never see year 10? Is owning your own *conventional* small business the way to achieve the American Dream?

Now notice, I said, "*conventional*."

The Times We Live in

We live in unconventional times, and they call for unconventional ways of doing things. New and better and different ways.

Ideas that used to take 50 years to be born, grow and mature now take only five. Everything's changing—and changing so rapidly that the great success stories of just a few short years ago are outmoded, dying dinosaurs today.

Here's an example: vinyl records.

If you owned a successful business making records and albums in 1985, you were probably a very rich person—a millionaire many times over. Where would you be today, just a few years later? Cassette tapes and compact disks rule the roost today. Almost nobody buys records anymore—yet just a few short years ago, vinyl records were a \$24 billion-a-year industry!

Are you beginning to see the picture?

Ladies and Gentlemen, tomorrow is happening *today*. If you can't see it, if you don't know what's coming, you're going to be left behind. And not just one or two steps

behind either—*miles* behind! And things are moving so fast you may *never* catch up—ever!

If you're not already at the top of a leading-edge career track where your job is literally working in the future today, you've got no better than one chance in 10,000 of making it to the top of anything else. Believe me, it's true. What's left over are the cheap, unfulfilling service jobs—cleaning up after or waiting on the hot shots who are where the action is.

Look around you. It's already happening.

The Changing American Workplace

Do you think "big steel" and U.S. heavy industries are going to make a comeback? Who's going to replace a robot or some other error-free, automated machine that just replaced 20 human beings for less than half the money they were being paid—and that does a better job? Try working in Detroit... Pittsburgh... West Virginia...

Let's face it, blue collar jobs are becoming extinct.

So, what about white collar jobs?

The answer to that is two words that spell *disaster* for white collar employees: First—*technology*. And second—*profits*.

Thirty-five percent of all white collar workers—and we're talking millions and millions of people here—will be out of work, collecting unemployment (till it runs out), sadly searching for the same kinds of jobs their former employers just eliminated forever in some other company that hasn't streamlined yet.

How about the 70,000 people GM is laying off, or the 40,000 people IBM let go—or the 100,000 more IBM plans to let go by 1995? Where will they go for work? What will they do?

Good luck.

You must have seen the unemployment reports. Big corporations are laying off people by the tens of thousands—more than 700,000 in 1992! Why?

Changing times... those workers just aren't needed anymore—and who can afford them anyway?

Look, jobs are being cut left and right and those companies are now accomplishing the same work—or more work—with fewer people! The only thing climbing higher than unemployment is the stock market! During the recent "recession," the Dow Jones climbed from 2000 to 3400!

Why?

Because if you fire and lay off a whole bunch of middle management executives making \$35,000 to \$100,000 in annual salaries, you make more profit—even if your sales are flat!

The rich are getting richer—and the poor... ? We all know the answer to that!

College, corporate careers, small business, blue collar, white collar... what is left?

What's left is a way of life and work called Network Marketing—the most powerful form of distribution of goods and services in history. A new and better way of working and living. A proven industry that people from every walk of life are turning to. A way for the average person to achieve the American Dream.

That's what this book is about.

You Deserve to Know the Truth About Network Marketing

Why? Because it will be in YOUR future in one of three ways:

- You'll be one of the people who's making it happen; or,
- You'll be one of the people who's watching it happen; or,
- You'll be one of the people wondering "*What happened?*"

It's simple: Either you'll be one of the millions of ordinary men and women who achieve extraordinary lifestyles through Network Marketing—or you'll be one of those who wish they had.

I guarantee you that in five to ten years, if you're not a Network Marketer, you'll be one of those other millions of people throughout North America and the world buying things from them... making things they buy... serving them or waiting on them.

Bold talk? Yes—the boldest. And yes, I've earned the right.

I had the American Dream stolen from me—just as many of you have. I've experienced those feelings in the pit of my stomach: broke, scared, knew I couldn't pay the bills, couldn't provide for my wife and kids, no vacation, no fun, *no future*—frustrated, angry and feeling powerless to change it.

Then, I discovered Network Marketing. And, yes—perhaps like you—I was skeptical at first. It sounded too good to be true. I felt it was just some sales scam—you know, a pyramid scheme.

But hey, it didn't cost me anything to check it out—and what if it was true? What if it really was my ticket to the American Dream? I couldn't afford to risk losing out!

The Mind Is Like a Parachute

They say the mind is like a parachute—it doesn't work unless it's open. So, I opened up my mind. I tucked my doubts and disbelief under my arm and took a look.

What I found was that Network Marketing really *was* simple—even I could do it! It was fun, too. There were lots of people to help me do it. I got to make a powerful, positive difference in hundreds, even thousands of people's lives. And, yes, I made money, too—a fortune, in fact!

But who cares what I did? Who cares what I think?
The big questions is—

What Do You Think?

Is Network Marketing right *for you!* Can you be successful
in Network Marketing—*will you?*

I don't know the answer to that. But I do know that you
absolutely, positively owe it to yourself to learn the truth
about Network Marketing.

I mean—what if... ?

What's it going to take for you to learn the truth, the
whole truth and nothing but the truth? The cost of this
book and a couple of hours of reading—max.

It will be time and money well and wonderfully spent.—
That's a promise.

You see, in my opinion, Network Marketing is the
wave of the future.

In my opinion, it's called "the people's franchise" for a
good reason.

My opinion 'is that Network Marketing is putting the
freedom back into free enterprise.

It's my opinion that Network Marketing is the very
best way in the world—perhaps the only way—for aver-
age people like you and me to live far-above-average
lives.

But that's *my* opinion.

In the classic novel *Fathers and Sons*, the Russian
author Ivan Turgenev wrote:

"I share no man's opinion. I have my own"

So, it's really your opinion of Network Marketing that
counts—isn't it?

See, it doesn't really matter what my opinion is.

You've got to know for yourself, don't you? Burke

What *really* matters is what you think and feel about
Network Marketing. In short, you've got to know what's
in it for you!

I promise you this: If you'll just take the time to learn
about who stole the American Dream—and then deter-
mine for yourself if you can get it back with Network
Marketing—then you'll know if Network Marketing is the
right vehicle for you.

No Excuses

Now know some of you will make excuses for not inves-
tigating this industry. Some people will say, "I don't have
the time ..." or "It's not for me ..." or "I'm too old to try
something new ..." and so on.

All these half-baked excuses remind me of a guy who
wanted to mow his grass, but his mower was broken. So
he went next door to his neighbors' house and asked if he
could use their lawn mower.

"Sorry," said the neighbor, "I can't lend you my lawn
mower because my wife is cooking beef Stroganoff."

Startled by his neighbor's response, the man asked,
"What does your wife cooking beef Stroganoff have to do
with you lending me your lawn mower?"

The neighbor looked him square in the eye and replied,
"If I don't want to loan you my lawn mower, any excuse
will do!"

How about you—are you accepting just any excuse to
avoid finding out about this industry? Hey, if you've made
all the money you'll ever spend (and you have the time
and freedom to enjoy it) ... you probably don't need to
investigate the possibilities of becoming successful in
Network Marketing.

But if you're like most of us, you've got everything to
gain and nothing to lose by finding out the facts about this
industry.

Who Stole the American Dream ?

There's no better time to check it out than right now!

And if you decide that Network Marketing is for you, you'll look back on this moment in time as the single most important moment in your life!

This could be that special moment when you start to take control of your life again... the moment you begin to feel the freedom, security and happiness of the American Dream—the moment you start to make it your own.



PHASE ONE: The American DreamCHAPTER 1

CHAPTER 1 The Myth of the American Dream

What is the American Dream? We all have our own unique version of what the American Dream means. Ask a million people to describe their dreams and you'll have a million separate, distinct and uniquely individual pictures. However, there are a number of things that all our dreams have in common, no matter how different each of us is.

We all want freedom and security for ourselves and our families. We want more money than we have now. We want health and happiness.

Basically, we want what we don't have.

Isn't that true for you?

The sad fact is, tens of millions of people aren't living their dreams at all, are they?

The Truth About the American Dream

Most of us aren't free to live where we choose—in the kind of house we want—because we simply can't afford it.

What else do we want? A top notch education for our kids... travel and vacations... entertainment... recreation... going out to dinner... new clothes... and a

whole lot more.

whole host of other possessions and possibilities for realizing our dreams.

So what happens? We finally get that special car that we want—and then stay home because we can't afford to go out! Unfortunately, we're forced to pick just one of the things we really want—and sacrifice everything else.

We've made "settling for less" a habit—a way of life!

Today, people aren't free to do for a living what they'd really love to do—what they're really good at, or what they *could* be good at if given the chance to learn. They're strapped to a job they don't like (or worse, one they hate!) because they just have to have that paycheck to survive.

I've done that—working for \$5.50 an hour building boats for someone who was making a whole lot more money than I was. Waiting on tables for \$160 a week—including tips! Doing work I hated. Hanging out with my buddies after work. Going nowhere in a hurry.

That's when I asked myself, "Is that all there is?" I used to hear that song in my sleep!

It was the pits; yet I was too scared to leave and take a chance on something better. I knew I was worth more than \$5.50 an hour. But I depended on that pay-check—and I had a family depending on me!

Sound familiar?

You know, the truth is only one half of one percent of the people in America make over \$100,000 a year. And that's just about how much it takes today to even get close to financial security.

The Bottom Line

The cornerstone of the American Dream has always been financial freedom—enough money to do *what* you want, *when* you want to do it.

That's not to say that money alone is what we desire most. We all know it's not the money, *but what the money*

will buy. And one thing money does buy in a society like ours—is freedom.

Money builds churches and schools and puts clothes on our children's backs.

Another thing money can buy today is health.

Let's face it—rich people are healthier because they can afford a lifestyle that *prevents* illness... and they can afford the world's *best* doctors and hospitals when they do get sick.

And is there any greater cause of stress—which more and more physicians say is a primary contributor to sickness and disease—than anxiety and worry over money?

Health care reform or not, the shocking truth is that medical research proves the affluent are significantly healthier than the average American!

You bet money can buy health—and lots of it!

How about happiness? They say it's the one thing money *can't* buy.

We all know *that's* not true. Look at a child on Christmas morning.

Freedom, security, money, health and happiness. We were never meant to be forced to pick just one or two. We want—we deserve to have them all!

Paying the Price

Sir James Barrie, author of the classic fairy tale Peter Pan, once said:

"Dreams do come true... You can have anything in life if you will sacrifice everything else for it"

Can you believe that?! Do we really have to give up everything else to get a little of what we want?

How much freedom do you have if you can't pay the mortgage or the rent?

Who Stole the American Dream?

What happiness is there if you don't have security... if you can't afford top-notch health and medical care—or have to work yourself to death to pay the taxes that subsidize the *other guy's* health insurance?

No, the real American Dream is to have it all.

But the sad truth is, the vast majority of North Americans today don't stand a chance of getting what they want out of life. For them, the American Dream has become a fairy tale. Amyth.

For an alarming number of people, it may even have become the American Nightmare!

1920-1921
1921-1922
1922-1923
1923-1924
1924-1925
1925-1926
1926-1927
1927-1928
1928-1929
1929-1930
1930-1931
1931-1932
1932-1933
1933-1934
1934-1935
1935-1936
1936-1937
1937-1938
1938-1939
1939-1940
1940-1941
1941-1942
1942-1943
1943-1944
1944-1945
1945-1946
1946-1947
1947-1948
1948-1949
1949-1950
1950-1951
1951-1952
1952-1953
1953-1954
1954-1955
1955-1956
1956-1957
1957-1958
1958-1959
1959-1960
1960-1961
1961-1962
1962-1963
1963-1964
1964-1965
1965-1966
1966-1967
1967-1968
1968-1969
1969-1970
1970-1971
1971-1972
1972-1973
1973-1974
1974-1975
1975-1976
1976-1977
1977-1978
1978-1979
1979-1980
1980-1981
1981-1982
1982-1983
1983-1984
1984-1985
1985-1986
1986-1987
1987-1988
1988-1989
1989-1990
1990-1991
1991-1992
1992-1993
1993-1994
1994-1995
1995-1996
1996-1997
1997-1998
1998-1999
1999-2000
2000-2001
2001-2002
2002-2003
2003-2004
2004-2005
2005-2006
2006-2007
2007-2008
2008-2009
2009-2010
2010-2011
2011-2012
2012-2013
2013-2014
2014-2015
2015-2016
2016-2017
2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024
2024-2025
2025-2026
2026-2027
2027-2028
2028-2029
2029-2030
2030-2031
2031-2032
2032-2033
2033-2034
2034-2035
2035-2036
2036-2037
2037-2038
2038-2039
2039-2040
2040-2041
2041-2042
2042-2043
2043-2044
2044-2045
2045-2046
2046-2047
2047-2048
2048-2049
2049-2050
2050-2051
2051-2052
2052-2053
2053-2054
2054-2055
2055-2056
2056-2057
2057-2058
2058-2059
2059-2060
2060-2061
2061-2062
2062-2063
2063-2064
2064-2065
2065-2066
2066-2067
2067-2068
2068-2069
2069-2070
2070-2071
2071-2072
2072-2073
2073-2074
2074-2075
2075-2076
2076-2077
2077-2078
2078-2079
2079-2080
2080-2081
2081-2082
2082-2083
2083-2084
2084-2085
2085-2086
2086-2087
2087-2088
2088-2089
2089-2090
2090-2091
2091-2092
2092-2093
2093-2094
2094-2095
2095-2096
2096-2097
2097-2098
2098-2099
2099-20100

CHAPTER 2

Why?

CHAPTER 2 *Why?*

Concordia, 19.12.1998, p. 10. - Cited by Schmid, 1999, p. 11.

Walt Disney once said, "All our dreams can come true if we have the courage to pursue them."

-BOB: Let's talk about that for a minute. *What's been in common*

Was it a *lack of courage* that made us "put away the childish things" we dreamed of as kids? Was it *lack of courage* that forced us to give up the dreams and aspirations of becoming a ballerina, baseball star, doctor, actor, astronaut... and settle into something "more reasonable"?

Was it a lack of *courage* that sent high-schoolers into four years of college—at a cost of \$40,000 or more—only to graduate and find there weren't any jobs? Or, if they did find a job, that it sure wasn't anything they studied in college... anything they'd spent years learning how to do... anything they really enjoyed doing?

Was it a lack of courage that got millions of blue collar men and women laid off as "dinosaur" industries died out... as business after business closed, as farms were bought up and advancing technology made tens of thousands of jobs obsolete?

Auto workers in Detroit, steel workers in Pittsburgh, coal miners in West Virginia, oil riggers in Houston, production workers in New England's defense companies, and thousands of small farmers throughout North America—do these people all simply *lack courage*?

Is it a *lack of courage* that makes hundreds of thousands of smart, committed, hard working white collar workers loyally give "the company" all the *best years of their lives*—only to find their pay slashed, suddenly threatened with layoffs, or actually flat-out fired?

What about the Americans who were victims of layoff panic in the early 1990's—the 23,000 people laid off at McDonnell Douglas... the 53,000 jobs slashed at Sears... the 10,000 people targeted for layoffs by Procter & Gamble (even while the company was *making billions*)... or all the folks at Eastern and Pan Am? How about the men and women in real estate, stock brokering, insurance, education, sales, auto dealerships, hotels, food service, etc... ? What about the 100,000 people in banking who lost their jobs in 1993?

Did these people really all just *lack the courage* it takes to pursue their dreams?

Is it a *lack of courage* that's responsible for more than 20 percent of all office space in America lying empty and unused as I write these words?

Was it a *lack of courage* that forced countless strong, hard-working men and women to toil their entire working lives... only to be forced to retire before they were ready?

Really—is it the *lack of courage* that's missing? Is that why we don't have our dreams?

What About Your Dreams?

Are you living and working the way you thought you would—the way you wanted—the way you would *choose to live*?

Do you have what you dreamed of as a child... ?

What you went to college for... ?

Were you rewarded by your company for your years of hard work and loyalty?

Will you be able to retire like you want to? And after retirement, when you finally have the time... will you have the money to enjoy your life, your family and your friends?

According to Mr. Disney, if your dreams haven't come true, it's because you didn't have the *courage* to pursue them.

Is that really true?

Are we really all just a bunch of cowards... ?

NONSENSE!

I truly believe that each and every one of us has an inner fire, a basic survival instinct to fight back when the chips are down.

We're not cowards—not our friends, not our family, not our children.

I guarantee you, none of us lacks courage! Americans are ready and willing to work, no doubt about it,

What we need is a vehicle to help us get back our dreams.

So, What's Wrong?

I'll tell you what I think—we're frustrated. Fact is, we're more than frustrated—we're angry! And we feel powerless to change the way things are.

There just doesn't seem to be much we can do about it—or can we?

Who Stole the American Dream?

Folks, the American Dream is not a myth. It's real--
very real. And now your self-made men have given me a
basis for my new book. Don't you dare let anybody take your dreams away!

We're not cowards. We're *victims of a crime*. The crime of the century. Somebody stole the American Dream.

And it's not so much the American Dream itself that they took from us, because we both know the dream is still there—somewhere.

What they stole was our ability to get at it. *Sam H. S.*

BOY What they stole was our *belief* that we can have it.

It's part of a cover-up that keeps telling us, "Do what everybody else is doing.... Don't rock the boat... Hey, you could lose what little you've got now... don't blow it... There is no other way."

No wonder that by age 65, nearly 95 percent of all people are either dead, dead broke, still working... or dependent upon family, church or state. Only five percent of retirees are financially independent!

I challenge you to quit doing what 95 percent of the people do—which is to end up at age 65 struggling to get by.

I'm going to show you how to be one of those five percent who own their own lives! I'm going to show you how you can have everything you've ever dreamed of having by becoming one of those special five-percenterers!

PHASE Two: **Who Stole the Dream- and Why**

CHAPTER 3

Pyramid Schemes

You've probably heard some people call Network Marketing a "pyramid scheme."

Do you know what that means? The reason I ask is that most people have no *idea* what a pyramid scheme really is.

The truth is, a multi-level pyramid is a natural structure. *Every single organization in the world* that distributes goods and services of any kind is shaped like a pyramid, with multiple levels that get bigger as they go down.

Here's how noted author and educator Dr. Karl Dean Black explains it:

"Delegation creates a multi-level pyramid. Our government is a multi-level pyramid. So are our schools and churches. All successful businesses are because they distribute goods and services, end up shaped like a multi-level pyramid.

"In any multi-level structure, the power comes from the bottom. Our government distributes services down a pyramid, but we give it power from the bottom with our votes. Marketing companies distribute products down a pyramid, but we give them power from the bottom with our dollars. So pyramids set up a flow that runs both ways: first down,

Who Stole the American Dream ?

then up. Value flows down the pyramid; power, in response, flows up. If value stops flowing down, power (in the form of dollars or votes) stops flowing up, and the system collapses."

So, according to Dr. Black, American business, government and education—are all pyramids.

Network Marketing is indeed a pyramid Just like IBM, General Motors, colleges and universities, the U.S. Government and *your church!*

So it's not the pyramid structure itself that makes something a "pyramid scheme." There's nothing wrong with the concept. It's what people do with it—how they use or abuse it.

Two Sides of the Pyramid Coin

I use a pretty bold analogy to make this point: sex.

On one side of the coin, sex is making love, two people uniting, becoming one, the passion and pleasure of creating new life together.

On the dark side, there is violation, rape and abuse.

It's not sex itself that's wrong or bad. It's the individual experience and expression of it that makes it either beautiful or ugly.

If you have a bad meal at a restaurant, do you give up eating out forever? Of course not!

It's the same with a pyramid. There's nothing wrong with something having a pyramid structure. What makes something a pyramid "scheme" is when, as Dr. Black pointed out, "...value stops flowing down."

Now, this may surprise you, but there are two different kinds of pyramid schemes: illegal ones and legal ones.

Let's talk about them both.



CHAPTER 4

Illegal Pyramid Schemes

ESTD
1974
10

An illegal pyramid scheme is a money-making scam where the people at the bottom put money in, but value doesn't flow back down to them. It's the kind of thing where a few people at the top get rich, while the majority of people—the ones on the bottom—lose out.

Examples are chain letters and the "airplane game," a money-tree game which was popular years ago until the government shut it down.

How a Chain Letter Works

One day, you get a letter in the mail. You may or may not know the person who sent it to you. Usually the letter is filled with compelling, even inspiring language about prosperity ... how you deserve to be rich, even how God meant you to be wealthy... and how, if you do the following simple steps, in two to four weeks, thousands to tens of thousands of dollars-will appear in your mail box as if by magic.

Something for nothing. And here's all you have to do to get it.

Somewhere on the letter is a list of names and addresses. You take the name on the top of the list, erase it, send that person the cash or money order—\$1, \$5, \$10,

\$100, whatever—and you add your name to the bottom of the list. Make 10 to 100 copies of the letters and send them to everybody you know.

There's usually a sense of urgency about all of this. The letter may encourage you to send your money and mail out your copies that same day, or within 48 hours at the most. Some letters even include threats, such as, "If you break the chain, you will be punished with a plague of poverty—or someone will put peanut butter in your VCR."

Seriously, some chain letters I've seen tell stories of people who lost homes, businesses, *even died*, "because they broke the chain!"

And "breaking the chain" is exactly the problem—the chain letter's fatal flaw.

IF everybody who received a chain letter responded by sending money to the name on top of the list - and IF all those people also sent out their own copies of the letter, and so on and so on—then everybody but the people at the very bottom of the pyramid *actually would* receive thousands of dollars in their mailboxes.

But it never happens. It can't.

The people who start the chain letter, and the ones near the top who "get it early" (i.e., before it gets busted), are the only ones who stand a *chance* of making money—and everybody else loses.

Illegal Lotteries

Any game of chance involving money is gambling, and gambling is illegal unless it's under the vigilant eyes of local, state and federal officials

The U.S. Postal Service has an investigation/enforcement division whose main mission in life is to catch people like chain letter participants, put them in jail and throw away the key. These guys are relentless. They carry badges, handcuffs, guns, the whole bit. And since they are

"the Feds," their power extends everywhere. IRS agents are pussy cats compared to these guys.

A chain letter is an illegal lottery. Outside of Tuesday night bingo at the local church or a non-profit group's fund-raising raffle, the state and federal governments are the only people who can operate a lottery legally.

Another variation on this get-rich-quick, money-tree scheme is the now-infamous "airplane game." Here's how it's played.

The Airplane Game

A bunch of people get together and form an imaginary "airplane." The plane has passengers, a co-pilot and a pilot. Passengers can buy a seat on the plane for \$1500, \$6000 or even as high as \$50,000, depending on the particular game being played.

Once you become a passenger, you must go out and recruit new passengers to buy seats on the plane for the same amount of money you paid for your seat. Each time you bring on a new passenger, you move forward one seat towards the cockpit. When you bring on enough people, you become the co-pilot... and eventually the pilot.

Now, you bring your new passengers, with their cash in hand, to a once-a-week meeting. That's where they turn in their money and get a seat on the plane. That's also where you get "coached" on how to bring people into the game. The co-pilot and pilot are usually excellent coaches. You'll see why soon.

So, where does the money go? To the pilot. See, when you're the pilot, all those new passengers who came to the meeting give you their money right then and there. Ten new passengers, at \$150 each, is \$15,000 cash. In most airplane games, it takes four to six weeks for a new Passenger to move from the back of the plane to the pilot's seat.

What does a pilot do then? Flies off into the sunset of success—or, buys a seat on a brand new airplane. And when you've done it twice, hey, move up to a \$6000-per-seat/airplane game. \$6000 times 10 is \$60,000—or \$10,000 per week, if all goes right and the plane doesn't crash.

But it does. Airplanes crash when there aren't enough new passengers—that is, when the people on the plane run out of friends and family with \$1500 to spend in hopes of hitting the pilot's jackpot. What happens then? The people who became pilots early on made a quick little fortune—and the rest of the folks are out \$1500 each. Why? No value... no product or service is being exchanged for the money.

Very Few Winners—Lots of Losers

That's the second reason these money games are illegal—they rip people off.

Somebody—and eventually lots and lots of somebodies—will break the chain or fail to recruit more new people. When one person isn't able to get enough other people to send money and letters or play the game—he or she is out. You don't get your money back. That's the risk you take.

A few people at the top make a fortune—and everyone else down at the bottom of the pyramid never gets a cent.

Some of these games (like the airplane game) require that you front thousands of dollars, cash up front, in order to play. There are lots of people out there who've lost lots and lots of money when the chain broke and the plane "crashed."

And one thing is true about every one of these pyramid schemes—sooner or later they *always* crash and burn.

In fact, when the State Attorney General of New York finally busted one airplane game, he discovered it had roots in organized crime. It was started by the Mafia! Amazing, isn't it?

Ponzi Schemes

There's one more category of illegal pyramid. It's called a "ponzi scheme," named after an Italian immigrant, Carlo "Charles" Ponzi.

Ponzi came to America from Canada where he spent some time in jail for passing bad checks. He ended up rather quickly in Federal prison in the U.S. for smuggling illegal aliens into the country.

If Ponzi had been a botanist, history would be forced to recognize him as the man who discovered the "money tree."

Here's what he did.

At that time, the post offices of the world issued what were called International Reply Coupons, which in essence were certificates good for postage stamps through out the world. Ponzis idea was to purchase these coupons in countries where the inflation rate was high and redeem them in countries where the rate was low. Simply put, this enabled him to buy low and sell high.

On the strength of these coupons, Ponzi created the Securities Exchange Company and issued his own "promissory notes." An investor could purchase one of Ponzi's notes with a face value of say \$160 for \$100. In just 90 days, the investor could redeem the note for its full value. In the days when banks were regulated to offer four percent interest, Ponzi's notes promised an extraordinary return!

At first, Ponzi's investors were dubious and risked only \$10 or \$20. However, after earning 60 percent interest on their money a couple of times, they felt more secure and soon began to invest thousands. Ponzi also cut the time frame down to 46 days to sweeten the deal for investors, (it did!)

In no time at all, Ponzi's empire grew to staggering proportions. One million bucks would flow into his offices

every day! As his investors got rich and spread the word, Ponzi got even richer. He was hailed as a financial genius. He now owned a local bank (the Hanover Trust Company), lived in the posh suburb of Lexington, Massachusetts, and was known far and wide as "The Great Ponzi."

Only one problem.

Ponzi's "money machine" operated by robbing from Peter to pay Paul. He took the money investors sent in today to pay the money due tomorrow on previous investors' notes. It was a merry-go-round of money that seemed to work perfectly. The International Reply Coupons that were supposed to be the source of Ponzi's wealth building investments didn't exist. Ponzi never purchased more than \$100 worth of them.

And one day in 1920, the merry-go-round stopped dead.

A public relations man whom Ponzi had hired to handle the attacks from the Boston press took one look at what was actually going on—and blew the whistle.

Ponzi was convicted of mail fraud and sentenced to nine years in prison. He jumped bail, moved to Florida, sold swamp land in a real estate scam, got caught and was returned again to prison. Eventually, he was deported back to Italy. Ponzi died alone and broke in 1949.

Round and Round and Round...

The full amount of money lost in the Ponzi scheme will never be known. Over \$15 million (in 1920 dollars) was paid out to "investors" before the "business" collapsed. Carlo "Charles" Ponzi was the proud father of one of the most incredible inventions of all time—the illegal pyramid scheme.

What made Ponzi's scam an illegal pyramid scheme was the merry-go-round principle. As long as money was coming in, money would continue to go out. Investors were paid in full, on time, and everyone was happy. However,

when the money *stopped* coming in, the *Jig was up." The game thing would have happened if the amount of money coming in* had begun to slow down.

Eventually, the people who invested late in the game lost their money.

Some of them lost everything they had.

What Ponzi did was to live on the "float"—you know, like writing a check today to pay yesterday's bills based on money that won't arrive until tomorrow in the hope that the check won't be cashed until some time next week—and so on and so on.

Sound familiar? Probably too familiar.

You know, it seems to me that a whole big part of the world of government, education and business today is doing just what Carlo Ponzi did.

You be the judge.



CHAPTER 5 Legal Pyramid Schemes

It should be obvious to you now why illegal pyramid schemes are against the law. Illegal gambling, illegal lotteries, outright rip-offs that permit a select few to get rich at the expense of many others.

These acts break human laws—legal rules which were enacted to protect us against injustice and foul play.

But there's another set of laws that govern how humans live and work. Natural laws. God's laws. It's these laws that Dr. Dean Black is speaking about when he says that pyramids collapse when there's no value flowing down to balance the power of the dollars or votes flowing up.

The Biggest Pyramid Scheme in the World

The alarming truth is that there are many organizations and enterprises in the world that are without a doubt pyramid schemes of the highest (or more accurately, *lowest*) order. In fact, the biggest pyramid scheme in the entire world is *legal!*

It's run by the United States Government.

It's called Social Security.

There's not a person under 50 years of age in America who should expect to collect all of his or her Social Security benefits at retirement. Everybody knows the Social

Security Administration will be broke by the time it's their turn to collect.

Really, what is Social Security but a huge pyramid scheme?!

You pay a percentage of your earnings every month of your working life—and a pretty big chunk it is, too—so that one day, when you retire (at what, 62 years old?) you'll get a monthly benefit check till the day you die.

Now, the U.S. government gets all this money from everybody who works or earns money in America; and what do they do with it? They pay the people whose "investments" are due now, just like Carlo Ponzi. If there's any extra, the government "loans" it to—guess who? Themselves! The only thing you'll see if you open up the Social Security savings vault is a bag full of I.O.U.'s signed by Uncle Sam!

Right now, they're doing okay with this game, because between 1946 and the mid-1960s, 76 million kids were born into a huge mega-group of humanity called the Baby Boom. All these millions of Boomers have been donating money into the fund all their working lives, and they're paying for those folks who are old enough to be getting social security benefits right now.

But what happens when it comes time for the first of those 76 million Baby Boomers to start collecting—which should occur in about 2010? You guessed it... there won't be any money left!

After the Baby Boom came the Baby Bust. There have been nowhere near the same number of births since the Baby Boom—and probably never will be again. So, there will be far fewer people "paying in" money than there are taking it out. It's already happening. In business terms that's called a "negative cash flow." Too much month at the end of the money!

Did you know that males who turned 30 in 1990 will pay over \$200,000 more into Social Security than they will

take out? No wonder 7 out of 10 families pay more in Social Security taxes than they do in income taxes! Talk about a scam!

What's going to happen when the first wave of Baby Boomers takes out so much money that there's nothing left? The crash of the airplane game will be like a fly going down the drain compared to the nationwide devastation when Social Security crashes!

You tell me: Is value flowing down this pyramid?
Doesn't this sound a lot like Carlo Ponzi's scam?

How the Rich Get Richer

The essence of all pyramid schemes—the illegal ones and the legal ones—is that the guys at the top get rich at everybody else's expense.

It's like when corporate CEOs get paid millions and millions in pay, perks and benefits... while the company and the stockholders lose money. All too often employees are forced to take pay cuts while they struggle to make ends meet—or worse yet, they get laid off.

American chief executives make around 100 times more than the guys on the factory floor. That means the wage-earning worker earns \$30,000 annually while the boss makes \$3 million! Compare that to economic powerhouse Japan, where CEOs' pay averages about 17 times what their employees earn.

If you're searching for a place to increase corporate profits in tough economic times—hitting CEOs' pay is the mother lode!

The big three auto makers in Detroit collectively lost billions between 1991 and 1993. What do you think Lee Iacocca got paid? In 1990, a year when profits fell 17 percent for Chrysler, super-Lee got a 25 percent raise! Figure that one out!

Or how about the CEO of United Airlines? He earned 1200 times more than what a new flight attendant made—in a year when the company's profits fell a whopping 71 percent; and the co-CEO's of Time-Warner split nearly \$100 million in 1990—while the company lost money! Unbelievable!

Okay, so maybe those are the top of the pyramid. But what about the smart and good guys who actually earn their money through the company's increased productivity and performance? Disney's Michael Eisner earns more in one day than the typical Disneyland employee does in an entire year! Come on—what happened to "fair play"?

By the way—do you know who determines the CEO's pay at these major corporations? The board of directors. And do you know who is the one executive who has the most to do with who gets on that board? You've got that right—the CEO himself!

But hey, that's business—it's not personal.

Right—you mean, like the business of government?

Paying for Performance

Tell me, does it make sense to you to raise the pay of congressmen and senators who've been running "U.S.A., Inc." at a loss—nearly a half-trillion dollar loss!—for years? The last year our government took in more money than it spent was 1969—and that's nearly a quarter century ago! Since 1987 the deficit has doubled. And the people responsible for it—Congress—gave themselves a whopping 70 percent pay raise of \$52,100! Plus, they get a fat pension that generates them a secure retirement—even if they serve only one term!

Look, you're a "stockholder" in this country. We all are. How do you feel about the performance of the executives and managers in your government? Remember, these guys work for us! And remember, too, these are the people who buy hammers for \$650 and toilets for \$6000!

Who Stole the American Dream ?

Sad, but true—the only time they seem to be able to make a profit is when they use us to make their wars.

Does all this make sense to you?

We pour in money (they call it "taxes"), their performance is at best questionable and they aren't accountable until the next election. So they give themselves a fat raise—wile the economy, national debt and balance of trade go down the gutter!

It's a scam!—another pyramid scheme! And it's finally falling apart, collapsing, because the value has stopped flowing down to us!

Remember Cheating Keating and Company—the whole S&L affair?

Mr. Keating is the guy who was head of now bankrupt Lincoln Savings & Loan, which cost taxpayers \$2.6 billion to bail out. They finally put him in jail and then found him guilty of 17 counts of feud.

And oh, by the way, Keating & Company also donated \$1.3 million to the campaign funds of five U.S. Senators—the same Senators who ignored the red flags popping up all over the S&L industry for years beforehand. What a coincidence, huh?

How's that for money going up the pyramid and no value coming down?

Problem is, he's the least of the bad news!

More than \$250 billion of our money down the drain to bail out the foiled banks (and more to come)... one or two scapegoats in jail (Keating originally faced 77 counts of fraud and racketeering), and we get to pay *increased* taxes to get us out of the mess they created!

(What if we were to use just half of all the money thrown down the S&L bailout drain to help the victims of Hurricane Andrew rebuild... or the victims of the flooding in the Midwest get back on their feet?)

Burke Hedges

So the government—our government—takes over the failed S&Ls. Then they hire the big eight accounting firm Coopers & Lybrand for \$23 million to help clean up the mess—and that's the same Coopers & Lybrand that the government is investigating for "cookin' the books" to cover up the S&L scandal in the first place! Now we're talkin'!

Talk about pyramids collapsing!

Remember, Ponzi was a banker.

Wall Street and 'Greed is Good!'

And how's Michael Milken doing? Remember Mike—king of the junk bonds? We've all read about this man.

This guy has made more than \$550 million a year! That's \$1.5 million a day!! And what did he do for all that money? He ripped people off selling them worthless paper he knew was worthless. They're called "junk bonds" for a reason.

He just "graduated" from a Federal pen with \$200 million of O.P.M. (that's "Other People's Money") in his pocket. Would you be willing to spend two years in a Federal "country club" pen for \$100 million a year?

How about the rest of the "Masters of the Universe"—the "greed is good" guys we saw in the movie *Wall Street*? Or the real-life guys at Salomon Brothers or Drexel Burnham Lambert? You remember, the Ivan Boeskys of the world?

They take our money—yours and mine—millions and millions of dollars of it—and go into bankruptcy with pretty-paper garbage-bond investment deals that leverage the leverage they leveraged from the leveraging of the leverage! Folks, the only *real* money involved is ours—not theirs!

The top guys make a killing and everybody else plays dead. This is Monopoly for real! Tell me Wall Street isn't

crawling with pyramid schemes and outright scams—can you? Seventy years ago they naflled Carlo Ponzi for doing this stuff—and rightly so!

Okay ... what else?

How About the Real American Dream?

Winning the lottery... we still have that, right?

Sure we do. Hey, new millionaires are created every month in scores of weekly state lotteries around the country. And the states that don't yet have their own lotteries are lining up to get them. It's legalized gambling—and the government's in on it!

You can even subscribe to magazines that offer to tell you what to play and how to win! The elderly—the retired generation on a fixed income—cash their Social Security checks at the same store that sells them their tickets. (How's that for irony?) Radio, television, newspapers and billboards are filled with ads to play the lottery—paid for by all the people playing. Incredible! And Just about anybody in a big city can swap food stamps for a chance on this week's big one.

Look at the lines of people buying lottery tickets—who's playing? This is crazy! You've got a better chance of being hit by lightning—twice!

Who's really winning? The government bureaucrats and administrators—the fats cats at the top. Virtually everybody else loses.

Isn't that the definition of an illegal pyramid scheme? Aren't they playing a money-merry-go-round like Ponzi did?

Nah, it's legal—because the government's running it And besides, all that money is supposed to go for new roads and bridges and public schools and...

Right. Where's the money really going? Where's the value flowing? In the words of P. J.O'Rourke, "Giving

money and power to the government is like giving whiskey and ccr keys to teenage boys."

Oh, I almost forgot about two of our favorite sacred cows...

Charity and Education

Charities like the United Way are do-good non-profit organizations, right? Wrong. Non-profit for you and me, maybe... but BIG profits for the hypocrites who run them!

The former director of United Way was paid \$463,000 a year plus perks—including 10 free trips a year, to Las Vegas for "business." Get this: Thirty-three different non-profit organizations, including the Boy Scouts of America, pay their directors over \$200,000 a year! And you thought your contributions went to kids and cancer research!

To think that there are people out there who have the audacity to ask you to give so *they can receive*. Tell me that is not a pyramid scheme—illegal, unethical, immoral—you name it!

And how about education—oh, there's a great one! Tell me, where else can you invest \$50,000 to \$260,000 and four years or more of your life for a piece of paper that doesn't even guarantee you a decent job? A diploma gets 90 percent of all college grads into a career that lasts, oh, five to 10 years—max! That is, if they can find a job at all

Who gets the good jobs right out of college? With the exception of the top jocks who turn to pro sports, it's those very, very few at the top of their class in those few top universities—the ones that cost a fortune. Sound a tad exclusive—kind of like the airplane game? It's a pyramid scheme!

Colleges and universities are big business. And like any business, they should be judged by the quality and success of the product they produce in the marketplace. But if 90 percent of all graduates are not working in

what they went to school for in the first place, where's the value flowing down in that pyramid?

Remember "value for dollars"? Do you know what the average college graduate makes today—if he or she can even get a job in his or her field of study? Only 500 bucks a week. Now, there's a great return on investment! And it gets worse—check this out: Since 1990, the income of the average college-educated male in his 20's has *dropped over \$4,000!*

Take away the fat endowments—Harvard \$4.65 billion, Yale \$2.57 billion, Princeton \$2.53 billion—are most colleges and universities profitable? If you made them operate like a real business, most would be bankrupt in a year!

What a waste!

General vs. Specific Education

Now don't get me wrong. I'm not knocking a college education. I truly believe that if everybody in North America had a college degree, we'd be living in a kinder, gentler, and probably more prosperous world.

College definitely makes people more well-rounded. More aware.—And usually more confident. As a good friend of mine put it, "College gives you peripheral vision—you see things in a larger context, you learn how to solve problems."

That pretty well sums it up. But as Napoleon Hill pointed out in his classic book, Think and Grow Rich:

"There are two kinds of knowledge. One is general, the other is specialized. General knowledge, no matter how great in quantity or variety it may be, is of but little use in the accumulation of money."

I went to college and I'm glad I did. But the real purpose of a general college education is to improve

people's vision and to provide a bridge—let me repeat, a BRIDGE—between the home and the big, wide world. (And let's face it, after 18 years most parents want their kids out of the house so bad they'll even pay for their education!)

In reality, college is not the best training for a career unless it's *specialized training* to become a doctor, engineer, accountant or the like. That's why Network Marketing is such a powerful vehicle for earning income. It's a *specialized system* for wealth creation without a \$40,000 investment and four years of hard work just to start earning your first dollar!

Illusion vs. Reality

Most people are under the illusion that they'll graduate from college and walk right into a solid career opportunity. It's like the story of the man who died and went to Purgatory.

The archangel in charge explained to the man that he could choose between going to Heaven or Hell, but once he made the choice—that was it. The man asked if he could see them both before he made his final choice. The archangel said, "Sure."

When they got to Heaven, it was beautiful. Everybody was smiling. It was peaceful and tranquil—just perfect. The people seemed content and so happy. It certainly looked very lovely indeed.

"This is beautiful," the man said. "May I see the other now?" The archangel took him down to Hell.

It was incredible—one huge party! People were laughing and dancing, the music was blaring. There was a lavish spread of magnificent food, everybody was drinking and carrying on. The man had never seen anything like it in his life and his eyes were as big as silver dollars.

The archangel leaned over to him and asked, "Well, which do you choose?"

"Oh, this one—this one!" said the man excitedly. "I want to be in Hell."

The archangel reminded the man that he only had one choice. "Are you certain you want to be in Hell?" he asked him.

"Oh, yes—I'm positive."

The archangel clapped his hands and in a flash, the music stopped, the party disappeared and the man found himself chained to a post with flames shooting at him from every direction.

"No!" he cried to another suffering soul. "Where did the party go—the people, the dancing, all the food?"

"Oh," said the other soul, "you must have attended the marketing presentation. This is what Hell is *really* like."

The moral of the story? Things are not always what they appear to be—just ask the college graduates who had to move back home because they couldn't find a job!

What college is best at preparing people for is—you got it, more college. Get a degree, then another and another. You, too, can become a professional student. In 1960, we graduated 9,733 Ph.D.'s—and today, more than 86,000 each year! Where do they all go?

The academic lifestyle—it's a world unto itself. Really, where's the value flowing? Nowhere! It's all bottled up in the university where it stays because if they let it out—we wouldn't need them anymore, would we?

Once college professors work their way up the academic ladder to the safety and security of "tenure," they get to do research and publish a book that nobody reads—much less understands. And if you've been watching the news lately, you'll see that if they're in any one of the high tech fields, they'll most likely be doing research for Hitachi or Mitsubishi—so that the Japanese get another patent

or an American invention! No wonder Japan is eating America's lunch in the marketplace!

Folks, it's time we all took a reality check. Let's face it when you try to use your B.S. degree to achieve financial independence, you'll find out what "B.S." really stands for—"Back to School"—because that's where you'll head when you can't find a job.



CHAPTER 6

There Is No Security Anymore

Why a chapter on security?

Because security is what people want most. All the research shows that it continues to top the list of what people desire in their careers for their families and for their futures, too.

The unhappy truth of life in America today is that security is slipping away—or gone—for most of us. And it's going at an alarming rate.

But security is the cornerstone of the American Dream—isn't it?

The truth is, there is no more security in the old, antiquated way of doing business. The fact is, there's greater job insecurity today than at any time since the Great Depression. Just ask the former employees of Eastern Airlines. Or Pan Am. Or scores of other workers who have been laid off from "blue chip" companies that are bankrupt or restructuring.

Even in the face of the most massive layoffs since the Great Depression, people still think they can find security by working for a traditional business. It reminds me of a story.

'I'm Sticking to My Story'

One night a guy decided to drop by a local bar after work to have a drink with his friends. Everybody was having a great time! Swapping stories .., singing along with the juke box... buying rounds of drinks for the table.

Before he knew it, he and his friends had closed the place down. As he stumbled to his car, he could see the sun breaking over the horizon. He glanced at his watch. 6:00 A.M. "Oh, no," he thought to himself. "I've done it again. My wife will kill me... I promised her, no more all-night binges!"

Twenty minutes later he pulled into the driveway, rehearsing the excuse he thought up on the way home. As he stumbled through the front door, he looked up to see his wife waiting for him with her arms crossed.

"Where have you been all night?" she demanded. He straightened up, looked her right in the eye and slurred, "I got home just after midnight, and I didn't want to wake you ... so I slept in the hammock outside." His wife glared at him and responded. "Nice try... only one problem... we took the hammock down two years ago!"

The man gave her a startled look and then blurted, "*Well, that's my story and I'm sticking to it!*"

My friend, people who think they can have the same job security in the 1990's that workers enjoyed in the 1950's are just kidding themselves.. .they're telling themselves a lie... and sticking to it.

In the words of U.S. Labor Secretary Robert Reich,
"No one's job is secure in the new economy, from the corporate chief executive to the ordinary worker."

There is no job security anymore. It's time to tell yourself the truth, prepare yourself to face the consequences—and get on with your life!

A Brave New World?

Today, it takes at least two incomes for us to achieve the standard of living our parents had with one paycheck. And even that's a stretch: Now, people are tailing about the *three-income* family as if that were normal!

Things are changing so fast in our world and workplace that people who had iron-clad, life-long positions with solid companies just a few short years ago are out of work today.

The 1980's saw 30 percent of all Americans lose their jobs—30 percent! They were mostly blue collar workers displaced or replaced by automation and advanced technology, as entire industries (like vinyl records) were transformed seemingly overnight. By the end of this decade, we could see 35 percent of existing white collar workers unemployed as well. Currently over 700,000 jobs are lost every year—that's 2690+ jobs ended, gone forever, *every business day!* We're talking monthly unemployment figures of 1,500,000! Remember what economist Pilzer predicted—20 percent unemployment by the year 2000!

Most of us can accept that certain industries are born, grow, prosper, get old and eventually die. That's just the way it is. And it's foolish to hang on to the past and fight progress.

Around the turn of the century, we were a land of farmers. Ninety percent of the population was involved in producing the food we needed as a nation.

In 1930 there were 30 million farmers in the U.S., and they fed approximately 100 million people. In 1990—60 years later, there were 300,000 farms feeding 250 million Americans plus another 100 million others world-wide! The sons of farmers today are computer programmers, chemical engineers and lawyers—not farmers. Why should they be? There's no security in farming anymore—and certainly no opportunity.

Steel workers, auto workers, machinists—the jobs of so many tradesmen and -women upon whom our economy depended just 20 or even 10 short years ago—are disappearing fast. Technological advances leading to higher productivity at a substantially lower cost are required for businesses to remain competitive in today's marketplace.

Industries that hang onto workers they don't really need could be seen as kinder and gentler—but that doesn't do anyone much good when they're forced out of business and into bankruptcy because they couldn't compete.

It just doesn't make sense to continue to pay three workers \$30,000 a year each if they can be replaced by one machine that costs \$50,000—a machine that never takes a vacation, doesn't go on strike for higher wages, doesn't require a benefit package with a pension and will never file a sexual harassment law suit,

I've mentioned vinyl records: Now there was a solid, secure, mega-million-dollar business that was on top of the world just six or seven years ago. To tell you the truth, if I had told you back in 1985 there would be no record industry in 1990—you'd have laughed me out of the room, wouldn't you? Today, cassette tapes and compact disks have made vinyl records virtually obsolete.

The owners, executives, managers, shareholders, workers—plus all the lawyers, insurance companies, equipment manufacturers, construction workers, suppliers, vendors, service companies ... all the folks who depended upon the vinyl record industry for their livelihoods, either went someplace else for work, or are out of work—or went out of business.

And hey, the music business itself is doing better than ever!

Recording artists are flourishing. So are the "record" companies—CDs have doubled their sales dollars! One

person's prosperity can often come at the cost of another's security.

(And by the way, in case you're thinking of looking for "job-security" in the CD business, don't bother: Now industry observers are saying that over the next few years, digital tape is going to make CDs and cassettes obsolete!)

Get an Education

Going to college, getting a good job, providing a secure future for yourself and your family isn't what it used to be. It's a myth, isn't it?

Sure, they teach you a lot in college. But what none of the professors teaches you is how to become financially secure. It reminds me of a poem by Stephen Crane, the author of *The Red Badge of Courage*:

I met a seer.

He held in his hands
The book of wisdom.

"Sir," I addressed him,
"Let me read." A
"Child—" he began.

"Sir," I said,
"Think not that I am a child,
For already I know much
Of that which you hold.
Aye much."

He smiled.

Then he opened the book
And held it before me—
Strange that I should have
grown so suddenly blind.

The "book of wisdom" that tells you how to achieve the American Dream doesn't exist in any college library. Even if it did, only a very few college students would be able to understand a word of it.

The job market for college grads is the worst since the Great Depression! The Baby Boom that created the most awesome market for goods and services the world has ever seen... that created the most massive block of college graduates... also created the most cut-throat, competitive job market ever!

Get a Job

We've lost as many as a quarter of a million jobs in a single month—and that figure is destined to get higher and higher—and that doesn't include the millions of people whose jobless benefits have run out... who've given up and quit looking for work!

The number of men and women changing jobs and careers every year now is astonishing! It used to be that you'd get into an industry and there you'd stay till you retired. Maybe you'd make one change. But today, employment experts *expect* people* to have 10 to 12 different jobs in five or six different careers over the course of their working lives! Where's the security in that?

Even the U.S. military is laying people off! Officers—from lieutenants to generals—are being offered cash payments to take early retirement. Why? Because the Army doesn't need them and can't afford to pay them.

The cold war was hot business for the defense industry. But all the businesses that supplied weapons and uniforms and supplies to the military are paying a big price for peace—they're laying off thousands of workers!

How would you like to be in the defense industry today?

No matter where you turn—with very, very few exceptions—there simply is no more security in the American workplace today.

Free enterprise is no longer *free*. Most people don't have that most American of all rights, a choice. They have to take what they can get. There's no freedom'in that—and no security, either.

The Wonderful World of Conventional Small Business Ownership

Remember, more than 90 percent of all conventional small businesses fail within the first five years. Of the 10 percent that make it, very few will ever see year 10. How many 10-year-old businesses do you know of?

The truth is that most small business entrepreneurs don't own their own businesses—they own their own *jobs*. I know. I had my own business when I was 24 years old. I got fed up and I quit working for someone else and went to work for myself. Unfortunately. I quickly found out that I was like the lawyer who has himself for a client—I was working for a crazy person! I put in one frantic year of 80 plus-hour weeks... made a million dollars... and spent almost a million and a quarter doing it.

Now that's an expensive education!

I can hear you now: "Maybe you should have gone to college, Burke."

Well, I did that, too. I've got a college degree in criminal justice to prove it. Hey, you wouldn't happen to have a job for a prison warden in training, would you? Let's face it—working as a cop or probation officer is not the best vehicle for becoming financially independent!

Franchising

Many people today turn to franchising as an alternative to starting their own high-risk business from scratch.

To get into the franchise business, you pay money in the form of a licensing fee to a franchisor who hands you what's called a "turn-key" business operation. Everything is already researched, developed, designed and set up for you—from advertising to the proper equipment to use. You learn how to train your people, do your books, make your products, get your supplies, and so on. You just pay your money, turn the key and drive off into the sunset of success, right?

Wrong.

One major problem: The average franchise costs \$85,000 to get started!—and that normally does *not* include the costs of leasing your space, remodeling it, buying the equipment, paying for inventory...

What's more you've got a seven-day week of 12- to 14-hour days managing a crew of minimum wage employees. And, if you're very good, you'll break even and be able to start making a profit—after three to five years. Most owner-operated franchises today provide about a \$50,000 to \$60,000 annual income for the owner once the initial investment's all paid off—if the owner doesn't rely too heavily on support management staff.

You can earn more if you can afford one of the bigger and better ones. McDonalds franchises, for instance, are virtually fail-safe—though that's the exception, not the rule. But you'll pay a steep price for your profits. A McDonalds franchise costs more than \$1 million dollars to get off the ground—if you can get one!

According to Jane Bryant Quinn, business writer for *Newsweek*, one third of all franchisees lose their shirts... one third just break even... and one third make a profit.

Who Stole the American Dream ?

In other words, 66 out of every 100 franchises are losers! It's better odds than the lottery, but with the price of the franchise ticket averaging \$85,000, it should be!

Experienced, professional franchisees today will tell you that unless you're going to own a string of five or more successful stores—forget it. You might as well save yourself the headaches and heartaches and stick with your job.

That is, if you have one.

Help!

The simple fact is, we cannot depend on help from the outside.

Somebody once said that "Hope is the expectation that something or somebody is going to come along and save your butt." Let's face it—there is *no hope* for most people. The institutions of education, government and business can no longer be counted on to provide us with the opportunity to accomplish our dreams.

We have to take matters into our own hands. And what that means in the simplest of terms is—if it's meant to be, it's up to me.

For things to change—you have to change. For things to get better—you have to get better.

So, what are you going to do?

What *can* you do?

CHAPTER 7

What Are Your Options?

Okay, let's say that you accept the fact that there's no security in the work world anymore... and that, "If it's going to be—it's up to me." Where do you go...? What are you going to do...?

Here Are Your Options:

A Job: That's the trading-time-for-money trap we talked about before. No matter what you earn, there's neither security nor freedom in having a job. That's putting your life in someone else's hands.

Zig Ziglar, one of America's top sales motivators, once described the word JOB as "Just Over Broke." And in today's changing work world, the only for-sure jobs are the few and far between ones at the very top—or those menial jobs at the very bottom.

And to tell the truth, neither one of those are truly secure anymore, either!

No Employment: That's where most people will turn. However, as we've said, the odds are stacked against you for even starting up the most modest of conventional

small businesses, let alone keeping it open and making it profitable.

If you're one of the few who make it past the first couple of years, you've got a chance. You can shift the odds in your favor with a franchise... if you've got the cash... or if you're willing to hook your parent's house or your first-born child and risk going into very deep, debt. Either way—good luck to you.

Investments: This one works great. It's how the rich got rich—and how they continue getting richer. You can earn an income of \$5000 a month by investing about half a million dollars in the right places. A million or so bucks invested in the right place will give you a \$100,000 annual income. All you need is the cash capital to start with. Unfortunately, most of us weren't born with the last name of Rockefeller, Vanderbilt or Kennedy.

There's One More Way...

. . . And it's the path to solid income that successful authors, songwriters, musicians, actors and performing artists walk. You can find work that pays *residual income*, also known as "passive income" or "royalties."

Sadly, very few of us have a best-selling record or brilliant invention in us. Only a very elite group of people have the God-given gift to be the next Garth Brooks or Thomas Edison.

But you know what? There is a way that you—who ever you are, whatever your sex or race or family background or social status... no matter what your education or past history of success or failure in any endeavor—that you can begin to earn'enduring, residual income *right now, today!*

It's called Network Marketing.

And before you say—or think—another thing, I want you to give me a chance.... No—scratch that—I want YOU to make the chance FOR YOUR SELF to take a look at Network Marketing and see what it has to offer you.

You've Got Everything to Gain

We've seen how our entire world today is filled with pyramids: good ones, bad ones, legal ones and illegal ones. Doesn't the fact that all these businesses and social and cultural institutions—like schools, colleges, government and churches, even families—are all multi-level pyramids tell you something interesting?

Good or bad has nothing to do with the fundamental structure or shape—does it? It's what people do with it—how they apply the natural pyramid principle of value flowing down in direct proportion to power (in the form of dollars or votes) flowing up that makes the difference.

What does that mean for you? Just this: How you make use of what's available to you is your choice.

And I believe that the best possible option available to you today is Network Marketing.

I'm going to tell you and show you what Network Marketing is and what it is *not*.

I want you to understand this business. I want you to compare it to all the other ways of earning a living we've talked about and see how it measures up.

I want you to look at Network Marketing and see if it will provide you the security and freedom you need to capture and keep your American Dream.

You've got nothing to lose.

And if what I say about Network Marketing is true—think for just a moment about what you might have to gain!

PHASE THREE:

**Why Traditional Ways
Aren't Working Anymore**

CHAPTERS 8

Paradigm—A \$100 Word and a Million-Dollar Idea

Do you know what a "paradigm" is? It's one of those \$100 college words that actually has a pretty simple meaning. A paradigm is a point of view or a model, kind of like the status quo, the way we see the world around us—"the way it is."

The American Dream is a paradigm—only for most of today, it's the way it was—not the way it is.

Here's a good example of what paradigms are—and how they change.

The Swiss Watch Paradigm

Do you remember what the standard was—the operating paradigm—for watch-making back about 25 years ago? The Swiss watch, right? It was Rolex and the like: classic, accurate, 17 jewels, a mainspring to wind up. tick-tick-tick-tick...

Now, one day, this little old Swiss watchmaker comes running out of his shop jumping up and down about this new watch he'd just made.

Look, Wolfgang—no mainspring no jewels. It's lighter and a whole lot cheaper to make. It's thinner and you never have to wind it. And—it's a hundred times more accurate! It's called a quartz!"

Well, the Swiss are a pretty cautious and conservative bunch. So their first response was to lean back, puff on their pipes and say,

"Hold on now Fritz—not so fast. This quartz thing is pretty clever. But look, if we start making these quartz watches then who's gonna want these big expensive 17 jewel jobs we make now. We'll be competing against ourselves.

"We've got millions invested in jewels and gears and springs and things. What are we going to do with all of that stuff—throw it away? And what are we going to do with all the little old watchmakers-like you? Besides, we OWN the watch business now. We're the kings of the mountain. Why mess with success? Let's not fix what's not broken."

The Swiss Watch Paradigm—that's the way it was.

See, the Swiss didn't think quartz technology would amount to much. So, instead of rocking their own boat, they sold it—to the Japanese.

You remember the Japanese 35 years ago—those guys who made all that cheap stuff that broke 10 minutes after you bought it? The guys who were suckers for any new fangled high-tech gizmo? "Made in Japan"—Ha, ha, hfr

Ha, ha, indeed. Who owns the watch market now? ™ Japanese and their quartz watches.

We didn't just switch watches—we changed paradigms

Move Over Rolex—Here Comes Seiko

The last time the Swiss had a really big hit in the watch business was "Swatch." Cheap, light, cute, bright—and quartz! And they copied them from the Japanese!

See a paradigm—the way it is—becomes "the way it was" when it doesn't work anymore. Or when somebody invents a new, better paradigm to take its place.

Right now, for example, the old paradigm of the American Dream has stopped working for all but a very, very few.

You know that's true by answering one simple question: Do you have it? Is it working for you? Are you living the American Dream right now?

If you're not, you're not alone. You're part of a mega-group that's been given a new definition of "middle" class—you're in the middle between a rock and a hard place.

Now, don't get caught in the trap of saying something like, "Well, I just don't work hard enough..." Or, "I'm just not smart enough...."

Tell me the honest truth—if you worked twice as hard as you do now, would that really make a difference? Would you be earning twice as much?

And do you really, need to be twice as smart as you are right now to make it in this world—to be a success? Look around: The "A" students are working for the "C" students. Being two or three times smarter isn't the answer, either. If intelligence were the answer, college professors would be the wealthiest people in the world—and you know that's not the way it is.

If you're like most people I know, you probably believe the reason you don't have the American Dream is because you didn't take all the right steps you were supposed to take. You probably think you got off track somewhere—that you're missing something—and if you only had it,

you'd have your Dream and be able to live it, too. Is that true?

Well, my friends, you are not missing anything.

What's missing is a new American Dream *paradigm* one that works. Because the old one has fallen apart.

Who Stole the American Dream?

Who stole the American Dream? The fat cats at the top of corporate America—that's who. The CEO's who are making millions while their companies are losing money—that's who! The politicians who are voting themselves raises and generous pension plans paid for by your hard-earned taxes—that's who!

The reason you don't have the American Dream, and millions of other people just like you don't have it—the reason I didn't used to have it, either—is that there are a bunch of greedy guys out there with a vested interest in keeping it all for themselves. And the best way to do that is to make sure you don't get it.

Look, if you were king of the mountain, would you really want to rock the boat? Would you risk being the one on top just to try something new? Or would you be like the guys who owned the Swiss watch business and hold tight until that foolish quartz thing blew over?

Remember, people generally resist change. And the comfort zone is all the more comfortable when you're rich and famous—when you're the one who's king.

What Walt Disney was talking about when he said it took courage to pursue your dreams was having the courage to accept change—the courage to climb aboard a and better idea *before* everybody else does... because you wait till everyone is doing it—it's too late!

The late Sam Walton's advice for success was to "swim upstream. If everybody else is doing it," Sam said, "there's

a good chance you can find your niche by going in exactly the opposite direction."

Think about it. By the time regular people get into a hot real estate market... or by the time the stock market hits a new high, the big money's already been made. The experts are long gone and all that's left for the ordinary guys and gals are the crumbs.

The new and better paradigm I'm talking about—the way *you* can get back the American Dream—is not the college-and-a-career-track paradigm—like it used to be.

Not the job-with-corporate-America paradigm—like it used to be.

And not the owning-your-own-small-business paradigm, either.

Believe me, I tried them all. And I didn't make it in any of them. I made it in the *new and better* paradigm of Network Marketing,

College, corporate jobs, even small business ownership—they're all old paradigm stuff. Swiss watches. Dead and dying dinosaurs. It's time to swim upstream—or drown!

The Technology of Network Marketing

Network Marketing is the quartz technology of business today. Because Network Marketing has what's missing from conventional business.

And what's that?

In one word—*technology*.

And what does that mean?

Technology is simply "a new and better way of doing something."

Technology is the engine of change.

Technology is what creates a new paradigm.

There was no such thing as the PC (personal computer) business 15 years ago. Today, it is more than a \$150 billion

Who Stole the American Dream ?

industry—with annual sales bigger than GM, Ford Chrysler combined!

Today, technology is causing things that used to take 50 years to change... to happen in only five! And that's very good news because it's clearly time for a change for the better—a dramatic change that will affect the way that America and the world does business from now on!



CHAPTER 9

Why Network Marketing? Ch... ch ... ch... Changes

The most fundamental fact of life in our world today is change.

And as a rule, people are reluctant to change. We resist it. It has to do with staying in our comfort zone, which is part of human nature.

But it's also true that what you resist, persists. And when you push against a change whose time has come—it resists big time!

Enlightenment vs. 'En-darkenment'

Throughout human history, as changes have come to light, People have run around blowing out candles and throwing the switches, demanding continued darkness. In almost every field of endeavor—the arts, sciences, medicine, business—most new ideas have always met with resistance and rejection at first. And the more unique and revolutionary the idea, the more sweeping and vast the change, the louder and stronger people's opposition to it.

Now, you can understand why people in the Dark age or even in the 17th, 18th and 19th centuries were afraid and even ignorant about change. They threw Copernicus in jail. Ridiculed Christopher Columbus. Laughed at Lpufe Pasteur. Even mocked Edison and Einstein. And know, even today, we still resist change.

Let's look at some recent examples.

The Buying and Selling of America

Once upon a time, back in the 1800s, America bought what it needed at small, family owned shops like the general store. It was the butcher, the baker and the candlestick maker paradigm.

Then, a man named W.T. Grant had a very bright idea. What if we combined all these separate, little shops by making them individual departments under one roof—in one big store? Then, we put one store over here, then one there... offer our customers the widest selection at lowest prices because we buy the stuff from the manufacturers at the biggest volume discounts, and—bingo—the 5 & 10 cent department store chain was born. A new and better way of doing things. A brand new technology creating a new and better shopping paradigm.

And people flocked to it.

Can you guess what happened next?

Making Money the Old Fashioned Way

The individual merchants who owned those other "old fashioned" retail stores were unhappy people, to say the least. They saw their own business drop to next to nothing as more and more people sought the wider selection, lower prices and greater convenience of the local 5 & 10 Cent department stores.

The old-fashioned "mom and pop" stores were drop ping like flies.

Well, those shop keepers didn't take it lying down—no, sir! They fought back. However, they didn't fight back with a new and better idea themselves. They held on to the old paradigm and fought back *politically*.

Since there were thousands and thousands of them (with thousands and thousands of votes), they lobbied hard and fast for their right to do things the same old way. And they got the local and state governments to outlaw Grant's 5 & 10 Cent department stores.

Did you know that? Imagine, 5 & 10 Cent store chains throughout the country were *illegal!* Incredible!

Eventually, Grant's department stores won out. Remember, what you resist, persists. You'd have better luck standing in front of an oncoming freight train than to fight against a change to a new and better way of doing things whose time has come—especially when consumers love the idea.

Shopping Centers and Malls

After the chain department stores took over the major market share in consumer goods retailing—the smaller merchants finally came to their senses and embraced the new technology. They began to look for innovative ways to use it themselves.

As the automobile made growing suburbs out of near-city farm land, groups of merchants got together and collectively formed shopping centers—a variety of individual stores all in the same, convenient location. And sure enough, the zoning battles that followed—fueled by all the shop owners who *didn't* get into the new shopping centers—were nasty, indeed.

Eventually shopping centers, too, proliferated. And before long, developers enclosed them and put roofs over them—similar to what the chain department stores had 'done initially—and called them shopping "malls."

Who Stole the American Dream?

They became a way of life in North America.

Yet today, both department stores and malls are becoming old and dying paradigms.

As futurist Faith Popcorn says in her best-selling book, *The Popcorn Report*:

"Like the corporation, the shopping experience as we know it has grown cumbersome, inefficient, a violation of the trends. The big department stores are discovering that it's no longer possible to be all things to all customers. The shopping center is becoming a dinosaur in the grand scheme of things."

Department stores are now losing the battle they won 50 years ago. Specialty shops, discount stores and catalog sales are eating their lunch. Visits to chain department stores went from 65 percent of all consumers on a per-month basis in 1974, down to 40 percent in 1993. The number of shoppers visiting *discount stores* was up 65 percent in the same period . . . and catalog sales had grown 25 percent since 1988.

Malls are suffering a similar fate. As retailers raise the profit per square foot through their own new and better technologies, the need for retail outlets is decreasing. The average profit per square foot for a retailer is \$125. Yet specialty retailers are making \$400 per square foot—that's over three time more profitable! Which means that the demand for traditional retail stores—like J.C. Penneys, Sears and Montgomery Wards—is decreasing.

Today, there are too many malls. And the ones that remain are 'having to do more and more to attract, the same number of shoppers as before.'

What technology will retailers incorporate to make malls new and better? How about the mall as a-theme park—shopping as entertainment? Check out Century

City in L.A.—or even better, Canada's Edmonton Mall—the Disneyland of malls.

Edmonton Mali. Wow! A shopping mall that's 115 football fields in size and houses the world's largest indoor amusement park, indoor wave pool and indoor golf course! There's a fleet of operable submarines bigger than the Canadian Navy, a full size replica of Christopher Columbus' Santa Maria and—oh yes—nearly 1000 individual stores!

How's that for power shopping?! That's what it takes to make a mall that works today. Unfortunately, even a "Hollywood-comes-to-the-mall approach can't guarantee success—at last report Edmonton Mall is struggling!

It's tough to compete when your-paradigm is sinking.

Franchising

One of the most amazing innovations in how America buys and sells what it wants was—and still is—franchising.

You know, 30 years ago franchising was a revolutionary new technology—a new and better way to retail goods, food products and services to the consumer.

And boy did people hate it! Resistance, big time.

Newspapers and magazines shouted bold headlines about what a scam and rip-off franchising was. Stories of little old ladies who lost their life savings to some flim-flam franchise were everywhere.

Even though some very big, well known FORTUNE 500 type companies were involved, those companies insisted that their names not be used in ads or magazine stories—even about their own franchises! There was actually a 'very strong move to make franchising illegal. In-fact, franchising actually came within 11 votes of being outlawed by Congress.

Who Stole the American Dream ?

Today—this once shaky, shady, so-called scam is responsible for over 34 percent of all retail sales in America. Franchises sell nearly \$800,000,000,000 worth, of goods and services—that's 800 billion dollars!

(Just think... 11 votes worth \$800 billion today—that comes to \$72 billion per vote. No wonder people don't trust politicians!"

Franchising was simply a new technology. Clearly, a revolutionary, very powerful, and VERY successful technology—a new and better method for the distribution and sales of goods and services.

Is there a new, emerging distribution and sales technology on the horizon that will out perform franchising?

Is there a new next step in the evolution of our free enterprise system?

Yes, there is.

The New Technology of Distribution and Sales

It's called Network Marketing.

And even more than department store chains, shopping centers, mails, and franchising that came before, Network Marketing has been resisted. It's been misunderstood, criticized, laughed at, lobbied and legislated against.

The Pioneers

Just look at Amway, the granddaddy of all Network Marketing companies. Amway distributors have been mocked... laughed at... and derided since the company burst onto the scene over thirty years ago.

Today, Amway is a multi-billion dollar a year company with successful distributors all over the world. Amway moves over a billion dollars worth of products each year

Burke Hedges

in Japan—while products from conventional American businesses aren't even allowed on store shelves!

Now, let me set the record straight—I'm not an Amway distributor. My first, last and only commitment is to all the legitimate companies in the industry.

The Network Marketing industry owes Amway a debt of gratitude. They were the first major players in a revolutionary experiment... they were the Model-T Ford version of a brave new industry. It's because of them that major companies are now involved (and more are becoming involved everyday) in Network Marketing.

Network Marketing has come a long way from the first Model-T. In fact, today's Networking companies look more like Formula One racers than Model-T's—including Amway! Which is why the new Network Marketing of the 90's is such a powerful vehicle for financial independence.

I'm convinced we will see history repeat itself here.

I'm convinced Network Marketing will surpass the astounding success of department stores and franchises... that Network Marketing will revolutionize the way America buys and sells *everything*!

Why? Look around. It's already happening.



CHAPTER 10

Whisper This Word to Yourself; 'Distribution'

In his landmark book, *Unlimited Wealth*, noted economist Paul Zane Pilzer asks us to recall a memorable scene from the 1960's movie *The Graduate*. In the film Dustin Hoffman plays the part of Ben, a recent college graduate. One evening at a party, an older, wiser man pulls Ben aside and promises to share the secret to the future with him. He whispers in his ear one precious word:

"Plastics."

In the 1990s, Paul Pilzer whispers a different, though no less profound and magic word in our ears:

"Distribution"

Here's why.

The Technology of Distribution

The most visible and powerful impact technology has had to date on the goods and services we buy is in reducing the cost of making a product. And it's a proven marketing law that when you lower the price, you sell much, much more.

Not many Americans owned calculators when they sold for \$125. Once the retail price fell below \$20, everybody got

one—and then two. The same was true for digital watches and a whole host of products.

Look what happened to VCRs.

When they were \$1,000 plus, only the rich people owned them. Today, at \$300 to \$400, 68 percent of all households have one. By 1995 that figure is projected, to be 85 percent. And for your \$350, today's VCRs have more features and a higher level of all-around quality than even the most sophisticated 1980s models.

Pick a product—any product—and you'll find the same thing has happened. Adjust the dollars for inflation, and today you've got six or seven times the value, quality, features, safety and longevity than you could purchase 20 or even 10 short years ago.

A top model color TV, with automatic color control and a 15-inch screen cost \$300 in the 1970s. Today, \$300 buys you the same size set, cable-ready, with remote control, electronic tuning, and a far superior color picture. \$300 in 1989 dollars would be about \$120 in 1970's money—adjusting for inflation. So today, not only do you get a far better TV set, but it also costs 60 percent less!

Refrigerators, automobiles, computers... they're all the same. Advances in technology, i.e. new and better ways of doing things (in this case, of *making* things) have slashed the retail prices, and sales have increased accordingly.

When the price comes down, then what was once a luxury all of a sudden becomes a necessity. Everybody has to have one. When TVs became cheap enough, everybody went out and bought one.

The next step was having two—one for the living room and another for the bedroom. From 1960 to 1980, the number of homes owning a TV set only increased from 90 to 98 percent, while those owning two sets, rose from 11 to 60 percent! Now, let's have one in the kitchen, too. If

that's not enough, some hotels have a T.V. in every bathroom!

Once you have all the TVs you need and want—what's next?

Better quality.

The one in the living room gets replaced with a big-screen, stereo job. And on and on it goes. From Sony Walkmans, to automobiles, to suits, shoes and cocktail dresses—first comes quantity, then comes quality. And since technology is constantly producing new and better ways of making things—and new and better things themselves—there are always new and better products for new and bigger markets.

That, my friends, is what makes America—and what will *keep* America—the leader of the world.

We are the world's biggest market for just about *everything*. They (the Japanese, Germans and any other of them) may giggle behind our backs... make snide remarks about "materialistic Americans," but never for too long. They not only know which side their bread is buttered on—they know who's got the bread!

But Why Does Everything Cost So Much?

Okay, now, how come some things haven't come down in price? Food, for example.

Great question—and food is the perfect example.

The cost of making most food products was lowered to rock bottom by new and better growing and production technologies many years ago.

How much does it cost for the wheat in a box of Wheaties? Five cents—or less? But the darn thing is selling for \$2.50 or more! That's because the biggest cost of the product isn't in the manufacturing. And it's not in the packaging, either, which only adds another dime. It's in the *distribution and sales*.

It used to be that a product's production cost was around 50 percent of its retail price. Not any more. Advances in manufacturing technology—all the way from the cost of farming or mining the raw materials themselves through producing the finished product—has dropped that cost down to less than 10 to 20 percent of the finished product's price. Food is typically 15 percent. Clothing 17 percent. The "cost-of-goods" is about as low as it's going to go across the board.

But at the same time that manufacturing costs were being cut way down, the costs of distribution and sales were climbing higher and higher. Today, those expenses represent about 80 to 90 percent of what a consumer pays for a product at retail.

Now, if you want to be the most competitive guy with the lowest price, which are you going to do?

- a) *Focus your efforts on reducing the already rock-bottom cost of making it? OR*
- b) *Go after the 80 to 90 percent it costs to distribute and sell it?*

You'd pick b), of course.

Saving 10 to 20 percent off the 15-cent cost of production doesn't show up very much in the reduced retail dollar. But take 20 percent out of the 85-cent cost of distribution and sales and that's a very big deal—for both producers and consumers.

And if you want proof, just look at the richest family in America the Waltons.

America's Real Uncle Sam

The late Sam Walton's family owns Walmart, easily the most successful distributor of merchandise in all of North America and, therefore, in all the world.

Just how successful is Walmart?

Who Stole the American Dream ?

When the Walton family sat down together for Sunday dinner in 1992, the collective net worth of the people at that table was \$22 billion—give or take a couple of hundred million!

Experts once predicted that by the mid-1990s, Walmart would overtake Sears to become the biggest retailer in the world. It has. By the way, Walmart is still primarily just a regional company. They only opened their first stores outside the Southern U.S. in the last couple of years!

And what did "Uncle Sam" Walton and his Walmart stores do to create this amazing empire?

"Distribution."

They distribute and sell other peoples' products. In fact, they don't actually "sell" anything. They just make *available* the best-selling models and brands as part of the widest selection in one convenient location at the absolute cheapest price in town. There's a joke that's made the rounds: "How do you find the local Walmart store? It's right across from a boarded up K-mart." Yes, they are that good!

Distribution—that's the key.

If you can develop a new and better method—a better technology for distributing goods and services than most businesses are using today—you will be very, very rich tomorrow.

And the good news is, you don't have to design and develop that new and better method of distribution and sales all by yourself. Because it's here, up and working right now. What's more, it's been successfully tested, refined and proven for more than 50 years in the marketplace.

As for getting rich doing it—just ask Jay Van Ande ! and Rich DeVos.

Burke Hedges

Every year these two men make it onto *Forbes 400* magazine's annual "richest people in America" list. Each is worth \$4 billion or so. In fact, their fortunes keep growing and growing, year after year. And they're closing the gap on Sam Walton's heirs because *Networking* is the future of sales and distribution.

Van Andel and DeVos are the founders of Amway, one of the most successful Network Marketing companies in the world.

And they started in the exact same place you have the opportunity to begin—as independent Network Marketers... men and women who have, right at their fingertips, the latest leading-edge technology that's revolutionizing the sales and distribution of virtually every consumer product and service in the world!



PHASE FOUR....
**The Truth About
Network Marketing**

CHAPTER 11

What Is Network Marketing?

It *really* used to bother me when someone would say, "Network Marketing is a pyramid scheme," I mean, look at what we've revealed here about government, corporate America, colleges and universities—all those good old American institutions that are misleading people in a big way *and getting away with it.*

Sure, Network Marketing is a multi-level pyramid. So? Remember, *everything* that distributes goods and services is a pyramid. What matters is whether or not value flows down through the levels of the pyramid in direct proportion to the dollars that flow back up. Consumers need to end up with a quality product or service, at a reasonable price—*bona fide distribution.*

The 80-20 Rule

Now, I'm not saying Network Marketing is pure and Perfect. People fail in this business, too. Just like they fail in school or drop out of college. And by the way, look at the world—do you see more people failing or succeeding?

The 80-20 rule applies to Network Marketing—just as it applies to real estate sales and government jobs and

everything else: 20 percent of the people do 80 percent of the work.

It's absolutely true that Networking companies make mistakes. In fact, some even do downright stupid things. Some products don't cut it in the marketplace. When the value stops flowing down, any pyramid collapses—legal or illegal. And yes, there have been people who abuse the concept and make it dirty. Sadly, there are Michael Milkens and Jim Bakkers in every business.

Remember the analogy about sex that I used before? There's making love—and there's abuse and rape. It's not that sex itself is bad. It's how people use it.

It's the same with anything—and yes, Network Marketing, too.

You see, when all is said and done, Network Marketing is quite an unconventional approach to distribution and sales. That's why the timing couldn't be better to become involved right now. And that doesn't sit well with people who've got their hearts and minds—and wallets—heavily invested in keeping the status quo—the same-old conventional "Swiss watch" way of doing things. But keep in mind the late Sam Walton's advice: "... *When everyone else is floating downstream, swim upstream.*" I don't know about you, but I'd rather run a profitable business in an unconventional industry than an unprofitable business in a conventional industry.

You think the guys in the vinyl record business had great things to say about compact disk technology when they first saw it?

If you want to catch major flack in this world, go out and do something in a new and better way—then duck! Nay-sayers are everywhere. (I wonder who pays those guys!)

The Power of the Pyramid ,

just for fun, take out a U.S. one dollar bill. Turn it over. Look at the left hand side. What do you see? A pyramid!

The founders of our country recognized the pyramid as a strong, enduring structure. According to geometry, the strongest of all. Wide at the bottom and growing narrower at the top—able to support great weight and stand for ages against the natural elements.

The "Founding Fathers" of our country were Freemasons, a brotherhood of builders. And in this case, a group of nation-builders who created the world's first real democracy founded on the principles of equal opportunity, freedom of choice, freedom of speech and free enterprise.

The Latin mottoes above and below the pyramid say *Annuit Cœptis*, which means, "God has favored our undertaking" and *Novus Ordo Sectorum*, which means, "A new order of the ages."

Interesting, isn't it? The United States of America—a pyramid! And if ever there was a pure and perfect, democratic example of the best of free enterprise, it's Network Marketing.

The Power of Networking—Christianity

Perhaps the most extraordinary example of the power of Networking is Christianity.

About 2000 years ago, Jesus Christ appeared with a compelling message about a new and better way of doing things. He gathered around him a small core group of people—average folks: fishermen, tax collectors, teenagers... who caught the vision, who shared his dream. He spoke to individuals, small groups and large gatherings. The word spread.

Yet even among his ardent believers and followers, there was one who betrayed him and others who denied and doubted, too. But no matter, for Jesus had taken a

Who Stole the American Dream ?

stand for a new way of living that was unshakable. It was such a powerful commitment that it extended long after he physically left this earth.

Now, almost 2000 years later, that handful of believers has conveyed the message of Jesus Christ by word-of-mouth down through centuries to vastly more people than that small, original group probably ever dreamed possible—today more than 25 percent of the population on this planet are Christians... that's over one and a quarter billion people—and it's still growing!

The spread of Christianity throughout the world was accomplished by many of the same principles we find operating today in Network Marketing: word-of-mouth or person-to-person recommendations... testimonials... enthusiastic sharing... caring for the success of others... recognition, friendship, partnership and much more.

Christianity is a perfect example of the awesome power of Networking.

How Network Marketing Works

A Network Marketing company makes a product. Then they join in partnership with a network of independent distributors, each one in business for himself or herself. The company handles all the research and development, finance, management, public relations, warehousing, production, packaging, quality control, administration, shipping, data processing, and so on... and the company pays distributors' commission checks.

The distributors, in turn, market the products for the company.

As Charles Givens, financial expert and best-selling author of *Wealth Without Risk*, points out, 80 percent of the cost of getting a product to consumers today is the result of marketing expenses. That's why Network Marketing companies pay their distributors so well.

Burke Hedges

The company gives the distributors the support they need to market the products—brochures, flyers, tapes, etc. They even train you how to do the business.

The distributor's job is to move as much product as he or she can through an independent network of distributors—large or small—because distributors get paid on every product they sell. Since the individual distributors can sell only a small volume of products personally, they get other people to join them in the business as independent distributors. And the individual distributor gets a percentage of what these people sell as well.

And that's one of the powerful advantages that Network Marketers and their companies have over more traditional, direct selling methods.

Success in direct sales, on the other hand, depends upon a few super-salespeople who can each move a mountain of product. Network Marketing is just the opposite. Success in our business depends on *a lot of people doing a little bit each*. Believe me, it's a thousand times easier to teach people to accomplish that than it is to find and train super-sales stars.

Network Marketers build a network of independent distributors, each of whom owns his or her own Network Marketing business selling products and building their own network of distributors. No matter when you join a Network organization, you are always the head of your own company. Unlike conventional corporations with one chief executive at the top, in Network Marketing *everyone* is the CEO of his or her own independent organization. It's literally a network of CEOs.

The Company Wins, Too

Now, the Network Marketing company has done something pretty brilliant here. They've slashed a huge amount of money from their costs of distribution and sales.

Who Stole the American Dream?

(Remember what Givens said—marketing accounts for 80 percent of a product's cost.) What they've created is a partnership with their distributors where the corporation provides everything they need—from product to promotional material—in exchange for the distributors' marketing efforts.

And the company gets rewarded, too—by reducing overhead and eliminating many of the conventional costs of doing business.

The company has no more need to pay for an in-house sales force—and they eliminate all the costs of the sales force's offices, support staff, phones, cars, travel and entertainment.

The company doesn't have to advertise anymore, either. The distributors do it for them with the most powerful advertising force of all time—word of mouth. Personal endorsements are the best way to educate and inform consumers about special products—which is the main reason you'll find some of the most unique, technically advanced, superior-quality products in the world offered through Network Marketing.

The company doesn't employ—or pay for—jobbers, wholesalers, brokers, regional warehouses and store personnel—all those "middlemen" involved in retail distribution and sales who have their fingers in the profit pie. And since the company cut those jobs out, they've got all that money left over to pay the independent distributors who are moving the products.

And one more thing: The Networking company is in a cash business. They don't pay for marketing, distribution or sales until *after* the sale is made and the product delivered. (Compare that to traditional advertising—where a company can spend as much as \$250,000 for a 30-second TV commercial on Monday Night Football!)

Burke Hedges

If you've ever wondered why so many corporations are jumping on the Network Marketing bandwagon, having a cash business is one very big and profitable reason!

It's simple—brilliantly simple.

There's no big mystery to Network Marketing. It's just another form of sales and distribution.

A new and better form? You be the judge.

Duplication—How Network Marketing Distributors Build Their Businesses

Have you ever heard of the doubling concept?

The word "duplicate" originally meant *to double*, and this concept of doubling is one of the most powerful forces at work in Network Marketing. Here's how it works:

If I offered you a million dollars cash, this very minute—or, if I offered to give you a penny doubled every day for a month.., which would you choose?

If you're like most people, you'd probably choose the million dollars. Take my advice: Don't do it. Take the penny doubled.

Why? Check this out:

A penny doubled every day for a month doesn't sound like much, and it doesn't look like much in the beginning, either. After five days, you'd have all of 16 cents. After 15 days, you have a whopping \$163.84.

(Are you beginning to regret taking my advice? Hold on, there's more.)

On day 19, you'd have \$2,621. Six days later, day 25—just 5 days before the end of the month—you'd have just over \$167,000. The next day, \$335,000. The next, more than \$671,000. The next—the "28th day—you'd have over \$1,340,000. And two days later, on the 30th—the last day of the month—you'd have a grand total of \$5,368,709,12! That's over five million dollars!

All from one penny, which simply doubled every day.

This doubling principle is the way a business grows in Network Marketing—and it's made Network Marketing the fastest method of expansion in the history of free enterprise. (In Network Marketing, sustained corporate growth rates of 30 to 15000 percent *and more* are common place!)

You know, McDonalds didn't start off with 8,000 restaurants all over the world. They started with just one. And that's just how you can start in Network Marketing—you plus one other person.

Do you think it would be possible for you to find *just one person each month* to join your business? *Just one partner* who's interested in more freedom, recognition, happiness and security... one partner who's interested in improving the lives of his or her family?

One good person a month—that's all it takes!

And once you "sponsor" that person into the business, you become his or her coach—a teacher. Now you don't need to concentrate all of your efforts on selling the products. You need to teach, to coach other people.

Now in month two, you teach your first new partner how to sponsor one person, while you sponsor another new person. So, at the end of month two, you've personally sponsored two people and your first partner has sponsored one as well. Now you've got a group of four—you and three others.

You do the same for month three, four, five and so on.

At the end of your first year, you'll have personally sponsored only 12 people—one each month. And each one of them has sponsored one person each month as well. and so on and so on. The true art of Networking, awesome power of the doubling concept, is that by teaching each person how to sponsor and teach only one a month, at the end of the year you would have 4,096 people in your organization!

A Reality Check

Now, that's in a perfect world — and you know we don't live in a perfect world. Remember Murphy's Law: "Whatever can go wrong, WILL go wrong."

You know that 80 percent of all businesses fail in the first year. So let's say that 80 percent of your distributors are no longer selling products; however, they have continued as consumers — which means that you're still being paid commissions on their reorders. Talk about a win/win situation!

Now let's take it one step further . . . let's assume the worst of the worst. Let's assume nine out of every 10 people you sponsor quits. To make matters worse, let's assume 90 percent of your entire group quits. Pretty bad news—don't you think?

But look again: You still have 10 percent of your organization left ... 10 percent of 4,096 people — that's over 400 people in your organization. And each one of them is bringing in new people and teaching them to do the business, just as you are.

Now, each one of these 400 people is using and selling products. Remember, that's how Network Marketers get paid — on the sales of products moved through their networks. So, if each person in your organization is moving \$100 to \$1000 worth of products per month, that's a total product volume of between \$40,000 and \$400,000 a month! And here comes the really exciting part — the company pays you a percentage of that sales volume.

If the Network Marketing company pays, say, a five percent sales commission, you would earn somewhere between \$2000 to \$20,000 per month.

*That's the power of Network Marketing!
Now, let's talk a little history.*

Who Stole the American Dream ?

Network Marketing Is 50 Years Young

In the early 1940's, a company called California Vitamins discovered that all their new sales reps were satisfied customers first—friends and family of their existing sales force. They also discovered that it was easier to get a lot of people who each sold a little product than it was to find a few superstars who could sell a whole lot all by themselves.

So, they combined those two ideas and designed a marketing and compensation structure that encouraged their sales people to recruit new distributors from the ranks of satisfied customers—most of whom were family and friends—and the company rewarded them for the sales produced by *their entire group*. Even though each individual in the distributor network only sold a couple hundred dollars worth of vitamins, the whole group moved tens of thousands of dollars worth of products each month.

Network Marketing was born.

A few years later, the company changed its name to NutraLite Food Supplement Corporation. Two of Nutra-Lite's most successful distributors were Jay Van Andel and Rich DeVos. They went on to start their own Networking company—Amway. Today, as I mentioned earlier, these gentlemen are two of the richest men in the world, each worth \$4 billion—yes, *billion!* And they started out as independent Network Marketing distributors.

(By the way, do you have a real sense of just what a *billion* looks like? To put it in perspective, if I were to give you \$1000 a day, each and every day from now on, you'd be a millionaire in 2.7 years. And, you'd be a *billionaire*—in about 300 years!)

Today, Network Marketing is going global, sweeping North America and the world

Burke Hedges

Who's Involved in Network Marketing?

There are thousands of Network Marketing companies operating in the United States and Canada, Mexico, South America, the United Kingdom, Europe, Australia, New Zealand, Israel, Japan and the Pacific Basin. Little Malaysia alone has more than 800 active Network Marketing companies! Amway is one of the biggest foreign companies in Japan with annual sales of over \$1 billion—that ranks it with the likes of Mobil Oil! And they are opening up new countries every year—Poland, Holland, Argentina and on and on.

During the 1990's, with the coming of the "United States of Europe," experts predict that Network Marketing companies will explode in France, Germany, Italy and throughout Eastern Europe.

What kind of companies are involved in Network Marketing?

Network Marketing is reported to be a \$45 billion industry internationally, made up of FORTUNE 500 and New York Stock Exchange (NYSE) companies. Avon—the \$3 billion cosmetic giant. Amway—at \$4 billion plus in world-wide annual sales. Quorum—the Network Marketing division of the multi-national manufacturing giant, Applied Electronics. Primerica—the \$100 billion insurance and financial services multi-national. And the list goes on—Shaklee, Matol, Watkins, Rexall, Mary Kay Cosmetics.

Colgate-Palmolive and The Gillette Company have Network Marketing subsidiaries. In recent years U.S. Sprint and MCI generated more than 3,000,000 new customers for their long distance phone service. And a sizable number of those customers were taken from giant AT&T through—you guessed it—Network Marketing! So, did AT&T respond to this "raid" on their customers? By making their services available through Network Marketing

companies, of course! Hey, they didn't get to be a billion-dollar company by being dumb!

The Companies and Their Products

Network Marketing companies have a 50-year history of innovation—and it shows in their product lines, which often feature leading-edge, hi-tech products. For example, Network Marketing companies also led the way with environmentally safe products with no additives and no preservatives, pesticide-free biodegradable products and packaging and products made without animal testing—years before any of these became popular marketing trends.

In fact, Network Marketing companies have pioneered entire industries: natural vitamin and mineral supplements... nutrition and diet drinks... automotive engine additives and gas-saving devices... and concentrated, environmentally friendly household cleaners and detergents.

One Network Marketing company almost single-handedly created the billion-dollar home water filtration business.

Now that Network Marketing is gaining world-wide acceptance, more and more products are being offered through this dynamic industry every day. Today, you can buy at wholesale virtually any product you can find in a store—the variety of products and services is nearly endless. You can buy everything from groceries to automobiles ... long-distance phone services to sports equipment ... personal development seminars to discount travel services.

What Kind of People Are Involved in Network Marketing?

people just like you and me. All kinds of people from every conceivable walk of life: Dr. Jim Martin, a veterinarian ... Ed Courtney, a former dairy farmer... Jerry Boggus, a retired Army captain ... Randy and Valorie Haugen, a parts manager and a records technician . . . Scott and MJ Michael, a plant manager and a college student... Jack Reid, a corporate banker... Ron Hale, an ex-Air Force recruiter... and millions and millions of average North Americans, men and women from every state and province.

Here are the stories of a group of Network Marketers who represent a cross section of the kind of men and women involved in this business.

Tim and Sherri Bryan

Tim and Sherri Bryan enjoy a special lifestyle. They have spacious homes on the shores of Maine and Florida. Parked at their home in the Northeast are a Cadillac Seville, Mercedes, Transvan and Chevy truck. Traveling by sea is equally luxurious, for they have a 61-foot Hatteras yacht, the "Ain't it Great."

But it wasn't always that way. In the early 1970's, when they were introduced to Network Marketing, Tim taught fifth grade and Sherri was a legal secretary. "Initially, I wasn't all that impressed with Network Marketing," remembers Tim, "but after taking a good look at it, we decided to at least give it a try."

That "try" has lasted nearly two decades. Through their consistent efforts over the years, they have built an extensive network. Priorities are very important to the New England couple. Tim explains: "Wealth means so much more than material things. God has to come first, then our family, and our business third. Our Networking

Who Stole the American Dream ?

business has been the vehicle that has enabled us to get our priorities together and to develop a lifestyle of freedom and travel."

"Besides," adds Tim, "why should we retire from a vocation that's more fun than a vacation? We choose where we are going and when we are going to do it. Best of all, who we are going to spend quality time with. We are around winners. We are seeing positive things happen in a lot of lives. Frankly, I can't imagine doing anything else than Network Marketing. After all, we are having more fun now than ever."

Hal and Susan Gooch

Self-assurance, luxury and taste are hallmarks of the 15,000-square-foot, 32-room mansion in Thomasville, North Carolina. Exquisite woodwork, fabrics, and imported marble from Greece are just a few of the splendid details. A 4,000-square-foot office and four-car garage are also on the acreage. Plus, there's one of America's most unusual treehouses overlooking the heated pool and whirlpool. The loft comes equipped with heating, air conditioning, television, and a telephone!

Hal and Susan Gooch seem quite at ease entertaining in their home—one of the finest in the Carolinas—but it is a far different world from not too many years back.

When Hal and Susan entered the world of Networking in February, 1972, he was in the furniture manufacturing business with his dad, and she was a nine-to-five computer Operator.

Susan became excited about the business first because she wanted to the freedom to quit work and start a family. Hal quickly joined her enthusiasm, too, and they began facing the challenges together. Hal was extremely introverted, but with Susan's encouragement, overcame that overpowering fear.

Burke Hedges

Their business grew consistently, and when Hal was only 27, the young couple "retired" from alarm clocks and bosses.

"When it comes down to it," Susan, the youthful blonde smiles, "success isn't measured by how much money or possessions one accumulates, but by the true friendships developed. And we know that Chris, our son, is making the right kinds of friendships, since he is around the children of the greatest people in the world."

By whatever measurement, the couple from Thomasville are resounding successes—with a luxurious lifestyle, with friendships, and with ever-increasing dreams.

"Network Marketing has made the difference," says Hal, "not only for Susan and myself, but also for thousands of associates all over the world. Networking is available to anyone who desires to make a better life for himself or herself. It works. We have seen what a person can do through Networking too many times to believe any other way. The best part is that this business has even more opportunities today than ever before. How many other businesses can say that?"

Fred and Linda Harteis

Fred and Linda Harteis began their married life together with very little. He was a teacher who also worked part-time. She worked in various office jobs.

Their \$75 a month apartment was furnished with a \$20 refrigerator and discarded, broken-down, propped-up furniture. Their car was an eyesore.

They might not have appeared to be ideal prospects for Networking, yet when they saw the "circles," it was a dramatic turnaround. That was July of 1973.

Who Stole the American Dream ?

"We didn't have a lot of money to invest," Fred recites, "but we did have time. We had a dream. We saw this business as a real answer!"

Today after working through many initial struggles, the couple has taken full advantage of their opportunity.

They now live in a 10,000-sq.-ft. 19-room mansion. They are principal stockholders in the country's largest travel company. They also have numerous real estate holdings.

It's quite a lifestyle they share with their three children: Tonya, Freddy and Angela.

Have the challenges been worth the effort? Linda says, "Most people are more concerned with what they can have today than with putting together a long-term picture. A sign of maturity, we've learned, is practicing delayed gratification. Sure, there may be struggles building the business, but it's not long before a person can have all those once-impossible dreams fulfilled!"

"The greatest incentive of all," according to Fred, "is that we know what it's like to be trapped in life. We want to share our dreams with other people who want more out of life. We know that they can reach all their goals through Network Marketing."

Don and Nancy Wilson

"There are two keys to success Nancy and I have experienced in the Network," says Don Wilson. "First, my dad taught me how to work hard. Second, Dexter Yager taught me how to work smart. I don't think a person can be very successful without some of each!"

When this extraordinary couple was first introduced to Networking, they were already busy with the first part of Don's success equation. After a distinguished basketball and baseball college career, Don became a popular high school science teacher and head basketball coach. Nancy balanced dual careers as a registered nurse, homemaker and mother. Neither had time to build their fledgling

Burke Hedges

Network business, but both were motivated enough to find a few extra hours a week to get started.

"The one thing that kept us going," insists Don, "was the fact that when we started building this, Dexter and Birdie Yager entered the picture. Once we developed a relationship with them, we knew we could never give up—no matter how difficult it might become. One, we couldn't quit on ourselves. Two, we couldn't quit on Dexter and Birdie. We had too much respect for them to give up."

"Best of all," adds Nanoy, "our children have parents who are *free*. That means more than all the material things. If we achieved only that from our Network, the freedom would make everything worthwhile!"

Says Don, "True success always springs from the strong belief that something is worth doing to the best of your ability. If you want to see your life really take off, give yourself completely toward achieving your dreams. Get rid of your fears and self-doubts by losing yourself in the challenge of reaching your goals. When you make a commitment to building your Network Marketing business, do it with everything you've got. Nancy and I will be the first to say that the rewards are definitely worth any price we may have paid along the way."

Jerry and Cherry Meadows

Jerry and Cherry Meadows met when they were both 15 years old. Both were also candidates for student body president. They married during their final year in college. She was teaching high school Home Economics in Charlotte and he was a plant manager when they were first introduced to Networking.

"I was excited," she recalls. "He wasn't. We got in, but we never really got committed until my father challenged us. That made us decide to do it just to prove that there would be a chance for him, too!"

Who Stole the American Dream?

They "proved" themselves quite well. Today they have one of the fastest growing distributorships in the world of Networking. Today, Jerry and Cherry live in Tennessee with their two children, Laura and Greg. The family enjoys "The Meadows/" their lush 110-acre estate in a prestigious Nashville suburb. The farm boasts three ponds, two barns an incredibly beautiful Southern mansion, a guest house (the same size as the Meadows' home when he was a plant manager), and a quarter-mile drive up to the white-pillared house.

Jerry sums up their lifestyle—"Owning your own business is the fastest, smartest way to freedom, security and unlimited income. Success does not just have to be an impossible dream. It's there for those who go for it."

Adds Cherry, 'The biggest mistake anyone can make is knowing what to do right, but not doing it. Too many people sit around wishing for Something wonderful to happen, when they should be making it happen. Procrastination is a dream-killer. That's why Jerry and I tell people to go for their dreams now. Life is too precious to spend all your time wishing it away,"

Billy and Peggy Florence

When the Florences started building their Networking business, they primarily wanted to replace Peggy's teaching salary so that they could begin their family. At that point, Billy was an Air Force pilot, so her salary was crucial. They are a highly-educated couple; both have degrees, hers in Special Education and his in Aerospace Engineering from Georgia Tech.

Not only did the Florences' finances change drastically during the next few years, but the more important inner changes came just as dramatically as hope blended into achievement. Billy has since retired from the Air Force, and they live in a 7000-square-foot house on lush Georgia

Burke Hedges

acreage—they also own a Chevrolet dealership in Commerce, Georgia.

Freedom, especially for Billy and Peggy Florence, means so much more than financial independence. It means being creative. It means offering others the opportunity to dream their own dreams. It means being around other creative thinkers and doers.

Peggy relates, "We are excited to be a part of a growing number of the most innovative, creative and freedom-loving people in the world."

"And we feel as if we are just getting started," adds Billy. "Networking has taught our family to believe in ourselves, and in our ability to achieve our fondest dreams. What makes this business so effective is not just consistent, daily effort, but it is a vehicle that anyone can use to turn working hard into working smart. More than ever we are convinced that we have an unbeatable system.

"We have shown Network Marketing to people in faded jeans and in tailored suits, and we have seen their dormant dreams rekindled. Like us, many of them keep getting into this business just to make a few hundred dollars a month, but soon realize that they are part of something much larger—a growing, worldwide network of caring, success-oriented entrepreneurs. That is why we are more excited about this business than ever!"

Don and Ruth Storms

To many, Don and Ruth Storms had it all. He was a senior vice president of a nationally-known broadcasting company. They hosted their own syndicated television program. Then the bottom fell out when Don lost his job after a corporate reshuffling.

"It was difficult to face," Don recalls painfully. "We were disillusioned, to say the least. We had worked hard to help build the company to that point. Suddenly we weren't part of it. Thankfully, about that same time we

Who Stole the American Dream ?

started building a Network Marketing business. I shudder to think what life would have been like if we hadn't gotten involved with Networking."

Ruth explains, "We attended the same church ,with, a lot of people who were doing the business. We kept looking at them—their lives, their lifestyles and their commitment. The more we looked, the more intrigued we got. It obviously was for these people. Finally, we went directly to Dexter Yager and asked him to show us this business. What he shared with us changed our lives."

According to Don and Ruth, the system gave them a time-tested pattern to follow—one that had already been successful for many other people.

Explains Don, "I tried a lot of things before in my life. Some of them worked, and I lost my shirt on others. I found that success and failure was such a trial and error thing. People who really tapped into something that paid off well generally weren't all that excited about sharing it with others. We could see that this business was very different."

"We are more excited about this business than ever," Ruth smiles. "Our children—Wesley, Lee, Gail and Brenda—and their families have seen us start with virtually nothing and build a successful business. They know now that they can do, too. It's the relationships you build that make this business so special. And the excitement just keeps building as long as you don't stop dreaming."

"I know what Network Marketing can do for someone with financial needs," Don adds. "I want to keep sharing this business as long as I'm living."

Cooperation vs. Competition

One of the big reasons for the success of Network Marketing in the 1990's is that it is based on cooperation—not competition. Unlike in traditional business, career ad-

vancement in Network Marketing comes directly from your helping to create success for all the people in your group, in your company and in the industry as a whole.

It's much like the story of the woman who died and suddenly found herself at St. Peter's door. She asked him to show her the difference between Heaven and Hell.

St. Peter took her to Hell, where she saw an endless banquet table set with the most abundant spread of magnificent, mouth-watering food and drink she'd ever seen! Yet the people seated at the table were all shrieking and crying, wailing and pulling at their hair and tearing their clothes to rags. She had never seen such horrible pain and anguish.

She was about to ask St. Peter why, in the face of such delicious abundance, the people were so miserable. But as she glanced around, she discovered the answer for herself. All their eating utensils were three feet long! None of the people at the table could even get a taste of the luscious feast.

When she arrived in Heaven, she was surprised to find the exact same scene: the same endless table, the same fantastic food and drink—even the same three-foot long forks and spoons. But here, everybody was happy and laughing, having a wonderful time. "Why are they happy here?", she wondered out loud.

"Because," St. Peter whispered, "in Heaven, the people reach across the table and feed each other."

The idea of cooperation instead of competition is a powerful reason that more and more people are attracted to the Network Marketing concept every day. In fact, it's become a buzzword—"empowerment"—and Network Marketing is the most empowering business of all!

Why Are People Involved in Network Marketing?

'They're involved because they have a burning desire for a better way to live and work.

They're involved because they dared to dream their dreams could come true.

They're involved because they had the gum to get off their butts and do something to change their circumstances for the better.

They're involved because they're passionate about being paid what they're really worth.

They're involved because Network Marketing is a home-based business—and there are 24 million home-based businesses in the U.S. . . . generating over 8,000 new jobs every day . . . with the average home-based household earning over \$50,000 a year!

They're involved because they can work spare-time, part-time, or full-time right out of their tax-deductible home offices.

They're involved because they can be their own boss, set their own hours, and spend more time with their families and friends.

They're involved because somebody cared enough about them to show them the awesome opportunity of Network Marketing.

And they're involved because they were *ready* to make a change.

The Future Is Now

Folks, here's the truth: Network Marketing is in your future. One way or the other you *will* be involved. How you are involved is up to you—nobody else. You're either going to be spending money, buying products—and lots of them—from Network Marketers. Or you're going to be

selling products and building an organization—and making money. It's your choice.

Ask yourself, "Would I rather be the one spending the money ... or the one making the money?"

Friends, we can't live on two incomes today the way our parents did on one! It's a new world. For the first time in America's history, a generation is financially worse off than their parents were at the same age. Remember, less than one half of one percent of all North Americans earn \$100,000 a year or more. And if you want to be one of them, you're going to have to do something new and different.

Network Marketing—The New Way to Financial Freedom

You'll never create real and lasting wealth trading time for money. Even the doctors, lawyers and Indian chiefs can't do it anymore—and if the high-priced college MBA kids can't cut it, how can you?

In Network Marketing you can break out of the time-for-money trap.

Passive income... residual income is where it's at. How many self-employed people do you know who can take off for a month and come back to a bigger paycheck than when they left? In fact, how many can come back and find their business in one piece?

In Network Marketing you can do just that. I've known a number of Network Marketers who left for a honeymoon or an extended vacation... and returned to find an even bigger check waiting for them than when they left! That's the power of passive income!

If you're a woman... if you're Black, Hispanic or any other minority... or if you're one of those people without a specialized, professional university degree—both the

Who Stole the American Dream ?

corporate world and the professional world are generally closed to you.

Not Network Marketing—it's wide open. No glass ceiling—in fact, no *any* kind of ceiling. You're free.

Look, I'm no different than you. I'm no smarter. I went to college and didn't learn how to become financially independent. I've had jobs, people telling me what to do... punching a clock... fighting traffic... the rat race. I was making \$5.50 an hour building boats. I waited on tables—getting nowhere in a hurry, I've had my own business, too. I got out just in time and only lost close to a quarter of a million bucks!

But I made a fortune because of Network Marketing. Will you?

If you're willing to work... if you're teachable... and if you have a burning desire to become successful, then yes—you can make it in Network Marketing.

Johnny Carson once said:

"Talent alone won't make you a success. Neither will being at the right place at the right time, unless you are ready. The most important question is: 'Are you ready?'"

Right here, right now, is the right time and the right place for Network Marketing.

It's interesting how resistant we are to change. Even when the handwriting is all over the wall—and the ceiling, and the floors!—we want to stay in our comfort zones—even when we're the most uncomfortable... even when we're miserable.

Let's not sugar-coat it. For things to change, you have to change. For things to get better, you have to get better.

You can blame your parents, 'your boss, the government and whatever. But one simple fact remains: when it becomes harder to suffer than change, *you will change*

Burke Hedges

Like the Chinese say: "*If you don't change your direction—you're bound to 'end up where you're headed'*"



CHAPTER 12.

If Network Marketing Is So Great—Why Haven't We Been Told the Truth About It?

"Before its lie two paths—honesty and dishonesty. The shortsighted embark on the dishonest path; the wise on the honest. For the wise know the truth: in helping, others we help ourselves; and in hurting others we hurt ourselves.... Honesty is still the best policy"

—Wynn Davis, The Best of Success

Why haven't we been told the truth about Network Marketing?

Because the world is filled with not-so-wise, dishonest people—shortsighted men and women who have yet to discover that in hurting others, they hurt themselves most of all. Remember Carlo Ponzi—the inventor of the pyramid scheme?

Remember the subtitle of this book?

"The book your boss doesn't want you to read."

Why would I say that?

Because it's not in your boss' interest for you to learn that there's a new and better way to live and work—a way that doesn't include the 9 to 6, trading time for money insecurity trap of having someone else own your life; 'someone in command of the two words that stand between you and the street—"you're fired!"'

There are lots of "someone elses" out there—lots of them! And it's not just your "boss" at work I'm talking about. It's all the self-proclaimed "bosses" in government, education, business, etc., who think *they* know what's best for you and me. Is it really *your* best interests they're looking out for... or their own?

Power to the People

The truth is that most of the people in power today are scared to death. Their overriding concern is the fear of loss—loss of their own power! Everywhere they turn, they see the handwriting on the wall—and they don't like the message. So what do they do? They shoot the messenger.

Well, Network Marketing's message is "power to the people"—not just the "bosses."

We've come a long way since the 1960s. Remember the anti-establishment movement? How so many of us wanted to change the way the world worked? Well, one reason that "revolution" *didn't* work was because we didn't have a new and better way of doing things to replace the old Paradigm.

Now we do. That's why more and more Network Marketing companies are wearing bullet-proof vests.

Remember how the Romans treated the Christians? They fed them to the lions!

Remember what the power-people did with franchising in the beginning? They called it a scam and a scheme.

They were threatened by the message, so they tried to Shoot the messenger full of holes.

It reminds me of a story about the first time a movie was shown in a Colorado mining town. When the villain was threatening the heroine, a prospector jumped to his feet and shot the movie screen full of holes. (Obviously, he should have shot at the projector... or the producer... or both!)

Ignorance and fear—what a deadly combination!

Like the prospector, the media powers wanted to kill the villain—so they searched for all the dirty stories about franchising they could find. Blew them up bigger than life and tried to take franchising down. Why?

Because they were already kings of the mountain, doing business with the other corporate kings—and these upstart franchises were saying, "Go fly a kite. We're going to make our own mountain!" And they did!

Money Is Serious Business

Now, how many millions of dollars worth of advertising space do you think those first franchise firms were buying—versus how many millions of dollars worth of all the advertising bought by the traditional manufacturers and their conventional retail outlets that the franchises threatened with their new and better way?

Newspapers, magazines, radio and television do not make a profit on readers, subscribers, listeners and viewers. The media make money from their advertisers. BIG money. Outrageous money! And if you're not one of them—one of those big ticket advertisers—you don't get the positive press coverage you need, much less deserve. Why should you? You're not making the media any money.

And what if you're some upstart competitive marketer taking sales and profits away from those big ticket advertisers?

Do you suppose Howard Johnson's was thrilled to death at Ray Kroc and his McDonalds? Once McDonalds got big enough to start taking market share away from those guys—and all the other established restaurants that advertised heavily in newspapers, radio and T.V.... it was war! -

And whose side do you suppose the media was on?

Hey, even FORTUNE 500 companies who owned and invested in the franchise concept were afraid of telling the public the truth that *they* were involved—they went out of their way to avoid being identified as participants in the new franchise scene. Play it safe. "If this thing goes bust—nobody will know we blew it."

Courage, guys.

So, here's what happened:

- Retailers put the pressure on... (*They were losing sales.*)
- Manufacturers put the pressure on.... (*So were they.*)
- The media put the pressure on... (*Their advertisers were being hurt—and the new guys weren't spending anywhere near what the good old boys were spending in advertising.*)
- Even the politicians—lobbied by big-payroll employers with big blocks of votes and even bigger campaign contributions—put the pressure on. They tried to pass laws against it. They said franchising should be illegal!

It's a wonder franchising survived.

But it did survive—and it prospered because it was a new and better way of doing things... and because what you resist, persists. And persist it has: Today, over one third of *everything* we buy comes from a franchise—Taco Bell, Thrifty Car Rental, Sir Speedy Printing, Blockbuster , Video, Century 21, etc., etc., etc.—\$ 800 billion dollars worth!

Do you see any more nasty newspaper articles today on franchising? Any more exposés on "20/20"? No—what you see and hear, instead, is "You deserve a break today," and "Where's the beef?" Advertising has burned the slogans of big franchises into our cultural consciousness.

Can you name one industry that does more advertising today—in newspapers, magazines, radio and TV—than franchising?

And with all the money the franchising industry, makes... and with the tremendous number of people employed by franchises across North America... and with the awesome contribution franchises make to federal, state and local economies... and with the taxes they generate and all the votes they buy... how happy and cooperative are the politicians and media about the franchise industry now?

Folks, money talks... and you know what walks.

Mugging the Competition

That's the way the game is played. If you want to play with the big boys, you better be one of them. If you're not! they'll crush you like a windshield hitting a bug at 60 miles per hour.

Just look at how one giant corporation, a recognized leader in the \$15 billion-a-year commercial indoor air filtration industry, handled some serious competition from an upstart Network Marketing company.

The giant put in a bid to clean up the air in a carpet warehouse—to the tune of one-million-plus dollars! A small Network Marketing company (with technologically advanced air purification products) bid for the same job for a little over \$100,000. You guessed it... the little guy got the contract.

Now I ask you, how do you think big Goliath felt about little David eating *his* lunch? What would you do if you

were heading up the sales team that lost a major contract to one of those "pyramid" companies? Would you cry in your beer and curse your luck? Or would you call out the dogs of war?

A few days later the media pollution hit the fan when a local T.V. station aired an "expose" claiming that the Network Marketing company's machines poisoned the air instead of purifying it—which, needless to say, was utterly ludicrous! The State Attorney General got in on the act, too, and filed a lawsuit against that "David" networking company—who ended up losing the contract, and nearly lost everything in the process.

There's a happy ending, however. As I've said and repeated: If you've got a new and better way, eventually it will triumph in a free market. Today that "upstart" Network Marketing company is doing more business than ever. And the giant? They're laying off workers by the thousands—and today Goliath is still losing bids to David!

All Aboard!

Let's face it. Stories like this are the reason you haven't been told the truth about Network Marketing.

And it's getting worse now because we're getting "too big for our britches"—in other words, we're succeeding in the "free enterprise" marketplace.

And that's even harder for the "giants" to take, because they've got the sneaking suspicion we just may be right... we may really be the wave of the future... we may really have managed to put the freedom they stole back into free enterprise.

Some of these corporate giants are smart enough to believe the old "wisdom bite": *If you can't beat 'em, join 'em!* Service Master, Rexall, US Sprint and MCI (and yes, AT&T, too) and others have begun to realize that we're here—and we're not going away!

After all, there are thousands of Network Marketers, *millions* of satisfied customers world-wide, and *billions* of dollars worth of products sold every year through Network Marketing!

Bigger Is Not Always Better

A few years ago, a Network Marketing company that sold personal care products took it square on the chin from the media and several State Attorney Generals (AGs). This "little" Networking company was becoming not-so-little anymore. They were projecting annual sales in the neighborhood of \$500 million dollars—that's half a billion dollars!

Now, where were all those sales coming from?

They were *not* coming from men and women who had never bought skin care products before. Those sales were being taken away from the big guys—Revlon, Max Factor, Estee Lauder and other big cosmetic and health and beauty aids manufacturers.

How do you think the big boys felt about that? What do you suppose they thought about this Network Marketing company's highly successful and often-repeated slogan, "All of the good and none of the bad"? Do you think they were pleased with the success of the new kid on the block?

They were pleased all right—they were shaking in their shoes!

And you know what *really* bugged Revlon and the rest? These new Networking kids were not spending multi-millions of dollars on monster advertising budgets in magazines and on T.V. as *they* were forced to do. And to add insult to injury, these Networking companies didn't have to pour all their cash down the throats of middle men, wholesalers, brokers, jobbers, and retailers—expensive distributors who drive up the price of the products without adding any value at all.

Instead the companies were putting that money into the pockets of people like you and me.

Furthermore, the big guys weren't bypassing the department stores and malls—like the Network Marketing companies were—and going right into the consumers' living rooms with person-to-person education, information, sharing-caring service and time-saving convenience.

Not to mention the fact that this "little" Network Marketing company had a dedicated, growing sales force of 100,000 independent distributors nationwide who owned their own, mostly part-time Networking businesses... and that these distributors were being paid to say nice things about the products—has any conventional company ever paid *you* for doing that?!

The Economics of Competition

Now, if you were sitting around the conference room in one of those big corporations and your sales were slipping away—being stolen from you by an upstart, punk Network Marketing company *that you simply could not compete with*—what would you do?

Or, say you were one of the brokers, retailers, wholesaler, media people, truckers, or any of the other people whose jobs or businesses were being threatened with extinction because Network Marketing was a new and better way of doing things—what would you do?

Well, if you had a friend in the State Attorney General's office—you'd make a call, wouldn't you? And if you'd been contributing a bunch of money to an industry lobbyist or Political Action Committee, you'd call them, too, wouldn't you?

In fact, if your job were on the line—either as the VP of sales or one of the executive staff who sooner or later would have to answer to stockholders and explain why your market share was being taken away by some kooky

Who Stole the American Dream ?

"pyramid scheme"—you'd grab any strategy you could get your hands on and fight back, wouldn't you?

Remember, your future's at stake here... your position, your power—your paycheck!

Look, as I said earlier, I'm not here to champion any particular Network Marketing company. My commitment is to the industry, to free enterprise itself... and to you! But I'll guarantee you this—you won't find me standing around with my hands in my pockets while the bullies take over the beach!

Another Thing About 'Advertising'

Years ago, the Philadelphia department store magnate John Wanamaker said;

"50 percent of my advertising is wasted—I just don't know which half!"

Today the advertising industry is on the ropes. The current struggling economy is killing them. And to top it off, studies show that most of us don't believe what we see, hear and read in ads, anyway!

So, you tell me, is it in the media's interests to say anything positive about the Network Marketing industry? Especially at a time when they're desperate for advertising dollars?

Let's face facts—the media has no love for an industry that doesn't have any major advertising bills to pay... and never will!

Do You Homework

Now, let's get one thing straight. Just as there are scams and schemes in any industry, there are a few Network Marketing companies that are blatantly illegal. There are good and bad apples in every basket, aren't there? Real estate has its swamp-land scams... banking has its S&L

Burke Hedges

crooks... the stock market has its insider-trading scammers... and so on.

So why should Network Marketing be any different?

It's a fact of life today that you can't be too trusting or naive. So open your eyes and ears. Check out the product... the people ... the company ... everything!

Be careful. Know what you're getting into. That's good advice whether you're walking down a dark street, investing in the stock market—or getting started in a new business. And that good advice is just as valid in Network Marketing as anywhere else.

Negative Motivation

Is there a positive side to this flood of negativity the media dumps on Network Marketing? You bet?—although I'll be one of the first to rejoice when they begin to praise us instead of trying to cut us down. But let me illustrate the good news resulting from all the bad news with a story.

One day there were two curious frogs who fell into a pail of milk. Now the pail was pretty deep, so it was a long way up to escape from the pail. The frogs started jumping and jumping, but neither of them could quite reach the top edge of the pail.

It just so happened that one of the frogs was nearly deaf. So he didn't particularly notice at first that a number of frogs had gathered at the rim of the pail, razzing and jeering at him and his friend. These frog onlookers laughed and pointed at the two stuck in the pail, mocked them and called them names.

Now the other frog's hearing was just fine; he heard all of this and started getting pretty angry. He went right on jumping and jumping, saying to himself, "I'll show those guys—wait till I get my hands on them." But after a while, he got tired. He became dejected and bitter, and

the more the frogs outside taunted him, the more depressed he became. Finally, he gave up hope, stopped trying to jump out—and drowned.

The other frog, the one who was a nearly deaf, didn't hear any of his buddies' negativity—all he knew was that they were up there watching him. He kept trying and trying, and every time he looked up at them, he got even more determined and would jump even higher. Eventually, all of his jumping around turned the milk to butter—and he was able to jump free of the pail with one easy hop.

When he got out, the other frogs asked him why all their name calling and making fun of him hadn't discouraged him, as it had the other frog. The frog replied, "Gee, I had no idea you were putting me down. *I thought you were cheering me on!*"

There are many "hard-of-hearing frogs" in Network Marketing today. Just as there were many naysayers who laughed at Henry Ford and shouted, "Get a horse," when he drove his Model T. Must have sounded like cheering to Henry, too—and to every other entrepreneur who has had the courage to catch a vision and hold onto a dream—no matter what!

'You Have the Right to... '—Except in Network Marketing!

What's the very first amendment to the Bill of Rights of the Constitution of the United States of America?

And I quote:

"Congress shall make no law... abridging the freedom of speech..."

However, it looks like a number of states and the Federal Trade Commission (FTC) can "abridge" anyway. I guess the Constitution doesn't apply to them.

You see, you—whoever you are, whatever you do for a living—can stand up any time, any where... in front of any number of people... and tell them how much income you earn—unless you are a Network Marketer.

Check this out. In some states, Network Marketers are *'not permitted* to mention their incomes—I'm talking about their own, personal, factual, on-paper, fill-in-the-1040-form real-live incomes—in public.

As far as I know, we *are* allowed to lock ourselves in the "bathroom and scream out the numbers on our most recent commission checks until we turn blue. But we cannot tell a group of people. If we do, the state Attorney Generals will invite us to jail and the FTC will—if the numbers are big enough to make it worth their while—swoop down on us like starving legal eagles.

I know a Network Marketer named Mark. Mark's a high-profile guy, one of the top income earners with his company.

Today Mark doesn't dare tell anyone how much he makes. But he has been investigated by the FTC and a couple of state regulators, anyway. Why? Simply because he makes such an outrageous amount of money—that's why!

Mark finds it absolutely amazing that he cannot say how much money he makes! So do I. Don't you, too?

Is this our constitutional right of freedom of speech in action?

Here's what the Attorney Generals say Mark and the rest of us in this business *can* do: We can take the total of all the money our company paid out in commissions in our own local geographic region; divide that number by the total number of distributors in that area—which must include both active distributors *AND* those who aren't even involved anymore; and once we've gotten *that* figure, why, we can tell anyone we want to.

Who Stole the American Dream?

Now, there a heady freedom—makes you almost giddy with sheer exhilaration, doesn't it?

It's like telling Michael Jordan he's not allowed to state his own income, he's only allowed to cite the average salary of all the Chicago Bulls put together—including all the retired players! Can you imagine that?

I mean, pick any profession—lawyers, doctors, actors, writers; are they forced to do that? Does the government single them out for a special dose of unconstitutional "abridging the freedom of speech"? Heck, no—they wouldn't stand for it. Neither would you.

But for Network Marketers, that's the way it is.

In a recent issue of Success magazine, successful Network Marketer Terry Hill, who was one of the top ten sales reps for Xerox for ten years running, explained it this way:

"When I interviewed for a job with Xerox, I asked them, 'What's the most money I could make? And they later told me I never would have gone to work for them if they hadn't. But suppose they were required by law to tell me only what the lowest-paid person on the staff makes. That's what I have to do when I introduce people to Network Marketing business—that's ridiculous!"

Network Marketing Money—"It's Just Too Much!"

A few years ago, U.S. News and World Report published a list of the highest income earning occupations in America. They listed each specific career along with its upper income earning range.

They omitted the income for Network Marketer?. You know why? Not because they couldn't find that data, or weren't aware of It.

Burke Hedges

They said *it simply isn't believable!*

Now that's unbelievable!

I guess the old saying is true: "The more powerful you are, the bigger your enemies are, too."

Picture this: Let's say you are sitting in a posh office suite atop the Prudential building in Boston. And today, the talk around the big, polished conference table is about your performance: "How come you're not selling more life insurance?"

And let's say some junior executive (clearly on his way down) has the stupidity to mention that A. L. Williams (a Network Marketing company now owned by Primerica, the \$100 billion financial services colossus) wrote more individual life coverage than "The Pru," which is not only where you're sitting at the moment, but is also the biggest insurance company *in the world*—now, what are you thinking? What do you do?

If you were involved with any of these major companies whose lunch was getting eaten slowly but surely by an upstart industry... an industry that talks to consumers face to face—what would you do?

Remember the rule: "If you can't beat 'em—join 'em"?

Well, these traditional companies have their own rule: "*If you can't beat 'em—beat 'em up!*"

Is There Anybody Who Isn't Trying to Beat Up on Network Marketing?

Sure. Sprint and MCI are two. They both offer long distance phone service at "discount" rates.

Together they stole *three million* customers away from AT&T—many of them through Network Marketing. They're very happy campers.

And you know who else isn't trying to beat up on Network Marketing anymore?

Who Stole the American Dream ?

The man eased his truck onto the shoulder, grabbed his flashlight and walked over to the bushes where he thought he saw the object.

He parted the bushes and scanned the ground with his flashlight. As he pushed back the final branch, he was astonished to find himself staring at a bar of gold near the opening to a huge cave. He lunged forward and explored the cave with his flashlight. It was filled with gold bars!

The man couldn't believe his good fortune! He grabbed an armful of gold bars and loaded up his truck. But when he came back to the cave, he was even more amazed... magically, there now were *twice as many* gold bars than there were before!

He worked fast and furious and filled his truck so full of gold bars that the tires were ready to burst. By the time he left, the gold bars were spilling out of the cave, through the bushes and even closer to the road. He covered the opening to the cave with the bushes as best he could and headed for home.

Now let me ask you: If you were that man, with whom would you share your gold mine secret? Would you run an ad in the local newspaper or stop strangers on the street and tell them you had discovered a gold mine? Or would you share your discovery with people you know and care about most? You'd tell those people closest to you first, wouldn't you?

I admit it—there's a part of me that thinks Network Marketing is like that gold mine. I love the fact that average people are turning their lives around—ordinary people living extraordinary lives. It's fine with me if the "big boys" come to the party—sooner or later. But truthfully, I'm content if they make it later, than sooner!

Much later.

Make 'em writ and sweat it out.

Burke Hedges

After all, that's what they've been doing to you and me—for years.

I know they're coming. Everybody is. It's just a matter of time. But before they do, before Network Marketing gets to be a multi-hundred-billion dollar industry like franchising, I want us all to get ours.

The people who've had the American Dream stolen from them should have the first shot. I'm up for letting the old-paradigm junkies get the crumbs this time.

How does the song go...

*And the first one now
Will later be last—
For the times they are a-ckangin'.*

Folks, the answer is "blowin' in the wind." And what a wind
It's going to be the biggest hurricane in history.
And its name is Network Marketing.



PHASE FIVE:
Network Marketing
and YOU

CHAPTER 13
Why Is Network
Marketing Exploding?

Throughout this book, I've pointed out how times have changed and how they'll be changing even faster tomorrow. I've pointed out how technology is marching—more correctly *racing*—forward, making entire industries and ways of working obsolete almost overnight.

Now, here's a fascinating thing about that:
It's because of *technology* that Network Marketing is exploding!

Before the computer, no Network Marketing company could grow any bigger than its ability to keep track of its distributors. Imagine having to take and process orders, keep track of individual network organizations and issue timely and accurate commission checks for 10,000 or 20,000 distributors. Impossible! Right—but not anymore, thanks to computer technology.

It's hard to imagine Network Marketing without credit cards, airplanes that go coast to coast in less than six hours, discount long distance telephone services, copying machines, 800 phone numbers, etc.

Network Marketers today can FAX product and training information anywhere in the world in an instant. They

can prospect for new partners on their car phones—while stuck in traffic. A thousand people or more can get on a weekly teleconference call and invite new people to hear all about the company's products and opportunity—with out leaving their own living rooms!

Today Network Marketers can tell people across the country (or around the world, for that matter) about their company, products and income opportunity by sending them an audio or video tape. They can even train their new long-distance partners with tapes. Talk about convenience: For just a few dollars, you can send your new distributors the best training seminars presented by the best trainers in the business—or have them tune in to a live satellite program broadcast right into their homes!

None of this was possible 20 years ago. Much of it wasn't available or affordable even five years ago. And *ALL* of it is being done right now as I write these words.

What's more, *tomorrow's* technology is even more extraordinary.

Just Imagine...

Imagine selecting the Network Marketing products you want from a full-color talking catalog on your home computer in the kitchen... imagine ordering what you want simply by touching the screen... imagine having telephone calls and teleconferences while looking at the people you're talking to (this one's here today—AT&T just introduced their video phone!)... imagine having multi-media video presentations sent directly to your home by satellite whenever you want... imagine talking back to your computer or TV with interactive programming... imagine having your monthly commission cheque automatically and instantly transferred to your electronic checking account...

The extraordinary advance of technology is opening up vast horizons of possibility for Network Marketing—and it's happening right now. That's why Network Marketing is just coming into its own. Faith Popcorn says it best:

"Network Marketing is the wave of the future. As the person-to-person deliverers get classier, and better, and more trusted, everything—from baskets to insurance—will be sold person-to-person and interactively on TV. I think the problem is the retail environment is simply going to have to close up. Nobody wants to go there. And Network Marketing has the solution."

—*Upline*", August 1993

Hard Tunes—Tough Choices

We've talked about the reality of this being the most productive time in this nation's history—at the same time that tens of millions of people will be without work, a time of 20 percent unemployment!

We've talked about the American Dream of health, happiness, security and freedom... and how fewer and fewer people are in a position to have even one or two of these qualities in their lives, much less all of them.

We've talked about how the odds are stacked against us in the working world today... about glass ceilings and "unequal opportunity"; the sand trap of using a college education to lead to a corporate career track; and the scams and schemes that rip off almost any chance we have for getting to the top and living the good life.

We've talked about the lack of real creativity and control in the work place ... and the lack of satisfaction and fulfillment available in most conventional jobs.

We've discussed illegal and legal pyramid schemes and how they're sucking the life out of the average American woman and man.

We've talked about how frustrated people are... how angry people are at what's happening... and how millions of people are feeling utterly powerless to do anything about it.

What we've shown is that for most of us, sadly, the future can be a pretty hopeless situation.

Remember the definition of hope?—"Hope is the expectation that someone, or something, would come along and save your butt."

My friends, *no one* and *nothing* is going to come along and save your *anything*. Sure, you may hit the lottery. But it's pretty hopeless when all that's left of the American Dream is a zillion-in-one chance to make it big.

Let me tell you a wonderful story.

Dreaming of Success

One day, a man walked into a psychiatrist's office and boy, did he look bad! He was ashen gray—like death warmed over—and he was shaking all over, too. His eyes were sunken deep into his head; there were dark circles under the circles under his eyes. He hadn't slept in months! He begged the doctor to help him!

The man then told the psychiatrist about a recurring dream he'd been having:

Every time he'd fall asleep, he'd have the same frightening nightmare. There he was, just walking down the street. He'd go right up to this building... come up to this huge door—and then, no matter what he did, he could never open the door to get inside!

He'd push and strain against the door—nothing! It wouldn't budge an inch. No matter how hard he struggled,

no matter what near-superhuman strength he sought to muster—nothing. He simply couldn't get in.

He would wake up in a cold sweat, shaking, scared and exhausted. It was so bad that no matter how tired he became, he was afraid to close his eyes. He said it felt like he was going to die if he didn't get in through that door—and he couldn't!

The doctor asked him why it was so important to open that door, and the man replied that it was the door to his future. He didn't know how he knew, but this was the door that would lead from failure to success—and he couldn't open it!

The psychiatrist thought for a moment, then asked the man, "You have this dream every time you sleep?"

The man nodded yes.

The doctor said, "Tonight, before you close your eyes, I want you to give yourself the suggestion that when you come to the door again, you're going to notice everything about it, every detail no matter how insignificant you think it is. Then come back tomorrow and tell me what you've seen."

The man thanked the doctor listlessly, and though he held out little hope of the advice having any effect, promised that he would do his best.

When the doctor saw the man the next day, he couldn't believe his eyes! Gone was the shaken, shrunken fellow who had visited his office just the day before. This man looked vibrant and alive. His eyes were bright—he was smiling!

The startled doctor quickly ushered the man into his office for an explanation, and asked the man what had happened.

The man explained.

"I went to sleep, just like you told me to, and I gave myself the suggestion to notice and remember every detail

about the door to success—so I did. When I came up to the door, I pushed harder than I ever had before. I strained against it—pushing and pushing. Finally, I stood back and looked at the door. And you know what I saw?"

"No," said the doctor, excitedly. "Tell me, tell me."

The man smiled and said, "There was" a sign on the door. It said, 'PULL'."

Are You Pushing Against the Door to Success?

Are you straining to get ahead in life, struggling against the odds, pushing to get ahead, only to find yourself locked out—stuck in a dead-end rut with no way out?

Well, quit pushing!

Pull.

The door to the future—the door to the American Dream—is wide open for you. There's no struggle involved... no nightmare of fear.... All you have to do is push.

As you've seen throughout this book—and more importantly, in your own experience—all doors do not lead to the future you desire.

Network Marketing can and does.

Millions of people just like you and me have passed through Network Marketing's door to a richer, more rewarding life. They've learned from direct experience how they can have their cake and eat it, too.

Today these people each own a business of their own. They're the boss, the CEO of their own growing enterprise—working when they choose, where they choose, with whom they choose.

Network Marketers choose whether they work part-time or full-time, and many who began just to supplement their incomes have gone on to make Network Marketing their full-time career.

Network Marketers have learned the power of *leverage*, which is what J. Paul Getty referred to when he said, "I'd rather have one percent of 100 peoples' efforts than 100 percent of my own." They've seen how a lot of people doing a little bit each can keep all the qualities of "small is beautiful" and at the same time, accomplish a big, BIG job.

They've experienced, or begun to experience, going beyond mere security to true financial freedom: having all the money they need... doing what they want when, they want... with no one to tell them otherwise.

You know, 80 percent of all bankruptcies would be prevented if people had as little as an extra \$250 per month! In Network Marketing thousands and thousands of people have that and more, much more!

And it's not just about money, either. It's about running your own show... calling your own shots... and sharing your dreams and your time with the people who count the most—your family and friends.

'I Can't See Myself in Network Marketing'

People tell me that all the time.

"I'm a doctor . . . I'm a lawyer... a printer... a teacher..." whatever. *I can't see myself in Network Marketing.*

When I hear that, here's what I say:

"Let me ask you a question. If I offered you -a job driving a garbage truck, would you take it?"

And the answer always is, "Are you nuts!?! No, I don't want to drive a garbage truck!"

Then I respond, "Okay, I've got another job that pays a million dollars a year! You'd be perfect for the position. Are you interested in that opportunity?"

They answer, "Absolutely! What do I have to do?"

And I tell them, "It's driving a garbage truck."

One guy summed it all up when he said, "Oh, that's different. Refuse removal and recycling is big business."

Well, Network Marketing is different, too. It's business. And it's not the garbage truck business, either. It's BIG business. And you can either make up your mind right now that you won't have anything to do with it, or you can open up your mind—and take advantage of an industry whose time has come.

Just think: What if it actually did provide you with the ^ perfect vehicle for getting all you want out of life?

Can you afford to pass up that possibility?

Taking a Chance on Change

You know, sometimes change is a difficult thing to accept. I know. When I was building boats for \$5.50 an hour or waiting on tables for \$150 a week, I agonized for months about whether or not I should quit my job—a job I absolutely hated!—and risk getting out of my comfort zone by trying something different.

President John Kennedy once said:

"Change is the law of life. And those who look only to the past or the present are certain to miss the future."

He couldn't have been more right!

There were no personal computers 15 years ago—remember? Less than ten years ago, only a few companies owned a FAX machine. And only a few years ago, there was a Soviet Union!

The lesson is clear: *Change—or get left behind.*

Ask Yourself These Questions:

- Am I truly happy with my current job?
- Am I making all the money I deserve?

- Do I have the time I want for my family... for my friends... for myself?
- Am I growing and developing personally, at the level I want?
- Am I in control of my own work, my own life... or is someone or something pulling my strings?
- Am I willing to do what it takes to have the American Dream?

Not long ago I asked myself these same questions—and I didn't like the answers at all!

So, I changed. I opened up... took a look... and took the biggest step of my life! I quit pushing and PULLED!

I challenge you to do the same.

I challenge you to ask yourself the toughest questions of all. And if you don't like your answers—just as I didn't like mine—then do what I did. Take advantage of Network Marketing now, before it's too late.

Why Now Is the Best Time to Get Involved

We've all heard the expression, "Timing is everything in life and business." The key to running a successful business or to getting rich is to get in at the right time—to get in on a business explosion just before the boom—to catch a wave just as it starts to rise.

There are four phases of growth in the cycle of any successful business or industry. First is the **Foundation** Phase. Next, the **Concentration** Phase. Then comes the **Momentum** Phase. And last, the **Stability** Phase.

You could call the Foundation Phase the "pioneering years." The business is just getting started, and the general public doesn't understand what you're doing because it's "new and unproven." The pioneering years are tough. Lots of rejection... lots of ups and downs while the foundation is being laid. These are the high-risk years.

Who Stole the American Dream ?

It's like the pioneers who settled the West. Because they were the first ones to open up the frontier, they had the first shot at the best land. But they were also the ones who got the arrows in their backs!

The Foundation Phase for Network Marketing itself started in the late 1940's and lasted until 1979, when Amway won a landmark court decision against the FTC. This decision made it clear—once and for all—that Network Marketing was a legal, legitimate system for selling products and services.

After the pioneering years come the Concentration years. This is when business starts to shift gears, to gain some acceptance from the masses. When the first McDonalds restaurant opened up, for example, it was little more than a local curiosity. No one but the founder, Ray Kroc, believed it was the beginning of an American institution. By the time the 100th McDonalds opened up, however, this trend-setting franchise was not only gaining acceptance, it was generating lots of excitement—and today, McDonalds is everywhere.

Critical Mass: Headed for Takeoff !

Today Network Marketing is at the final stage of the Concentration years—and entering the explosive Momentum years!

The entire industry is just about to undergo a dynamic phenomenon called *Critical Mass*. When an industry hits Critical Mass, something magical happens. It's as if someone pushes a cultural button, and *voila!*—everybody wants what you've got!

In the case of Network Marketing, Critical Mass means that the industry has gained popular acceptance, and it becomes market-driven. When Critical Mass hits, growth goes into overdrive—and the industry itself begins to explode!

Think about this: In the 1960's personal computer didn't even exist. In the 70's, only "techies" owned them. But by the mid-80's, the industry hit Critical Mass... and today it's a \$150-billion-plus industry, and almost half the homes in North America own a personal computer! The same happened to microwaves. And VCR's. Once they hit Critical Mass—BOOM... sales go through the roof!

Get In... and Buckle Up!

The entire Network Marketing industry is just starting to enter Critical Mass... which means the next five to six years will be a period of tremendous growth... of fantastic opportunity... and of outrageous profits!

Mark my words: We have from now to the year 2000 to position ourselves in the marketplace with our respective Network Marketing companies and to build our businesses. Once your business is built and your distributors are in position, you will experience an incredible surge of new distributors getting involved in your organization during Critical Mass—this is when you can buckle down and hold on until the storm passes!

Right now it's projected that only two percent of the population is involved in Networking. But I predict that in the next four to six years, that figure will jump to 10 percent! Which means the vast majority of the money to be made in this industry will likely be made this decade!

You couldn't pick a better time to get involved. In the next few years, average people just like you, perhaps someone in your neighborhood or someone you see at church each Sunday—will make a fortune in Network Marketing, and recapture and realize their dreams, by taking advantage of Critical Mass.

Never before in history have so many people been in a position to take advantage of such an explosive megatrend, a phenomenon that so few people know about, yet so many are ready for.

Who Stole the American Dream ?

That's what makes Network Marketing so exciting... and so empowering! When Network Marketing reaches Critical Mass and explodes all over the world, more people—more average men and women—will have their dreams back than has happened through any other movement or opportunity in the history of free enterprise—or of the world!

The risk is small. The reward is great. And there will never, ever be a better time to get involved than right now!

Do what I did. Take a chance on an industry whose time has come. Take a chance on yourself,

I dare you to be rich!