

Warren Nelson

"It takes teamwork to make a dream work", is FreeLife's Warren's story- and he's been stickin' to it for 15 years. BTW, the man's got a Harvard MBA and a very intriguing view of network marketing, and he's been at the very top of three different MLM companies.

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In network marketing, we're all naked. You build an organization and earn an income in direct proportion to what you and your organization do. It has nothing to do with politics and back-biting, which are the essence of the corporate world.

Warren, when was the first time that you heard about Network Marketing?

The first hint I got was in 1979 when my wife was buying soap in bulk, back when biodegradable really was unique. She made a comment to me about this gentleman talking about making her a dealer. I was busy in the corporate world and didn't know what she was talking about but I had a strong feeling that I didn't want some guy making my wife a distributor of *anything*.

What did you do in the corporate world Warren?

I was in technology: Management, Sales, Marketing, National Sales Management and General Management with technology companies.

So you were *deep* in the corporate world? And up there a bit?

I was... and very busy up there. I've got three degrees, two in science and then after I got out of school I discovered companies have an 'age wage curve' and you can't get off that curve. Even if you rise in management you can't get off the curve unless you get into 'incentive' compensations. When I learned that I asked, "How do you do that?" and I was told that people in the sales and marketing area often get in on incentives, where you earn based on what you produce.

So, I got an MBA degree from Harvard Business School. I took Corporate Finance, Marketing and Sales and went on a sales career and it worked out exactly as I was told. Turned out I was a big producer and I made a lot more money.

You are what we lovingly and respectfully call a 'hotshot'.

I guess, yes, I was a hotshot. And up at 5:15 in the morning, choking down coffee, riding the brakes all the way into the office only to spend my days in smoke-filled rooms under fluorescent lights and missing most of what's happening with my kids.

And your life goes by.... But I was brought up in the day where I didn't complain at all, because I was taught to believe you grow up to seek the American Dream by going out and being productive for somebody else. So I did it and enjoyed the marketing and sales aspect of it.

But once you get involved with an organization you really are limited by the structure, one way or another. I eventually learned it was pretty much a no-win game, unless you really liked that game and really get up to the high boardroom levels. Even a lot of the CEO's have learned that still doesn't work either.

The pyramid in the corporate world really is brutal. Very few people get to the top of the strong companies and if you do you're working day and night....

You've got bottom-line responsibility for an employee in a foreign country who goes to jail or a door being left open in a warehouse.

You've got responsibility for everything and time of day or night simply doesn't matter.

And that wore you out?

The challenge for me was that I was missing out on my kids' lives. I didn't mind the work or feel so worn out from that, although I didn't smoke and didn't like being inside smoke-filled rooms and under those lights.

Also, I'm more entrepreneurial minded and more results oriented and was always out of sync with most of the people. I think that over 95 percent of the corporate types are the kind of people who are into the process of milking the system and I've actually always been a guy to go for objectives and build things. That can be a blessing but also a curse because there are always so many people competing with you if you're a builder or producer.

So take us back to the beginning with the soap...

When my wife Mary said something about this man making her a distributor I had no idea about Network Marketing. All I knew was no guy was going to make *my* wife a distributor. She didn't push too much and she could tell I was not wild about the idea. Later, a woman from a company that, I think, sold Aloe Vera, approached her about a business opportunity, but I still didn't know about network marketing.

You see, Mary is a very charming, powerful, gregarious lady who would always be President of whatever she was involved in, and she's really good with people, so naturally she's a good prospect. But nobody ever really came home and got in front of me and her and explained leveraged income or anything else for that matter. If they had I could have opened my mind, but nobody ever did... until we landed in Chicago.

Mary was in real estate in the fifth fastest growing city in the country, making a good six-figure income and I was running a company in Naperville. We had two kids, a suburban life, and it was good. She came home late one Monday night and said, "If what I just heard is true, this really sounds great, like I could leverage myself out of real estate."

This worried me. If you've got a spouse with a six-figure income you can see that money flying right out the window. I almost came flying up out of bed. Fortunately I was smart and thought I'd wait and find out about it.

That motivated me enough to go find out about network marketing. That was on a Monday night. Later in the week I discovered that that company had somebody coming into Chicago that weekend, so this was urgent, I had to do something fast.

Warren, when you say you had to do something... do you mean to deflect it, to shoot it down?

YES... to keep her from getting involved in it!

The truth is, Harvard Business School is really, really good. We evaluated three businesses per day, five days a week for two years. Every night you had to go home and study two hours per case and the next morning if you were called on you started out analyzing the case and making recommendations. If you weren't ready to do that... well, they actually flunked a few people out.

So, you were ready every day and you get pretty good at assessing a business quickly. I figured in a few hours I would be able to figure out plenty of things wrong with this business venture.

We were invited to a Friday night 'business' meeting and Saturday 'training'. All I can remember thinking about the business conference is I had visions of sitting around in a very accountant oriented meeting and talking about budgets. So I didn't go to the Friday night meeting. Of course, it was an Opportunity Meeting and I probably would have enjoyed it. I did go to the Saturday Training with Mary and she was astounded that I went.

I was really hooked by a few concepts.

One, of course, was leveraged income and the idea of geometric expansion. I was also intrigued when the speaker started talking about the company's product positioning and timing. I knew that if they actually had better products with good pricing the company could grow very well.

The final 'hook' came when he said the only way you succeed is by helping other people succeed—in other words, building a team and keeping them with you.

What dawned on me was it's a marked contrast from the corporate world where if you have six people working for you, they're your enemy, they could take your job, so you only train people to a level where they can do their job, because if they get too feisty or knowledgeable you had to either promote them laterally somewhere else or prepare to lose *your* job... so here I'm listening to a concept exactly the opposite of the corporate world— and I liked it!

Warren, I'm curious. I have an image of you in this training and your resistance is eroding piece-by-piece, is that how it was?

There was this speaker, John Sexsmith. John is out of Florida and later became a Blue Diamond with Nuskin, that was the company I was hearing about, and John's wife was there. What made the whole thing work is that John was kind of dry and technical, yet there was a lot of validity to what he had to say, and then there was his wife who was just a bundle of energy. She would pop up and say something and brighten the whole room. They complimented one another so well. It was really refreshing. So, it was very easy to listen to for the whole day.

It was a good training. I found myself hearing about things I had never heard about. It was the first time I'd heard the acronym J.O.B., just over broke, and those kinds of concepts that are valid, so yes, I had a good time and it did interest me.

When John got to the principles of leveraged income, helping other people and the whole concept of cutting out the advertising, and a lot of the middle people,

getting a better product as direct as possible from the manufacturer to the end line consumer, I was more than a bit interested.

So how did it begin? Did you just give your wife your blessing or did you jump in with her?

Initially, I figured she was going to spend about 10 hours per week, but then I became more intrigued. Even though we had zero background in Network Marketing, it sounded pretty easy to go out and find five people. Of course, I went out and tried to do it my own way with a few business acquaintances I had and fell flat on my nose. Long story short, I eventually learned how to do a good 45 minute presentation.

You said initially you fell on your nose, what did you do that was so mistaken in the beginning?

Well I heard Bill Hyman. He was our sponsor and Bill did an extremely strong presentation, a very good five part presentation on the company, the product, the trends, the timing, the compensation, training and support. He's a very impressive man who had been an automobile mechanic. What he had to say was strong. I continued to listen and couldn't poke holes in it. It was all valid. So, once I heard all you had to do was get five I figured I'd heard it and I could make it up myself. So, I went over to talk with some friends of mine and it took *four hours!* They were all over the place with questions and I discovered you get an awful lot of questions and lose control of the interview process easily.

And that's with years of in the field, around the world, management training?

Correct, but if you start with the wrong approach, it all goes wrong. I learned you have to start with the proper approach. You have to ask the questions and qualify people. So I practiced and within the first year I probably enrolled two out of three people that I personally sat down with to share the business opportunity over lunch or over breakfast.

But this was in the beginning when Mary and I decided we'd both work at the business part-time. And it was very part-time. I decided I could do an hour here and there, so if I was going to meet somebody for lunch they were going to be recruited, and usually they were recruited. I did the approach, asked the questions, did the presentation and then closed them. Later on I discovered, you didn't really want to close that hard, but I didn't have very much time and I did it anyway.

One observation I will make is back in those days we did hotel meetings. Within about eight weeks Mary and I were doing the weekly opportunity meeting in Chicago for ourselves and other people. We did that for the first year and we couldn't have done that without Bill Hyman, our sponsor. We could not have been successful without Bill's leadership and his doing the right things that we could duplicate.

What are some of those 'right things' Warren?

Make a list. Do the 48 hour training properly. Set goals. It was a system which gave a new person an assignment and you'd get back together with them in one or two days. Ideally it was within 48 hours and you'd have a training session with them for an hour or two. Actually sit down with them face to face and help them set up their in-home meeting. That's how we built... with in-home meetings.

We'd teach them how to invite; they would invite people to the in-home. We'd do the presentation and then the next week we'd come back in the same home and the people that had signed up would bring their people. Then those of them that were stronger would break off and have their own in-home meeting the following week and we would come and do the presentation.

We learned the mindset from Bill:

Our whole goal with new people was that they needed someone beneath them within 30 to 60 days or it's our fault and they'd quit if they didn't have people in their organization.

As they got strong, we would invite them to a hotel meeting and if they were really strong we would have a hotel meeting around their people and have them up in the front of the room.

And this was in the late '80's?

Actually it was 1989; we started in October of 1988.

How successful did you and your wife become?

At that time, if you made over five grand a month they delivered your checks by Federal Express. In our fifth month the doorbell rang. I went to the door and...

... There was a Federal Express man with an envelope for Mary Nelson. Being a good husband... I opened it right away and looked inside. There was a check, made out in her name, for \$5200!

That looked pretty good because we'd only been doing it part-time— 10 hours a week. That was inspiring!

The funny thing was, about that time we had two executives which made us what they call a Lapis, and by our standards of performance— mine in the corporate world and Mary's in Real Estate— we didn't consider ourselves superstars or anything like that.

We got invited out to a meeting of leaders in Utah with about 400 people. I had done almost no public speaking. You know, corporate speaking is rather stilted, very non-hype. If what you're saying sounds like hype at all you're subject to vast disapproval in the corporate world— those scientific types will immediately shut down, they won't listen to you. Your information has got to be extremely good, extremely valid, technical and accurate.

These network marketing presentations are the exact opposite, they're free-flowing, there's energy in the room, there's humor and excitement, there's painting the vision and letting the emotions flow. I didn't have any background in any of that.

So, I get out to this meeting in Utah and... it was just so rich with creativity, and people's backgrounds were so interesting, and all the good speakers that blew me away... and then they bring us up on stage and we had only *two* "Executives" (distributors duplicating the leadership track) recruited. We were actually

regarded as a pretty good story around the country at that time, because the company was pre-momentum. Before the year was over we had four as executives enrolled which made us Rubies in Nuskin and we hit ten grand a month.

I liked it... I loved the business model. I loved the people. I loved the variety and the refreshment of having an unlimited up side, and fortunately I had something a lot of people do not have... a wife who has a tremendous amount of courage. As an entrepreneur, when I was considering leaving my job, Mary said, "Do it, quit!" Not something a lot of wives would say, but her encouragement is amazing.

So, I went full time in January of 1990 and I've never looked back. I've loved every minute of it. We achieved Blue Diamond in Nuskin in 1991 and just loved it.

You changed companies eventually, Warren, what happened?

Back then, Nuskin was a front load, as many people know. What had happened was that the volume of sales hit 500 million dollars at wholesale in 1991, but with so many people being recruited so fast an enormous amount of that sales volume was promotional volume. Although my group was very actively retailing, there were allegedly others around the country that just had their people stack the product up and played it more or less like a money game. So what happened was they had so much promotional volume it was just not sustainable in the face of adverse publicity and they stalled out.

An Attorney General from Michigan, Attorney General Kelly, went on Nightline with Barbara Walters one Friday night in June of 1991, and called Nuskin a pyramid. It's important to understand that Nuskin went from 40 million, approximately, in 1989 to 230 million, approximately, in 1990, and 500 million in 1991. It was exploding.

The story went into the Detroit Free Press and the whole country picked up the drumbeat. Law firms started to get involved with lawsuits and an article was appeared in Forbes magazine that really said very negative things about Nuskin. This had all the classic earmarks of a "hatchet" job by a law firm, and it was disappointing that the respected magazine would stoop to this, but the damage was done.

Since Nuskin was specifically focused on the top 20 percent segment of the population, some people have said Nuskin was the first really big time white collar network marketing company. They were actively seeking professionals, successful business people, highly professional realtors, highly successful insurance people, they went high end—the kind of people that paid attention to Forbes Magazine. So, if Forbes said something bad, that really shook them. They were willing to brush off the interview on Nightline, but when it came out in Forbes... they couldn't brush that off so lightly.

What the law firms did was to appear at opportunity meetings and have young lawyers they hired run around the parking lot sticking flyers on car windows saying, "Do you know what RICO is?" (**R**acketeer **I**nfluenced and **C**orrupt **O**rganizations Act)

I can remember being out in a rainstorm one night at the Marriott in Chicago. We had 500 people inside, and some guy came up to me and said, "Hey, there are people putting flyers all over cars in the parking lots." And of course most of the cars in the lots were people in our meeting, guests and distributors. I remember going out there, taking these flyers off of car windshields, in the rain, along with the security people from the Marriott, which had an ordinance prohibiting flyers. Those are the kind of tactics that the lawyers used to do to bring a company down, bring them to their knees.

Despite Nuskin's attempts to contact the Attorney General of Michigan with a willingness to open their books, they were told by the office staff that there was no problem. Later the AG would be quoted as pointing out that Nuskin was a pyramid. In fact, during the interview with Barbara Walters on Nightline, he agreed with Barbara that the products were of high quality and people were happy using them, but when she asked him why he was okay with Amway and Mary Kay running similar businesses in his state, he actually held up a picture of the stair step compensation plan, which was very similar to many compensation plans at the time, reiterating that it was a pyramid and saying, "See, it even *looks* like a pyramid"

So it was a pretty bad circus going on at that time?

Yes. All of that was why I changed course. I attempted to continue to build Nuskin just to prove it couldn't be done. I went out and did all of those things I was trained to do, presentations and the whole thing for a few months after that. But by the standards we had of the previous three years of building in a "momentum"

phase, I was extremely unsuccessful. I concluded that I could no longer build that organization.

Since we had only been involved for three years and had reached Blue Diamond, I had a newer organization and none of my people had ever been in network marketing before. They were the kinds of people who, if they didn't do Nuskin, they weren't going to switch over to a new company. They were going to go back and become a bank president again, or return to financial jobs, or real estate or their own companies. They were going to go back and do what they knew how to do. They saw a one-time phenomenon called Nuskin and they didn't see an industry they wanted to stay involved with over time.

What did you do?

Well, I was full-time and the first quarter of 1992 I'd attempted to build Nuskin and concluded I couldn't do it. Nuskin was going overseas and I had gone out to headquarters and talked to Steve Lund, a brilliant young attorney at Nuskin, and suggested they needed to modify the compensation plan. I knew nothing whatsoever about compensation plans but my idea, basically, was to have a unilevel front-end so that the people who were no longer 'executives', who had lost their status and lost their downline, still had some way to make some money. They wanted nothing to do with that.

My assessment was that suddenly the business would unravel and decline in the United States and they weren't going to have the foreign markets open soon enough. I had young kids at home and didn't want to go over to Taiwan and Hong Kong. Incidentally, Nuskin did have a stall for several years, but they came back strong in international markets, and later added products in the USA, and became a highly successful \$Billion-plus company. But my personal situation prevented me from waiting it out during the stall.

I decided I had better get to know the entire industry of network marketing. I took a look around at other companies and, as you might gather, I'm not likely to be misled into a company that has a lot of fatal flaws in it. I found one that I didn't think was the greatest but it had enough money, credibility and strength behind it that it could have become a multimillion dollar company.

Actually, what it involved was a man with name and face recognition to 60 million Americans. He was the 7th most trusted person in the country per a Gallup poll, a man who had won the primary in Iowa in 1988 for the Presidential race. He was

the owner and on-screen icon of a fast-growing TV station, and he was going to go on television and recommend getting started in this network marketing company.

He had a big ministry and was going to donate 10 percent of profits to the ministry worldwide. The whole thing was positioned in such a way that it could have become an enormous success. I looked at a lot of other things, but they were missing the quality, consumable products or something, so I thought, at least this guy has a lot of integrity and he has 600 million dollars behind him and he won't let people down.

And this is Pat Robertson?

It was Pat Robertson. So, we went out there and talked about it. They didn't have their act together, I knew that, but I felt that I could count on him to do what he said. Actually, he did do what he said... About four years later he had paid every check, he took care of everybody.

What happened was that during the 1994 presidential elections, the Republicans took over congress. The media, nationally, went after Pat Robertson. They discovered he had a network marketing company. Newsweek splashed it across their pages that he was selling soap out of one hand while having the microphone on the pulpit with the other... and the board decided he should divest that company.

I had become their fastest growing, strongest leader, because of all the training I had from that great Upline: Bill Hyman, and Kay Smith and all those other people. I went in there and became their #1 person within about a year and a half. I grew leaders in my organization real fast, so Pat asked me to go on the corporate Board of Directors, with the full liability policy for Directors and Officers, and I did that along with four others. We were replacing the president and other personnel.

Clinton Howard, out of Royal Body Care in Dallas, offered to take over the company, which was called KaloVita. He bought the company for a dollar and took over ownership. We took on the Royal Body Care lines, which were very nice products by the way. It transitioned over and, of course, we lost some people due to Pat Robertson and his influence leaving us, but we moved forward and were in the process of building a viable organization.

In marked contrast to the Nuskin and KaloVita experience, where I had gone and met the owners beforehand, I didn't have an opportunity to actually meet Clinton Howard and his organization before they merged. I gave them a year, but decided their policies, mission and practices were not the kind that I was willing to put myself behind and they weren't willing to change. So, at that point I decided I was going to walk.

I had several things happen where I realized I just had policy differences with the company I was representing, so I made the decision I was going to leave.

This meant I'd be able to take my pick of the best company out there. That was the time, in the mid-'90s, of the emergence of the unilevel comp plan. I'd seen the success of LifePlus and other companies, and FreeLife had come to my attention. I began to watch them, with Dr. Mindell, Ray Faltinsky, Kevin Fournier and their vision. Luckily, I concluded that with Dr. Earl Mindell being the #1 Nutritionist author in the world there was never again going to be a company that would get such an exclusive, because there is only one number one. I got all kinds of references on Ray's background, and everyone else in the company, and he was listed #1 on all the independent references by five owners of companies I contacted. This led me to use Dr. Mindell's products for a couple of months, read his books, understand their positioning and get to know the principals.

So, I left KaloVita and despite a few bumps in the transition, I focused on my good fortune of picking FreeLife and having had the great training I received from Bill Hyman and Kay Smith, Craig Bryson, Craig Tillitson, Jerry Campisi, Richard Kall, and Clara McDermott, to name a few.

Do you still use the methodologies they taught you? Do you teach and train those things?

Basically, we still use the same fundamental, valid principles, but what I got into in the late '90's was generic seminars. It was a three-hour seminar on how to make an obscene amount of money in network marketing.

I had thousands of people at those seminars and they were truly generic, but that put me in touch with a lot of people. Those that had indicated in their seminar survey form that they were looking for a new network marketing company were certainly available to me, but I really didn't build, primarily, with anybody out of that.

I had been fortunate that my best frontline guy I'd been with since 1992, Joe Gentle, came on board with me. In 1996, I ran an ad in a national magazine. Again I was very fortunate to attract a gentleman who had been a Diamond with Nuskin, and then a big leader with another company, and he came on board. So, the only reason I was able to hit \$23,000 a month so quickly in FreeLife was because I brought in three experienced guys. That income was really produced by the three years of previous effort on my part and their time and effort from their previous years.

Warren, could you distill for me the three most important business-building elements you've learned you still use to this day?

Number one, from the tools and the technical side: A duplicatable system that can be followed. Today it's different, we have *lots* of conference calls, *lots* of audio tape and we use three-way calling instead of the in-home meetings. But, basically, you have to have a system in place that duplicates.

Number two, from a personal point of view:

For any individual to go to the top, I think the difference is being there in your mind... first being a success in your own mind. It isn't just visualizing or affirmations, although all those things help. Somehow in your mind you own it, you are there.

With that decision and following a duplicatable system, I have to give credit to Harvard Business School. I've only been involved with three companies and they are all three still in business. So, Number three, and a sine qua non, I think the other thing is you need to "investigate a lot and invest very seldom" since it is paramount to avoid wasting your time and reputation. There just aren't that many *good* opportunities out there in my personal opinion. In almost any industry, any field, there are a few extraordinarily successful companies, and then there are a lot of 'also-rans', and then an extraordinary number of failures. I think in network marketing it's the same way.

Warren, what do you admire most about network marketing?

From a business point of view, I would say I admire trail-blazing new, superior products.

From an industry or structural point of view...

I admire the brilliance of allowing huge numbers of people to live a business life of abundance and service.

These aren't just words to me. The best way to succeed is to come from a mindset of service and abundance. In that environment, the upside is unlimited, subject to the hours of the day and the growth of the company, but there is not some artificial edict from 'the board' as to what your salary is going to become, so you can build to the level of success you want.

It also sifts out people that are not working. In network marketing, we're all naked. You build an organization and earn an income in direct proportion to what you and your organization do. It has nothing to do with politics and back-biting which are the essences of the corporate world.

And of course the rewards of the business... great income, unbelievably great life styles, travel, working with people you love to work with, helping people every day and getting paid for it. You never have to fire anybody. In network marketing, you can nurture, build and serve people and take it all forward on a long-term basis with the right company and make it residual.

And the *best* thing about network marketing for you?

Abundance and joy!

Personally, every day is a great day, we have a great life and we do it by helping a lot of people. So, relationships, fun, being debt-free, travel and adventure.

***Network marketing is an
adventure.
It's the best fun a person can
have today!***

Warren and his wife Mary are currently living in their summer home in Lake Mills, WI about 20 miles from Madison. They have two adult children, Matt, 29 and Beth, 27