

**Developing a High Performing Social System Within a
Network Marketing Business Group**

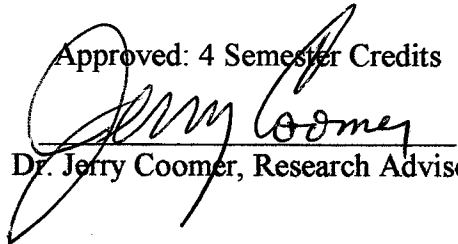
by

Christopher D. Blasko

**A Research Paper
Submitted in Partial Fulfillment of the
Requirements for the
Master of Science Degree
in**

Training and Development

Approved: 4 Semester Credits



Dr. Jeffrey Coomer, Research Advisor

The Graduate School

University of Wisconsin-Stout

December, 2004

The Graduate School
 University of Wisconsin Stout
 Menomonie, WI 54751

ABSTRACT

Blasko	Christopher	D.
(Writer) (Last Name)	(First Name)	(Middle Initial)

Developing a High Performing Social System Within a Network Marketing Business Group

(Title)

Training and Development	Dr. Jerry Coomer	June 2004	41
(Graduate Program)	(Research Advisor)	(Month/Year)	(# of Pages)

American Psychological Association, 5th edition

(Name of Style Manual Used in this Study)

The purpose of this study was to gather data regarding social system components of a network marketing business group. Questionnaires were administered to distributors online via email request. AB Marketing was very cooperative giving the researcher email addresses for their top 100 money earners. The questionnaires were first emailed to the top money earners, and then channeled throughout their individual organizations. A total of 175 questionnaires were received from distributors. The survey developed specifically for this study contained nine items rated on a Likert scale, two open-ended or "other" responses, and four demographic questions. Results were tabulated and destroyed by the researcher.

Acknowledgments

My life's purpose comes from my relationship with Christ. Through Him all things are possible. I am blessed to have such supportive family and friends. My parents have demonstrated what a life with purpose looks like. Their support and encouragement has been monumental. Thank you to all of you who cheered me on: My sister Tara, and her husband Mike, Josh Probst, and all the Campus Crusaders. Dr. Jerry Coomer, thank you for giving me the confidence and freedom to think outside the box. Dr. Kat Lui, thank you for your friendship and kind words when I needed them, I will never forget you. I would have never even attended college if it had not been for Kevin Buckman, thank you for your wisdom and being my mentor and friend. God blessed me with an angel, my wife JoAnna. I do not know what I did or said to win your heart, but not a day goes by that I will take it for granted. Thank you for your love and encouragement.

TABLE OF CONTENTS

	Page
ABSTRACT.....	ii
Chapter I: Introduction.....	1
<i>Statement of the Problem</i>	2
<i>Research Objectives</i>	2
<i>Assumptions of the Study</i>	3
<i>Definition of Terms</i>	3
Chapter II: Literature Review	5
<i>Introduction</i>	5
<i>Network Marketing Past and Present</i>	5
<i>Who?</i>	5
<i>Future of the Industry</i>	7
<i>Social System</i>	8
<i>Technology</i>	9
Chapter III: Methodology	12
<i>Introduction</i>	12
<i>Research Objectives</i>	12
<i>Instrumentation—Quantitative</i>	13
<i>Instrumentation—Qualitative</i>	13
<i>Data Collection Procedures</i>	14
<i>Limitations</i>	14
Chapter IV: Results.....	15

<i>Demographics</i>	15
<i>Quantitative</i>	17
Chapter V: Discussion	25
<i>Overview</i>	25
<i>Conclusions</i>	25
References	29
Appendix A: Survey Instrument	31
Appendix B: Letter Sent to Distributors	34
Appendix C: Notes on Technical and Social Systems	35

List of Tables

Table 1: In which region do you primarily work?.....	16
Table 2: Item 1: Community involvement.....	17
Table 3: Item 2: Expectations of positive treatment of our team.....	18
Table 4: Item 3: Service commitment.....	18
Table 5: Item 4: Reputation of AB Marketing.....	19
Table 6: Item 5: Value of distributor's contributions; eliminate obstacles.....	19
Table 7: Item 6: Working with crossline distributors.....	20
Table 8: Item 7: AB Marketing's training system.....	20
Table 9: Item 8: Working out of home or chosen area.....	21
Table 10: Item 9: Growing professionally and personally.....	21

Chapter I: Introduction

In the living room of a rustic home nestled in the lush forest of northern Wisconsin, several lower middle class Americans meet to discuss their dreams and goals for their financial future. They have two things in common: they are all distributors for AB Marketing and they are all investing time to reach what many define as “financial freedom.” AB Marketing is a network marketing company.

Network marketing is defined as: A strategy for selling products whereby independent salespeople are permitted to recruit other salespeople and to draw commissions from the sales of their recruits (Poe, 1999). The network marketing industry has been growing steadily over the last 10 years (Direct Selling Association, n. d.). Distributors in the industry today have more opportunity than ever before. Because of the Internet, many consumers are missing out on one-to-one interaction that they once felt from small “mom and pop” operations who are now losing out to the Wal-Marts and Best Buys of the world. Most proprietary business owners can no longer compete with the larger selections and the amount of volume that Wal-Mart and Target produce.

Network marketing is nothing new. It has been giving many Americans financial freedom for decades. In addition, sales in the industry are increasing, outpacing retail sales by an average of 1% a year over the past ten years (Farnham, 2004). In 2003, direct sales hit \$30 billion. Overhead cost and time eventually wears down what once was considered the American dream. These network marketing companies are bringing with them the online shopping experience. With it, consumers are losing the one-to-one experience; this is where many network marketing companies are filling the gap.

Customers can shop online at a distributor's website, receiving the personal attention once found in the smaller businesses.

Statement of the Problem

Many assumptions have been made about what drives people in a network marketing company. The intent is to look at what AB Marketing is good at, and determine if what they are good at is really important to the people working in the field. The secondary objective is to determine if the distributors work as a team, and if so, what they think is important to their team.

Research Objectives

The purpose of this study is to collect data regarding the effectiveness of the current practices at AB Marketing. Distributors' responses will be collected via email directly after the questionnaire is submitted. Distributors will be asked to complete the questionnaire to determine the effectiveness of their social system in the area where they primarily work their business. The questionnaire is designed to assess distributors' opinions of the effectiveness of their current network marketing social system and how that compares to the past and each distributor's ideal. The data gathered will be computed and analyzed leading to conclusions regarding how the distributor perceives the effectiveness of the social system and how the social system affects their business.

The following are four key research objectives:

1. Determine what, if given a chance, distributors in AB Marketing would do to transform their team in any way to heighten its' vitality and overall health.
2. Determine the moment when distributors felt most alive.

3. Determine what areas of AB Marketing's distributors teams need to improve in order to grow and improve the team vitality.
4. Determine if demographic factors affect responses.

Assumptions of the Study

The following are assumptions of this study:

1. Participants will honestly complete the survey.
2. Participants will not change practices during the study.

Definition of Terms

Network Marketing. A strategy for selling products whereby independent salespeople are permitted to recruit other salespeople and to draw commissions from the sales of their recruits (Poe, 1999).

Downline. People a distributor earns an earning percentage from.

Upline. The person that referred the opportunity also persons earning percentage from downline

Organization. A distributor's downline.

Crossline. Distributors in the same company that are not linked together so neither of them earns a percentage from each others commissions.

Go Nows. Distributors that are working their business; Distributors showing potential to reach their monetary goals; Hardest working distributors.

Technical System. Areas of a company that include facility layout, equipment, buildings, materials/paper flow, inventory methods, computers, software, material handling methods, quality standards, assurance, policies, procedures, or anything else of the same nature as these examples.

Social System. Areas of a company that include leadership practices, distributor involvement, empowerment, organizational culture, climate, working relationships, communication, leadership vision, consensus decision making, conflict resolution, performance based rewards, or anything else of the same nature as these examples.

Pin Level. Title given as a result of income earned in a four week pay cycle.

Prospecting. The act of recruiting distributors.

Limitations of the Study

Although many companies could benefit from this study, it is primarily a study for network marketing companies. Although there are over a hundred thousand distributors in AB Marketing, only 150 responses were received from the initial email.

Chapter II: Literature Review

Introduction

“It must be one of those things” or “That’s a pyramid scheme” are phrases that most people who are building a network market business will frequently hear. However, in most cases nothing could be further from the truth. King and Robinson state that “Network Marketing—known in the past as multilevel marketing and historically disparaged as pyramid schemes for schemers and suckers—is today emerging as the most powerful distribution method and the most appealing enterprise model in the new economy” (2000, p. 2).

Network Marketing Past and Present

The network marketing industry was believed to be born in the 1940’s by California Vitamins (Kalench, 1991). Since that time several companies have emerged as industry leaders. Alticor Inc. (formerly Amway) is probably the most recognizable, but many other companies have made people financially and personally wealthy including, but not limited to, Mary Kay, Tupperware, Home Interiors, and Avon. According to the Direct Selling Association, the network marketing industry has seen steady sales growth since as early as 1993. Growth could predate this time but records could not be found that would show growth or shrinkage in industry sales. In addition, Network Marketing sales are increasing, outpacing retail sales by an average of 1% a year over the past ten years, and in 2003 direct sales hit \$30 billion in sales (Farnham, 2004).

Who?

Most network marketing companies provide equal opportunity to all people regardless of background, nationality or other differences to further their own

achievement through personal effort and initiative. It is open to everyone of legal age—regardless of sex, education, race, religion, business experience, social standing, past successes or failures (Kalench, 1991). Their opportunities are not limited to those who have special skills, education, or large amounts of capital to invest. This is what draws so many people to the industry. Author Nicole Woolsey-Biggart stated in her book *Charismatic Capitalism* that “Under the guidance of corporate leaders, independent distributors are transformed into an entrepreneurial community dedicated to each other’s financial and personal success” (1989, p. 8). Corporate leaders running network marketing companies have the task of encouraging and empowering their distributors towards financial success. Often executives of non network marketing companies will see the power of the industry and come on board as distributors; however, their success is not always imminent. Success in network marketing can be difficult for former corporate executives because:

even though many of the tools they used in traditional business are simply not applicable to our industry, they try nevertheless to introduce management styles and high-tech approaches into our business, which can sidetrack both their upline and downline associates. (Yarnell & Yarnell, 1998, p. 230)

This passage is not saying it is impossible for a corporate executive to build this type of business, it just further demonstrates the level playing field. Success in network marketing is possible wherever there are people in free societies who are willing to commit themselves to conscientiously build their businesses (Pratt, 2000).

Future of the Industry

Front line workers are not being paid what they are worth. At the start of a new millennium, employers are holding the line and companies are using non-traditional pay programs to attract talented hires and reward top performers. Stock options, signing bonuses, gain sharing, and performance-based pay are now being used by companies facing a tight labor market and mounting profit pressures (Yarnell, 1999). Network marketing offers a fresh approach for entrepreneurs and people stuck in a profession that does not fulfill their personal or financial desires. For an industry that promotes entrepreneurialism, the future is bright. America is built on the ideals that anyone who comes here has a fighting chance at success. Most network marketing companies have proven methods that give anyone willing to follow their system a fighting chance at financial freedom. According to Kiyosaki and Lechter (2001), the network marketing industry will continue to grow for six major reasons: people want more freedom, people want to be rich, individual retirement portfolios will be wiped out, more people will wake up, a world wakes up (because of the increase in technology, it is easier to send jobs overseas), and the bust may never come (the economy may never bust).

The Internet is allowing more business people to work as a network. Kiyosaki and Lechter (2001) also predict that the future is much brighter and more profitable for businesses and individuals choosing to work as a network. The days of massive paperwork has been significantly reduced with technologies such as online up-to-the-second sales reports, customer order tracking, personalized websites, etc. Many distributors in the industry are using technology to improve their social system (Conlon, 2003). Emailing, online discussions, video conferencing, etc., have allowed these social

networks to work more collaboratively than ever. The Internet is here to stay and network marketing companies are piloting the way into globalization by embracing new technologies.

Social System

Every major organization has two systems. The first is the technical system which includes, but is not limited to facility layout, equipment/buildings, material/paper flow, inventory methods, computer/software, material handling methods, etc (Coomer, 2004). The second is the social system which includes but is not limited to leadership practices, employee involvement/empowerment, organizational culture/climate, working relationships, communications, leadership vision, consensus decision making, conflict resolution, performance based rewards, etc (see Appendix C for more information).

The second goal of this review is to define a highly effective social system and elucidate its effects in network marketing. In the network marketing industry it is important to forge a relationship based on identifying goals, commitment, respect, trust, hard work, leadership, and finding ways for people to live their passion every day (Conlon, 2003). Not only is technical training necessary in a business that relies heavily on distributors to form relationships with all its customers and potential prospects, social training is the staple that must be effective in order for the company to grow. Today's business owners and corporate leaders must have a succession strategy for leadership development and success (The Executive Leadership and Development Program, 2004). As the relationship between corporations and their social constituents has grown more turbulent in recent years, 'civil society' has assumed an influential role in affecting corporate policy decisions, and, in a highly information-networked world, in determining

the legitimacy and illegitimacy of entire corporations (Social Issues in Management, 2004).

Technology

Many distributors in the industry are using technology to improve their social system. (Conlon, 2003) Emailing, online discussions, video conferences, and similar practices have allowed these social networks to work more collaboratively than ever. It has become affordable to use many of the new technologies. Gone are the days of the overhead projector; the digital projector is technology that is systemized for everyone.

The Business School for People who Like Helping People (2001) by Kiyosaki and Lechter book focuses on eight hidden values of network marketing, other than making money. Five of the eight values were all geared toward expanding a distributor's personal social system: Life Changing Business Education, The Value of Living Your Dreams, What Is the Value of a Network, How Your Values Determine Your Reality, and The Value of Leadership. He also has listed some of more important real-life business subjects that network marketing companies teach: an attitude of success, leadership skills, social skills, people skills, overcoming the personal fear of rejection, and systemization. All but the last are exclusive to the social system.

The authors of *Vitality* (Lofy, Mead-Lofy, & Lofy, 2004) use the book's title to define what an effective social system would look like in an organization. They say there are five markers of vitality: spontaneous leadership (when people assert leadership regardless of their positioning the organization), stewardship (performing ordinary tasks to benefit an organization's broader community), respect for difference (not only aware of differences between people, but use the differences as a resource), confidence (believe

in themselves, and welcome challenges), and the absence of ego (confidence does not imply arrogance). Developing a specific skill such as interpersonal communication, delegation, or conflict management is less important than cultivating attitudes and ethical codes that allows for the proper application of the common skills and talents developed by leadership programs (Gibson & Pason, 2003). If leaders in an organization are not trained properly, failing to emphasize both skills and attitudes can result in leaders who can manipulate (vs. lead) others in unethical, illegal, or destructive ways or for the same kind of ends. Companies are accepting that the days of scientific management and hierarchy are over. We have before us a new foundation for leadership that goes beyond *telling* our employees that we need higher quality products and increased sales.

Managers have to inspire them to want to make higher quality products and create more sales. William Byham author of *Zapp!*, (*Zapp!* is defined as a force that energizes people) gives several examples how to “Zapp!” people. Examples include responsibility, meaningful work, variety in assignments, measurable outputs, challenge, authority to commit the organization, solving problems, trust, participation in decisions, ability to measure own performance, being listened to, team participation, praise, recognition for contributions, direction (key result areas, measurements, goals), knowledge/skills, support/coaching/feedback, and information about unit and organization. The author states that *Zapp!* does not guide action; it excites action. As a result people will feel like their job belongs to them, they are responsible, their job counts for something, they know where they stand, they have some say in how things are done, their job is a part of who they are, and they have some control over their work (Byham, 1998). Success in the network marketing industry, like in anything in life, must come from within the

distributor. It is an action of changing one's habits: Take away anything that is not adding to the distributors' personal success. Replace negativity with optimism. Following is a quote from the book *The Greatest Networker in the World* (1997) authored by John Milton Fogg:

I'm telling you this about being shown...about what you don't know that you don't know...about balance...because success, having success and doing successful things, is like acquiring balance. It is a state of being. You are either being successful—or you are not. There is no in between. It's passing or failing grade. Black or white—no gray like being pregnant.

Chapter III: Methodology

Introduction

It is difficult to measure the effectiveness of an organization's social system. In the study current study, the researcher has chosen to administer an online questionnaire designed to measure aspects regarding the company's social system. The questionnaire is company specific, and leaves room for comment by asking open-ended questions. The open-ended questions left room to express genuine concerns and praise. Sections addressed include research objectives, subject selection and description, instrumentation, data collection procedures, and limitations.

Research Objectives

1. Determine what, if given a chance, distributors in AB Marketing would do to transform their team in any way to heighten its' vitality and overall health.
2. Determine the moment when distributors felt most alive.
3. Determine what areas of AB Marketing's distributors teams need to improve in order to grow and improve the team vitality.
4. Determine if demographic factors affect responses.

Subject Selection and Description

AB Marketing was very cooperative to work with. The researcher received email addresses for their top 84 money earners from the vice president of research systems. Permission was given to email the top money 84 money earners one time. The researcher emailed the top 84 money earners and then asked them if they would forward the email on to their downlines. The researcher made phone calls to several of the top money earners asking them to complete the questionnaire, and to forward on the email to their

downlines. The email itself was not the questionnaire; the email included a link to the website with the questionnaire.

Instrumentation—Quantitative

A questionnaire similar to the one developed for this study was used in an appreciative inquiry study which explored the hopes, dreams, and visions of employees of what was referred to as First Peoples Bank (Williams, 1996). Instead of the questionnaire itself being a mirror of “what is” it has subquestions that ask what would be “ideal.” Current and past practices are also asked about in questions one through nine of the questionnaire used in this research (See Appendix A for the survey instrument).

Distributors graded the three subquestions for the nine items on a Likert scale ranging from one (very little) to five (very great). The questionnaire contained nine items rated on a Likert scale, two open-ended or “other” responses, and four demographic questions. Questions were asked regarding treatment of people outside the team, team expectations, customer needs, perceived company reputation, value of each distributor, working with distributors cross-line, training system, work location, and professional growth.

Instrumentation—Qualitative

Qualitative data was analyzed by identifying which answers to open-ended questions were consistently brought up. Questions were:

1. If you could develop or transform your team in any way, what would you do to heighten its vitality and overall health?
2. What moment in your business is when you felt most alive, or meant the most to you?

Demographic questions were also given to help identify any possible trends or themes within a given demographic. Protecting the confidentiality of the distributor is of importance. Once the distributor questionnaire is submitted and tabulated by the researcher, it was deleted.

Data Collection Procedures

Data was collected via an online service that emailed the results directly to the researcher. The researcher also placed phone calls to several distributors asking them to reply to the questionnaire.

Limitations

AB Marketing has over a hundred thousand distributors. Given the total population size of the company, it would be next to impossible to receive questionnaire responses from 100% of the company. AB Marketing also has several distributors in Australia; it was not possible to distribute questionnaires to any of these distributors since they could not be contacted.

Chapter IV: Results

As stated in chapter III, this study employs a questionnaire to determine the effectiveness of the social system of AB Marketing. This chapter will display the statistical analysis of the distributor questionnaire (found in Appendix A) followed by a discussion of the questionnaire results. Directly following the quantitative analysis is an analysis of the open ended (qualitative).

Demographics

For this study an initial email was sent out to the top 84 money earners in the company. The questionnaire was available online from Monday, May 31st and ended on Wednesday, June 23rd. A total of 150 responses were received.

Question 12 asked the distributors their ethnicity background. Of the reported ethnicity results, 92.7% (139) were white/Caucasian. The other ethnicity backgrounds that made up the remaining 7.3% of the respondents were as follows: American Indian/Alaskan (3), Asian (2), Black not Hispanic origin (2), Hawaiian/Pacific (2), Hispanic/Latino (2).

Question 13 asked the 150 respondents what pin level they have achieved. Eighty-two of them were between coordinator and executive coordinator, 37 were between Master Coordinator and Professional Coordinator, and 31 distributors have achieved the pin level of Supervising Coordinator and above.

Table 1 shows the results of question 14 which asked each distributor's region. The United States and Canada is broken up into eight regions. The specifics of each region will not be disclosed to protect the confidentiality of the subjects. Eighty-nine (59.3%) of the respondents were from region A which includes several states and

provinces. Region A accounts for approximately 6.5% of the company's number of distributors and 9.2% of sales, at the time this thesis is written has 5,689 distributors (Anonymous [vice president of statistical systems of AB Marketing], personal communication, November 23rd, 2004).

Table 1

In which region do you primarily work?

Region	Frequency	Valid Percentage	Cumulative Percentage
A	89	59.3	59.3
B	4	2.7	62
C	10	6.7	68.6
D	15	10	78.6
E	12	8	86.6
F	10	6.7	93.3
G	1	0.7	94
H	6	4	98
B & C	1	0.7	98.7
C & D	1	0.7	99.3
D & H	1	0.7	100

Because more than half of the respondents are from region A, many of the summary and discussion points are directed towards region A, or region A compared to the rest of the company.

Question 15 asks distributors how long they have been working their business. The results have been split into three categories: less than two years (36), between two and four years (48), and more than four years (66).

Quantitative

The item that showed the greatest discrepancy from present to ideal was item one which stated “Our team has been recognized as progressive in the treatment of people outside of those on our team.” With one indicating “very little” and five indicating “very great,” average results for all respondents, region A, and all respondents excluding region A are displayed in Table 2. This demonstrates that the desired level of team community involvement is not being met in any region, including region A.

Table 2

Item 1: Community involvement

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	2.67	2.82	4.07
Region A	2.38	2.58	4.10
Excluding Region A	3.08	3.13	4.03

Results for item two which stated “We have high expectations of ourselves regarding the positive treatment of people on our team” are displayed in Table 3. The results show that AB Marketing has improved and still has room for growth.

Table 3

Item 2: Expectations of positive treatment for our team

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.25	4.44	4.87
Region A	4.15	4.37	4.88
Excluding Region A	4.39	4.54	4.85

Item three stated “My team is aware of our customers’ needs and committed to responding with first-class service. We put ourselves in our customers’ shoes and remember that—from the phone calls we answer to the orders we process—the way we do our job affects our customers’ lives.” Table 4 shows a significant improvement, demonstrating that distributors are becoming more aware of customer needs more so than in the past. Once again, this shows that AB Marketing has improved and still has room for growth.

Table 4

Item 3: Service commitment

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.02	4.35	4.87
Region A	3.88	4.25	4.87
Excluding Region A	4.23	4.49	4.87

Item four stated “Our company has a reputation as being a rock solid secure and prestigious internet marketing company. It maintains its reputation through good business

decisions and sound business practices.” Results for this item (see Table 5) were exactly the same as results for item seven. Once again this shows that AB Marketing has shown a slight improvement according to the results and still has room for growth.

Table 5

Item 4: Reputation of AB Marketing

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.41	4.51	4.89
Region A	4.46	4.54	4.96
Excluding Region A	4.34	4.48	4.80

Item five stated “Our team recognizes the value of each distributor’s contribution and we eliminate obstacles to get the job done.” This item had the second highest variance from past to present, and from present to ideal.

Table 6

Item 5: Value of distributor’s contributions; eliminate obstacles

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	3.78	4.16	4.85
Region A	3.70	4.09	4.83
Excluding Region A	3.90	4.26	4.87

Item six stated “Our team is especially good at working closely with cross line distributors in our area.” Table 7 shows a significant improvement, demonstrating that

distributors are working cross line more so than in the past. This was also the second lowest important as an ideal for all distributors other than region A.

Table 7

Item 6: Working with cross line distributors

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	3.96	4.20	4.77
Region A	3.93	4.28	4.84
Excluding Region A	4.00	4.08	4.66

Item seven stated “Our company’s National Training System is top notch—ahead of its time.” This item shared the same statistical results as question four (see Tables 8 and 5). Once again, this shows that AB Marketing has shown a slight improvement and still has room for growth.

Table 8

Item 7: AB Marketing’s training system

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.41	4.51	4.89
Region A	4.46	4.54	4.96
Excluding Region A	4.34	4.48	4.80

Item eight stated, “I get to work out of my home (or anywhere in the United States, Canada, or Australia that I choose).” From Table 9, it can be concluded that this

is being practiced more now than any of the other questions, it was also had the highest mean for ideal.

Table 9

Item 8: Working out of home or chosen area

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.21	4.61	4.91
Region A	4.15	4.57	4.92
Excluding Region A	4.30	4.67	4.89

Item nine stated “Doing business with my team gives me the opportunity to grow both professionally and personally.” Table 10 indicates that distributors are finding that doing business with team members is giving them more of a chance to grow personally and professionally than in the past. Ratings were similar for all three comparison areas.

Table 10

Item 9: Growing professionally and personally

Group	Mean for Past	Mean for Present	Mean for Ideal
All respondents	4.27	4.52	4.88
Region A	4.22	4.51	4.91
Excluding Region A	4.33	4.54	4.84

Qualitative

Qualitative data was analyzed by identifying which answers to open-ended questions were consistently brought up. Consistent answers were placed into themes with

other similar answers. Question one was “If you could develop or transform your team in any way, what would you do to heighten its vitality and overall health?” The responses were put into three themes. The most popular theme dealt with improving personal self perception and social skills, and from this point on is referred to as theme one. Forty-nine responses dealt with the theme. Answers that fit into this theme were then put into sub themes. Many answers overlapped between two and even sometimes three sub themes. The researcher determined which sub theme the response correlated with the most. The sub theme that was the most frequent for theme one was to “develop a motivated attitude.” Thirteen responses correlated with this theme. Some responses were “Make sure everyone works the business to the fullest extent of his/her ability. No procrastination - just action” and “Instill a sense of urgency and focus on building.”

The “develop a motivated attitude” sub theme frequently overlapped with the second most popular sub theme, “realizing distributor’s potential,” which was stated twelve times. Responses related to “realizing distributor’s potential” include “I would like to see the people on my team become more confident in their own abilities, more belief in everything that they do in their lives” and “To help people to truly realize their own potential and that each and everyone of them is capable of anything they put there mind to.”

The third most popular sub theme was “personal growth.” Eleven participants stated that personal growth was the response that would heighten their team’s vitality and overall health. Responses include “I would recommend more personal development. When we work on ourselves and continue to grow, we can realize our true potential” and

“Have each partner work on their own personal growth and mental and emotional health.”

Other sub themes within theme one were “goal setting,” which had eight responses, and “empowering distributors,” which had five responses.

The second theme was regarding trainings. AB Marketing has many types of trainings but the three that were mentioned in response to question one were National Convention, Basic Fives, and Corings. The second theme was made up of 21 responses. Some responses included “Have more Corings,” “Get them to National Convention-has been a hard sell in the past” and “Organize more small group corings for accountability.”

The third theme was regarding product usage. This theme was made up of six responses. Here is one response: “Help them understand the importance of using more of the products themselves - being a product of the product and helping them find ways to avoid the cost obstacle. These products truly make a difference in the way you look and feel and when you look and feel great it gives you the added confidence and pride in your business and you'll continue to build.”

The second and final qualitative question asked distributors “What moment in your business is when you felt most alive, or meant the most to you?” The responses were put into six themes. Theme one was “watching someone in downline succeed” (23 responses). Theme two was “customer pleased with product” (18 responses). Theme three was “receiving their first commission check” (11 responses). Theme four was “sponsoring someone new” (nine responses). Theme five was “achieving a new pin level” (seven responses) and theme six was “helping others” (six responses). Below are several responses from the six themes.

“When I found that a person who had suffered from migraines daily for years found relief with OPC-3 she purchased from me!”

“When new people get their first check.”

“When I was able to keep my Mom free of infection while she was dying of pulmonary fibrosis. We were able to keep her with us a little longer and made her quality of life better.”

“When I am able to help activate a downline associate so that they can realize their dreams and accomplish their goals, this is very important to me, but the biggest accomplishment for me, is to see a person with poor health come to regain better health thru our Nutritional Supplementation, and to help others in this way is nothing short of a miracle, because I have been privileged to realize this type of miracle for myself. T H I S is an answer to my prayers. So now I want to pass these blessings around.”

“The business has meant the most to me when I see others reach their dreams. It is really exciting when a distributor realizes that the business is going to work for them.”

“Sticking with a new distributor like glue and doing everything possible within the system to reach their next pin level/see their personal development grow to the point where they are running the business properly (according to the system) and without the need of further assistance - seeing them become true leaders in the field.”

Chapter V: Discussion

Overview

The initiative of this study was to collect questionnaire responses regarding distributor's team effectiveness regarding their social system. The research is based on the concept that network marketing professionals need to understand the effectiveness of a high performing social system. The literature review discussed network marketing's history, present state, future, who the distributors are, the social system, and the affects of technology on the social system. In the network marketing industry it is important to forge a relationship based on identifying goals, commitment, respect, trust, hard work, leadership, and finding ways for people to live their passion every day (Conlon, 2003).

Chapter III discussed the methodology employed in collecting information regarding social system effectiveness. The questionnaire was created to identify themes or trends in the perceptions of distributors regarding their network marketing teams. Instead of the questionnaire itself being a mirror of "what is" it had subquestions that asked what would be "ideal". Also asked, regarding questions one through nine were "practiced now" and "practiced in the past". Chapter IV displayed the statistical findings of the quantitative analysis and the general response to the qualitative analysis.

Conclusions

Based upon the objectives of this study, the following conclusions have been made:

Research objective one was to determine what, if given a chance, distributors in AB Marketing would do to transform their team in any way to heighten its vitality and overall health. One open-ended question asked this exact question. The most popular

theme was “personal self perception and people skills” with the most popular sub themes being “personal growth” and “develop a motivated attitude.” Changes have to be made in order to achieve a higher level of personal growth and motivation. One distributor’s response suggested: “Personal growth is needed; integrate Tony Robbins or Zig Zigler information into distributors’ everyday study.” It would be beneficial to have team meetings and ask all members what they think should be done to address the needed changes. If all members are a part of the decision making process they are more likely to act on the team’s decisions.

Research objective two was to determine the moment when distributors felt most alive and an open ended question asked this. Can the most memorable, exciting moments be recreated? If so, teams should try to recreate them. The most popular theme was “Watching someone in my downline succeed.” This can be recreated in several ways; some more popular ways include mentoring, accountability, and empowerment. However if the distributor wants to feel “alive” when someone in their downline succeeds, they must share the responsibility for their downline distributor’s success. It would not mean as much if they did not help that distributor succeed. They need to take action and responsibility for their downlines’ success. The second most popular theme for this question was “improving the health of a customer.” This could be recreated in many ways, some by teaching distributors the benefits of products to increase product knowledge or by conducting a retailing training that focuses on how to retail products, focusing on products that have a history of improving customers’ health.

Research objective three was to: Determine what areas of AB Marketing's distributors teams need to improve in order to grow and improve the team vitality. Nine questions were asked to determine what distributors' teams are good, bad or "what could be." "What could be" is described as "important to me as an ideal" in the questionnaire. Statement one ("our team has been recognized as progressive in the treatment of people outside of those on our team") demonstrated the greatest need for improvement in the questionnaire. Teams should brainstorm ideas to help their local community. Examples include, but are not limited to helping with charities, adopting a highway, donating to toys for tots, etc. Statement five showed the second greatest difference from present to ideal. It read "Our team recognizes the value of each distributor's contribution and we eliminate obstacles to get the job done." Apparently in Region A and all other regions there are factors that are impeding distributors from progress. Recommendations can be found for this in the recommendations for objective one. It is important for team members to share and perhaps collaboratively discuss what possible solutions may be.

Research objective four was to determine if demographic factors affect responses. Four questions were asked to determine if responses were affected by the distributors' demographics. As a result, the most significant finding was the large percentage of Region A respondents. This was probably due to the status of the researcher with distributors in Region A. Region A responses did not differ much when compared to the responses from distributors of all other regions of AB Marketing. In this regard, it was useful to consider Region A the sample, and compare the responses against all other regions of the company for validity.

Summary

All network marketing organizations should strive to improve their social systems. As technology and the economy evolve so must improvements in social systems. It can be difficult; it requires the efforts of every team member. Through this study it is established that many distributors in AB Marketing feel the need for more community involvement, and also the ability to eliminate obstacles. Through the qualitative analysis it was discovered that distributors feel that they need to improve personal self perception and social skills. Distributors feel the most alive when they see someone in their downline succeed or when a customer has positive product results. It will be important to continually evaluate the tools and techniques utilized in social system development to ensure positive business results in the future.

References

- Byham, W. C., & Cox, J. (1998). *Zapp!* Fawcett Columbine, NY: The Ballantine Publishing Group.
- Conlon, D. (2003). High tech / high touch: Oxymoron? *NETWORKING Times*, 2(2), 12.
- Coomer, J. (2002). [Handouts and Exercises] Unpublished class notes.
- Direct Selling Association. (n. d.). Retrieved August 13, 2004, from <http://www.dsa.org/research/numbers.htm>
- Farnham, A. (2004, November 1). The party that crashed retailing. *Forbes*, 80-81.
- Fogg, J. M. (1997). *The greatest networker in the world*. Roseville, CA: Prima Publishing.
- Gibson, F. W., & Pason, A. (2003). Levels of leadership: Developing leaders through new models. *Journal of Education for Business*, 79(1), 23-28. Retrieved October 10, 2004, from Ebscohost database.
- Kalench, J. (1991). *The greatest opportunity in the history of the world*. Concord, CA: MIM Publications.
- King, C. W., & Robinson, J. W. (2000). *The new professionals*. Roseville, CA: Prima Publishing.
- Kiyosaki, R., & Lechter, S. L. (2001). *The business school for people who like helping people*. Scottsdale, AZ: Tech. Press Inc.
- Lofy, C., Mead-Lofy, M., & Lofy, J. (2004). *Vitality*. Menlo Park, CA: Crisp Publications.
- Poe, R. (1999). *Wave 4*. Roseville, CA: Prima Publishing.

Pratt, M. G. (2000). The good, the bad, and the ambivalent: Managing identification among Amway distributors. *Administrative Science Quarterly*, 45(3), 456-494.

Retrieved October 13, 2004, from Ebscohost database.

Social issues in management conference symposia abstracts. (2004). *Academy of Management Proceedings*, 1-10. Retrieved November 10, 2004, from Ebscohost database.

The executive leadership and development program. (2004, September 6). *Westchester County Business Journal*, 43(36), 10. Retrieved October 10, 2004, from Ebscohost database.

Williams, R. (1996). Survey guided appreciative inquiry: A case study. *OD Practitioner*, 28(1), 43.

Woolsey-Biggart, N. (1989). *Charismatic capitalism*. Chicago, IL: University of Chicago Press.

Yarnell, M., & Yarnell, R. R. (1998). *Your first year in network marketing*. Rocklin, CA: Prima Publishing

Yarnell, R. R. (1999). *The new entrepreneurs*. Reno, NV: A Quantum Leap Publication.

Appendix A: Survey Instrument

Distributor Questionnaire - Confidential**SECTION 1—BUILDING ON OUR CURRENT STRENGTHS**

Instructions: What follows is a series of statements about the way your team (you and your “Immediate Go Nows”) should work, works, or has worked.

- **Important to me as an IDEAL.** How important on a scale of 1-5, do you think the statement should be as an ideal for your team to pursue?
- **Practiced NOW in present.** Using the scale of 1-5, how well do you think you and your team live the statement today?
- **Practiced in the PAST.** Using the scale of 1-5, how well do you think you and your team lived the statement in the past?

1. Our team has been recognized as progressive in the treatment of people outside of those on our team. (Involvement in your community--examples include but are not limited to: helping with charities, adopting a highway, donating toys for toys for tots, etc.)

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

2. We have high expectations of ourselves regarding the positive treatment of people on our team.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

3. My team is aware of our customers’ needs and committed to responding with first-class service. We put ourselves in our customers’ shoes and remember that—from the phone calls we answer to the orders we process—the way we do our job affects our customers’ lives.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

4. Our company has a reputation as being a rock solid secure and prestigious internet marketing company. It maintains its reputation through good business decisions and sound business practices.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

5. Our team recognizes the value of each distributor's contribution and we eliminate obstacles to get the job done.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

6. Our team is especially good at working closely with cross line distributors in our area.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

7. Our company's National Training System is top notch—ahead of its time.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

8. I get to work out of my home (or anywhere in the United States, Canada, or Australia that I choose).

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

9. Doing business with my team gives me the opportunity to grow both professionally and personally.

	<i>very little</i>	<i>neutral</i>	<i>very great</i>
• Important to me as an ideal	1	2 3	4 5
• Practiced now	1	2 3	4 5
• Practiced in the past	1	2 3	4 5

10. If you could develop or transform your team in any way, what would you do to heighten its vitality and overall health?

11. What moment in your business is when you felt most alive, or meant the most to you?

SECTION 2—DEMOGRAPHIC INFORMATION

12. What is your race? (*We ask this question to help determine the impact and effectiveness of this business opportunity across varied ethnic groups*)

- | | |
|--|--|
| <input type="checkbox"/> American Indian / Alaska Native | <input type="checkbox"/> Asian |
| <input type="checkbox"/> Black/African American (not of Hispanic origin) | <input type="checkbox"/> Hispanic / Latino |
| <input type="checkbox"/> Native Hawaiian / Other Pacific Islander | <input type="checkbox"/> White / Caucasian |
| <input type="checkbox"/> Other | |

13. What is your Achievement Level?

- Coordinator - Executive Coordinator
- Master Coordinator - Professional Coordinator
- Supervising Coordinator - National Supervising Coordinator
- Executive Supervising Coordinator - Director
- Executive Director - Field Vice President
- Executive Field Vice President - International Field President

14. In which region do you primarily work?

- A B C D E F G H I

15. How long have you been working your business?

- < 1 year 1-2 years 2-3 years 3-4 years 5-6 years 7-8 years
- 9 or more

Appendix B: Letter Sent to Distributors

From: Jacki Blasko [mailto:jacki@jackiblasko.com]
Sent: Monday, May 31, 2004 9:53 AM
To: jacki@jackiblasko.com
Subject: Help! ASAP!

My son Christopher is completing his thesis for his master's degree at the University of Wisconsin-Stout. He has chosen distributors in AB Marketing for his sample group. Please take a couple of minutes and complete his questionnaire. I would also appreciate it if you could forward this message on to distributors in your organizations.

I appreciate you and all you do!

Jacki Blasko

<http://www.uwstout.edu/survey/blaskoc.html>

Appendix C: Notes on Technical and Social Systems

TECHNICAL / SOCIAL SYSTEMS

Every organization has the two major components of Technical and Social.

The majority of organizations are much closer to being up-to-date in their technical systems than in their social. Technical systems are more concrete and most people have more skills, competence, and training to improve things within the technical system than they do in the social system. If there is a problem with layout, or scheduling, or material flow, we tend to know how to wade in and begin fixing it. Continuous improvement of the technical system is almost second nature to most people in the working world.

Social systems are something else. Most organizations are not as up-to-date in their social systems as they are in their technical. Social systems are more abstract and people tend to have far less training, skills and competence to improve things in the social system. If there is a problem in the working relationships between groups we are much more likely to just live with it than we would if it were a technical problem. Continuous improvement of the social system is more difficult and less likely to occur naturally. It requires mature, steady, patient and persistent leadership. It requires leadership with vision and it takes many years before continuous improvement of the social system becomes as natural as it does in the technical system.

