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Transcript of Comments on Shaklee and the Network Marketing industry.

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Shaklee for me falls in the category of companies that I love to work with, because you have such a rich history and rich credibility and such phenomenal products. And what is kind of typical with companies that have been

around a long time that have really phenomenal products, I mean ... like how do we know the products are phenomenal? Well, because the products are really what has grown Shaklee over the decades and what has created the reputation.

You know, everything has risen and fallen on the products and the customer base. People keep using these products over and over and over again for decades, and that creates an extraordinary opportunity.

That is, I look at well, okay, what kind of company are we?

What kind of company is Shaklee ... and Shaklee is squarely positioned the direct selling industry, but they're also a network marketing company. How do we know that they're a network marketing company? All we have to do is look at the compensation plan. If the compensation plan pays on multiple levels of sales, then we are a multi-level network marketing ... whatever you want to call it. You are one of those.

Shaklee's always been one of my favorite products, one of my favorite companies. The history of it is impeccable. And you have Dr. Shaklee who's a chiropractor, he retires at the age of 49. He launches the Shaklee Foundation all around nature, heals the body, and thoughtfulness.

How about this for forward thinking in 1949? His philosophy is thoughtfulness heals the body. Well, what do you mean by that, Dr. Shaklee? Well, what you think, how you believe, the visions that you have ... He didn't use that word perhaps. You know, that also contributes to healing the body.

He created a foundation in 1945, the Shaklee Foundation at the age of 49, he retires from being a chiropractor. He's also an ordained minister. He's a naturopath. He's all of these things, and he follows his vision, and he follows his philosophies, and he creates this foundation. Then nine years later, or 10 years later, he found Shaklee. What kind of company is Shaklee? I don't know for sure if it started off as a network marketing company in 1956, or whenever it was, but it certainly has been for the last 30 years or 40 years.

So you have this impeccable, I mean impeccable ... there's just no way that you can contradict or find any dirt in the product integrity of what Dr. Shaklee created with these products. I mean, this is first company to ever be certified a green company. It's like 15 awards for

environmental achievements. I mean, he has manifested, his vision has manifested throughout Shaklee, throughout different ownership.

What remains constant are those philosophies and that history and product integrity. It's impeccable.

What does that give you opportunity to do?

It actually gives you the opportunity to go forth and build a sales organization without having to worry about the products not backing you up. The biggest problem really I think that we have in the network marketing community is, I'd say at least 95% of the companies are selling products, that based on what those products actually do, if there wasn't a financial opportunity attached to them, nobody would buy those products every month, not at those prices.

They wouldn't pay \$45 for a bottle of stuff that really doesn't work any better than a bottle that they could pay \$15 for.

And the only reason people are buying all those products is because there's a compensation plan attached. Guess what that is technically?

That's a pyramid scheme. And so, all those critics who say, "Well, you guys are really a pyramid scheme." But you know what? Most network marketing companies are, technically.

But Shaklee is not, Shaklee ... and there's others, there's maybe 20 companies. They have bulletproof products, they have bulletproof product integrity. Some companies, like Shaklee, has this incredible history to bring forward all the way into the recruiting opportunity, and then you have ... and I guess my favorite thing about Shaklee, which I've told all of you, is I was fortunate to be involved in the Direct Selling Association ... And I'm not good at years, but let's say it's eight, nine years ago, when a gentleman, you know, comes into the room and is announced as the new owner of Shaklee.

I looked at this man and I thought, "Wow, [inaudible 00:05:17] classy looking character."

So I listened to him speak, and I thought, "Very well spoken," which I can't say for a lot of the people in our profession.

I mean, when I say very well spoken, what I mean is, casual, authentic, classy, very intelligent, and maybe the most important characteristic is, believable, like inspirational and believable.

Then I'm listening to his resume, I think it was Neil Offen, the president of DSA, he was talking about, "And let me tell you a little bit about this gentleman, undergraduate at Yale, Harvard MBA, Yale Law, editor of the Yale Editorial Review, or whatever. On the Metropolitan Opera Foundation board of directors, founded Beauty.com and Arcade.com," and you know, these billion dollar companies.

And I'm thinking, "Oh my gosh, network marketing finally has come of age and attracted ... " I have actually been predicting this and visioning this for 30 or 40 years, that one of these days, really smart, really wealthy people, are going to understand this business model. They're going to

come and find this business model. They're going to clean it up and do it right, and they're going to take it to big time. They're going to make it a trillion dollar industry. When I met Roger, I just thought, "He's the first. He's the renaissance man of network marketing."

I was re-reading, I read it in 2007, and I was re-reading this morning the article in the New York Times. For any of you listening, if you haven't read the article about Sloan Barnett and her Tupperware party in the 2007 New York Times article, I encourage you to go read it, because it kind of epitomizes what the Barnetts have brought to Shaklee in terms of a renaissance of one of the most historic and credible brands and opportunities in our space.

You know, I was making some notes, so Sloan basically had a non-toxic cleaning products party in her five-story Georgian mansion off of Madison Avenue, which I ironically ... I don't really know how I got invited. But I got invited to dinner there, like right after they bought Shaklee. I'm looking out the window, and there's Tiffany's

on the corner. I'm thinking, "Wow, network marketing has finally arrived."

Here's some of the people that Sloan had at her party. Renee Rockefeller, I don't know, she's probably a great, great, great granddaughter, but pretty good last name. Vanessa Hermes, I think I pronounced Hermes right. Those are the really expensive ties. Melania Trump, hello. Jessica Seinfeld, Jerry Seinfeld's wife; Julia Koch, I don't know if you're like into conservative politics, you probably know who the Kochs are. Erica Reed, her husband's some famous hip-hop artist. And the New York Times covers the party. Come on! This has never happened in the history of network marketing.

So I know, I'm probably getting off track, but I'm just bookending this for you, is in Shaklee, you have this extraordinary, impeccable history with impeccable products, award-winning. You know, something like 70 patents, patents pending. And you know, 1.2 million distributors, \$7 billion in commissions paid. The average tenure of a distributor is 11 years.

You add all of this stuff up, and I'm actually creating, I'm putting it all together, putting it into a PowerPoint. Like I was going to go out and recruit somebody into Shaklee, and I'm telling you, you guys are in the best, you know, maybe there's a couple other companies can say the same thing.

I don't know of a company that has the history of product integrity and philosophy and awards that Shaklee does.

And I don't know of a owner and CEO in the network marketing profession that can stand up to the spotlight like Roger and Sloan can. You're just in an absolutely extraordinary position to, with integrity, transparency, honor, and respect, move the culture into embracing the business model that you are, which is network marketing, and teach people to go out and recruit. To do that in an honorable way, and of course, the products are a huge part of that. None of it has anything to do with fancy cars and houses and how much money people make.

But the real opportunity that all legitimate network marketing companies with bulletproof products, repeat customer products, has, is they have the opportunity to lead people to freedom through residual, or what I call, asset income.

And that's basically ... when you have a sales force that's large enough, maybe 500, 600, 700 people, which happens through the geometric progressions ...

When it's large enough so that inside of that sales organization, there are maybe 10, 20, 30 people that are as, or more, ambitious and capable than you are as the founder of that sales organization, so as or more ambitious and capable, meaning what you do as the founder the sales organization doesn't really influence what they do, because they have their own vision, their own motivation, their own confidence, their own leadership, perhaps their own strategies, their own training.

You can get distracted, you can semi-retire, something could happen to you, and they would just keep building.

You have products that people keep buying no matter what. And how do we know that happens at Shaklee? 'Cause it's been happening for, I don't know, 60 years or something.

So what that provide? It provides an extraordinary opportunity for people to build wealth through asset income. Build an income that if you want to semi-retire or you want to do something else or maybe something happens and you have to go take care of your parents or you have to take care of your kids or you have to take of your spouse, your income keeps coming in and that's freedom.

This is the opportunity that Shaklee has to take the 1.2 million people that you have right now and ... I don't know, whatever the sales are, it's a private company. But maybe the sales are \$600 million, \$800 million a year.

This is a company [inaudible 00:12:37] and as far as I'm concerned, the DNA of Shaklee, the DNA of destiny ... is you're an \$8 billion company in the next five, six, seven, eight, nine years, which Amway is going like this,

(downward) and if Shaklee goes like this, (upward) now we finally, after 40 or 50 years, we have a new leader in the network marketing profession... \$8 billion a year, and maybe three or four million sales leaders around the globe. Now, you're the number one network marketing company.

And the way your culture recruits and expands is with impeccable product integrity and the same kind of recruiting culture, where it's all transparent, it's all authentic, it's all honorable, respectful, ethical, totally compliant. But it's fueled by this extraordinary opportunity.