FEATURE | PSYCHOLOGY | PROFESSIONAL DEVELOPMENT |

The Psychology of Winning in Network Marketing

The man who wrote the book, literally, The Psychology of Winning *has some strong ideas on what it's going to take for each of us to succeed in the changing future of this business— starting right now!*

a conversation with **Denis Waitley**

5218 words | 17 pages

plus AUDIO and ATTACHMENT

Denis, at the risk of making you sound older than you sometimes feel; *The Psychology of Winning* was done in 1986, correct?

Actually, it was done in 1978. You must have the later edition. I went in and re-did it in 1986.

Oops! Well, were there one or two *big* ideas that compelled you to write the book?

Yes, there were, and they were that it doesn't make much difference what happens to you, it is how you take it and what you make of it that matters.

The big idea is:

> ***Life truly is a perception in the eyes of the beholder; everyone is involved in a world that, basically, is between their own ears.***

It's not so much the environment, unless you happen to live in an impoverished country where you have no idea of your ignorance. The rest of us, especially those in industrialized countries, are living within our own

minds. *The Psychology of Winning* came about as a result of my studies of POW's. That's why it became P O W — but instead of prisoner of war it became Psychology Of Winning.

You see, when you see the letters POW, you immediately go back to prisoners of war if you're in an industrialized country. However, if you're in a boy's school in England, you think Prince of Wales. If you're a young child opening a Christmas package and it happens to be a gun, you would go, "pow", so it seems that life is a bumper sticker that only has meaning when you've had experience with it before. Otherwise, you have no idea what the symbols mean and what the words mean. That's why I said, Prisoner of war or Psychology of Winning, it depends on the view of the beholder.

Denis, your book has extraordinary legs and is still selling strongly today. What do you think is responsible for that?

First of all, I think it was the second major audio album in the self-help arena with Earl Nightengale's *Lead the Field.* When he first recorded *The Strangest Secret,* which is 'we become what we think about most of the time', that was the only recording of a spoken voice that won a Grammy and it went platinum.

When he did *Lead the Field* — I remember he did Lead the field for Chevrolet, Lead the field for Standard Oil, Lead the field for Sears — he was able to brand an audio album and I happened to be the second person in line. But it's a little different than Neil Armstrong and Buzz Aldrin. Being second and having Earl Nightengale be the promoter and say that this young guy who nobody knows is good, and has good material, and to be used by Nightengale-Conant in a direct marketing way, certainly gave me a leg up.

Lloyd Conant, of Nightengale-Conant, wrote letters on his robotype machines and used the American Express Gold card, the Daytimers, all of these different mailing lists. He used my album— because I was not yet known— as a front end list builder. So, I became a database builder for Nightengale-Conant and they mailed out hundreds of thousands of

brochures in the beginning of 1979 to corporations and executives in the higher income brackets and from that the album got legs.

This produced for me, which was incredible, a $20,000 a month royalty for 20 years! So, I received $20,000 each and every month for 20 years as a result of this one album that became a book and because it was a combination, audio and book, it crossed over into the published market and I think that's really what's responsible.

The other thing that I think is really responsible for its long standing success is that it's simple. It said what winner's do and what they don't do. It didn't put it into a formula, but it was easy to understand and easy to identify. I think it was because it had authentic, anecdotal stories that illustrated the points rather than just spouting theory. I used true anecdotal stories that people could identify with rather than just repeating something that somebody else might say.

From a number of angles, Denis, it sounds like network marketing!

Not only that, it really *is* network marketing. When you consider that it was direct, it never sold in any stores, but went direct to consumer, began to get 'referral legs' and what happened to me was that the phone started ringing and people were asking me to speak.

But I never sent out a flyer or did an outgoing phone call on my behalf, because I was getting referred in this networking world.

The points that you made, have they changed?

They haven't really changed, except that I have become much more aware of the need for the win-win emphasis rather than, 'for every winner there must be a loser'. I never said that, but it was implied, that winners outdistance the competition. I think in the early work it looked like this album would help you out-think and out-fox and outlast the competition.

Now, with the emphasis on 'your competitors are your affiliates',

your competitors are customers in many ways, you really have to be a win-win person.

I don't think there needs to be a loser for every winner except in the gladiator sense, but not when there are teams involved.

When teams are involved there have to be many winners and you have to think, 'everybody wins when I win'.

Denis, let's talk about the psychology of winning in network marketing. What are two or three key points that create winners today?

I've been involved in this industry for 30 years and I think the first point has to be that, by the very definition of relationship or *network* marketing, it really is a business of helping other people achieve their goals and through and with them you achieve yours. It's definitely a build winners, train winners, edify winners, and reinforce winners business. And I do think the idea of training and boosting winners is one of the key points.

You make a decision to go into network marketing, because you are the kind of person that wants to teach, train, grow and reinforce other human beings to win their own ballgames.

To me it's more important to do that than it is to say, "Wow, what a good vehicle to make a lot of money quick!"

I look at shooting stars, they burn brightly and briefly. They make a lot of money quick and they're selling the sizzle, but in truth, they are only

recruiting people as fast as they can because they think it's a numbers game.

> ***It's not a numbers game it's a relationship game and that's why I think the first point would be the dedication to build other winners.***

The second would be to make sure that you are a person who is trustworthy. Nothing shouts so loudly in networking as the person who walks the talk and talks the walk; because really, if you're in a relationship of any kind, and you look at network marketing like a marriage, certainly it goes from a romance to an engagement and then becomes a marriage. For that kind of relationship to work trust has to be absolute, both ways.

> ***If you break the trust you break the relationship, so I think being a person of ethics and integrity would be the second key.***

The third one, which tends to be so obvious that people seem to forget it, is as Bill Gates said, "In a networked world, we have just eliminated the geographic boundaries on our shopping". I think that's one of the most profound ideas of why this human train, a global human train and human system of moving goods and services through the relationships you have with people, is the absolute phenomena of the 21st century. I think it will drive the later part of the century's economy almost totally and I think that the retail stores will function only to be the walk in place to pick up the goods you've already identified and purchased. Retail becomes warehouse and order pick-up.

Denis, you spoke about trust, you spoke about teams and all of that seems a part of the major point you made which is it's all about relationships.

That's right. If you look at the Internet, it's a giant communication vehicle. The trouble is that you don't buy from the Internet; you buy from people who are doing business with one another via this electronic communication vehicle, so you move down from the Internet to the Intranet.

The Intranet is the secret, because they are groups of people who are bonded together in their relationships, by a common interest in something that they want to do. It's a goal, it's a product, it's a need; they want to be healthy, they want to be more fit, they want better romantic relationships, they want better goods and services.

> ***So an Intranet is when people get together in relationship and bond, creating a community, which becomes the* real *use of the Internet.***

It becomes almost a dynamic, political force. It becomes a driving group of people who swell in numbers and their power expands exponentially because they all, in a community, believe the same way — now add to that the personal branding opportunity.

People are going back to brands with a vengeance. It's easy to see why. If we have so many choices, if there are so many infomercials driven by celebrity testimonials, then the idea of branding becomes so important, because a celebrity can't simply brand it. A number of people brand it, by its quality, by its value, by its integrity.

I've stepped back from this as I've traveled globally.

> ***I believe* people *make the brand today rather than the product making the brand.***

I think you have to have enough people with creativity and ethics coming together and getting excited about something to brand it. So, for example, I don't believe that Starbucks branded it's coffee, I think the consumers branded Starbucks by the way they were attracted and were able to congregate, once again, in a walk-in coffee shop. Incidentally, that is the only walk in business that I would even venture could be very profitable today, because if you wait for walk in business today, you're out of business— the networkers will have already gotten to your customers. And I don't know how long they will survive before there is so much competition of different kinds of coffees and teas.

I don't want to get away from the main point, which is, people make the brand and people coming together in a bonded relationship make the brand. I think that shoved in the middle is what I call the bottom line, which is service ethic. If you consider that we have a billion Chinese and a billion in India — if you have 80 percent of the people in the world speaking Mandarin and you have a city the size of San Diego, California, which is 2.5 million, being built in China every 30 days, so every 30 days the agrarian farmers are moving to the cities to find a higher standard of living quality. These people are joining together in relationships, because they buy and sell from each other.

> ***Unless we in the United States and other western countries embrace the idea of under-promising and over-delivering as a service ethic, in other words, out serving, out training, out helping, we will not be competitive.***

And it won't matter how many tariffs we put on our products or how many fines we fine our companies for going overseas and it won't make any

difference how many unions go on strike.... It is not possible to go on strike against a networked world where you have hungry people who are hungry for knowledge, hungry for a better life and hungry for a better standard of living, because they are willing to do anything necessary, including out serve you, in order to get it.

So, use the Internet to communicate, but you're still in a relationship bonded intranet, you're branding with the people that you attract, because they are the ones that make this network build and grow. They're the glue that holds it all together.

> ***Then you've got to under-promise and over-deliver in the global marketplace. That's a recipe for network marketing.***

That's why I say, John, unless you are *net*working you will be *not* working and unless you're *on*line you'll be in some kind of bread line. That is true with a lot of things, including distance learning. I've just read the new studies which show that there is more intimacy and relationships built in distance learning than there is in the classroom of a brick and mortar building. That's because you go into a classroom and you get a lecture by a professor, you look at your notes, you come and go and you do not network in that classroom with the other students.

However, doing distance learning, you work one on one with your mentor or professor, you have chat rooms and phone conferences where you communicate with the other students and finally for a week a year you get together and you say, "Gosh, I've been communicating with you for the last two semesters, we've got so much in common." and you've bonded together and yet you haven't been in a classroom.

This means a franchise that's based on geography and brick and mortar is like the old educational institution, where you have to go to a place in order to do business. I think today the 'place' is the world!

Denis, connect more dots for me about how these trends you speak about, branding for example, impact network marketing. Tom Peters has an article that we published [November 2005] *The Brand Called You*, is that the kind of thing you're talking about?

Yes it is, and it also has a certain amount of *esprit du Coeur,* because if you look at the great athletic teams and the great schools you realize it's not possible to have a great athletic team if everyone does their own thing. So, the brand has to be a brand that many people have decided *is* their brand. They have to be willing to be part of the marching band and nothing would be more ridiculous than a marching band where each marched to their own cadence, wearing anything they want, and chiming in only when they want. You would not have an organized networking system. The same would be true with a sports team. For some reason this organized way of doing things is important and that's why I think when people come together and form a brand, they've bought into the vision, the philosophy, the quality, and the integrity of this product or service that is being offered.

That's why it's so critical, when you're shopping for a network marketing vehicle, or company, that you take a really good look at the founders. Look at their vision and mission; is it a 'get rich quick scheme', is it likely to be around in 20 years, does it have a variety of products, are they continuing to do a lot of research and development? Because there's a change every five minutes, technologically, so it wouldn't be wise to go into a single product company.

It would be wise to go into one that had a lot of research and development, a lot of innovative practices, etc.

What I'm getting at then is, it isn't the brand but it's the opportunity, which is provided by the vehicle that attracts a certain kind of people who, I think, are the brand.

Good branding doesn't come from the people who are like a school of fish who will join the next opportunity that looks good and the next one that looks good. You find many people are driven by where the money looks best, but in a real networking opportunity, good branding comes from the people who join one that has superior products, products they would absolutely buy above other products regardless of PV, products they use and would recommend to their friends and acquaintances even if they didn't make money doing so, this is the kind of branding mentality that means success.

The mentality that says not only do I recommend them to my friends, I recommend that my friends recommend them and I try to help my friend have a way of earning some financial security as a result of these wonderful products and services. In order for me to do that, I must sacrifice some of my immediate income by giving them the benefit of everything I've learned, all my training, all the reasons why I have come into this organization and I'm going to help them, especially initially, so that they will be successful in this business because that's part of my brand.

> ***My brand is helping other people, offering the best product and service I've ever seen and it doesn't have that underlying taste of "it's a way to make some quick money".***

I think, and I've had people argue with me and say, "Look, we can move bubble bath, we can move cell phones, it doesn't make any difference what the product is, it's the system and the compensation plan and the way you prospect and recruit." Well, I disagree. I think *everything* is based on the integrity of the products and services and the people behind

them and then the brand becomes the people that join this and stick with it.

To me it is the secret of why Dell Computer is the most successful computer company in the world. I know this from having had the opportunity to get to know Michael Dell and travel with him. Somebody said, "Well, they're not in network marketing" and I said, "Hold on a minute. Dell computer was the first computer company into retail. So, Dell computers were the first computers that were sold in Computerland and Circuit City and the stores, in 1990. They were the first ones *out* of stores in 1991, because they realized that when you put products in a retail setting you have to spend so much money and effort advertising the features of those products. Even then, when the customer walks into that store the clerk has not been trained, the clerk doesn't know the real nuances of these products and the clerk says, "Well, you can get the same thing with this one, which is on special today for only $499.95, so if I were you I'd buy the cheaper one because it's got all the same bells and whistles." Dell was aware it was about the relationships.

The margins of profit aren't large enough at retail. And the ability to build a brand of a product takes too much money, unless you get lucky like Starbucks and you've got a lot of people that are branding you, which is why I say that the Starbucks customer *is* the brand, not the lattes.

But back to Dell Computer — as a young teenager trying to earn enough money to buy a car, Michael Dell worked for a newspaper. The sales manager of circulation at the newspaper said to him that it's a question of knocking on every door. Now, it's true that you have to talk to people every day and if you do you have better chances of being successful in network marketing. But here's the difference, the sales manager said to Michael Dell, "it's strictly a numbers game, Michael, it's the number of doors you knock on."

Michael questioned that and asked,

"Why would I knock on every door? Why wouldn't I first go to

my high probability prospects? Why would I not first try to segment my market into those people most likely to join me?"

The circulation sales manager said, "Oh, get out of here, what's the matter with you? It's strictly numbers!"

Of course I've heard that said over and over again, by some of the pundits of network marketing. They said it's strictly numbers, talk to X many people and this many people will buy and out of those people this many people will stay. That may be the average, but that's not what we're trying to do here, we're trying to do what Michael Dell did.

What he did was go down to the court house, use some data base, found out who was just moving into a Texas community, who was just married, who had just bought a house, what the move in date was and he became the Michael Dell welcome wagon for the newspaper by arriving on the doorstep of somebody who was *most* ready to buy a newspaper at that time.

Dell says that giving people what they want and designing it for their wants, is the way that he went about making Dell Computers successful. What he said was, "Sure, you use the Internet to communicate with but there's a human being at the end of every search that you do at Dell, and there's a human being at the end of every phone line at Dell. Dell networkers are trained to find out *everything* about what you want. How you're going to use their computer, what the status of you family is, how many children and are they in school, will your children be using this?

They do an assessment of your wants, some of your needs, but mostly your wants, the things that turn you on about a computer, and then they design something specifically for you.

Instead of mass market it's 'me' market.

That's again why I say, if the human being becomes the brand, then the human being uses the same concept with the customer, because the *human* is branding. It isn't the computer, the computers are all the same. It's the human that's the capital, that and the quality of the person.

I've always said, John, only sell *you*. The decision of the buyer is based on the intrinsic, apparent value of the seller.

People buy from winners, they want to be associated with winners, they crowd around the winners locker room and everybody loves a winner.

They want to be referred and networked with winners; the people, who look the part, talk the part, behave the part, and are excited in the part. I am convinced that the person *is* the brand. They come together with a superior product, certainly but what makes Dell successful isn't the Dell computer. It's the way he's put the people together to make the offering to you and then to deliver it to you in a timely fashion, with parts overnight, being able to buy what you want, assembled the way you want it and make you believe that you were given personal attention. That you were treated like a VIP from the moment you made that first phone call and every time you called after.

Psychologically speaking, what have you found is the biggest challenge for new network marketers, people getting started? And how can they work with that and turn it around for the better?

It doesn't seem to have changed over the 30 years. It's the idea that, "I don't know very many people. I'm afraid to go to the people that I love and

that I know because they might reject me and think I'm stupid for having done this, instead of getting a 'real' job."

> ***So, the fear of rejection is still the greatest issue.***

The second one comes right on its heels… "Why would I have been stupid for having done this?" The answer is, because there's still this lingering stigma of this kind of business. The perception of this kind of business being based strictly on recruiting people rather than moving products through a distribution center. So, even though it's not said much, the idea of the pyramiding of people has lingered for a long time. I don't know why it has lingered for so long, but I know it's still there because people try to disguise their business today. They will say they're in direct sales where they're 'referring' other people. When asked if it's mlm or network marketing they'll say something like, "Well, not exactly mlm, it is relationship marketing."

Actually, that's what I say, because it really *is* relationship marketing. It really isn't mlm because many of the original mlm's were really, truly based on recruitment and they weren't very product driven. And it wasn't the quality of the products or services. It was the idea that if you used your products then you're going to be buying products from yourself and paying yourself overrides on these purchases.

> ***The stigma persists, because of the idea that you constantly have to talk to new people and sell them that I think discourages the newcomer.***

They look at their warm market, which they think is very, very small, and they look at the cold market and that chills them. They hear these assertive, dynamic people say, "Well, you just talk to people at the store,

talk to them at the post office…" I even heard one gentleman say that he sold to the traffic officer that gave him a ticket! But this gives people the impression that you have to be an extrovert and really good at closing sales and a story teller to be successful.

I don't think that's true. You have to have integrity. You have to have persistence and really be a team player. You have to remember who brought you to the dance and you also have to remember that the people who joined with you are your responsibility. It's your responsibility to stick with them rather than just move on to the next prospect.

What can be done about it? I think much better and more affordable tools. I don't think it's a good idea, and I know I might be crucified for saying it, but I don't think it's a good idea for leaders to profit from selling tools as one of their main sources of income from the networking business. I know it's been done throughout the field and I know they look at and say they're doing it, because they believe they have the best system. But if there's a markup, where there's a substantial profit made on the tools, it doesn't take you long to figure out that you can make more money on selling to your downline and you become like a Zig Zigler or a Denis Waitley.

The next thing you know you see yourself as a motivational guru and you love the feeling of the audience and the people buying your stuff and you start selling your stuff to your own downline and become an icon and you lose sight of what the original idea was.

> ***The original idea was supposedly to bring other people up to speed very rapidly, to reinforce them, to give them recognition. And the more recognition the downline gets the more money the upline is eventually going to make.***

So, I would recommend less expensive and better tools that are consistent through an organization, easy to use, and a variety that every personality type can use. Some people are good on the phone, some people pass out DVD's, some people are good one on one, some people would prefer a three-way call and some prefer large meetings. There should be a tool for every newcomer, so that a leader says, with empathy, let us see what kinds of tools would be best to help you be successful in this business. That way they don't have to just mimic or model after the leader.

There is a tendency for people to want to follow the leader and they desperately try to put themselves in the uniform of this dynamic, network leader when instead, the leader should be making a variety of inexpensive tools available and creating an environment where it's easy for the newcomer to tap into the business. To me it's all about the way you provide the tools and training from day one.

> ***The newcomer should not go without communication from their upline and it's up to the upline to find an affordable way to keep the newcomer tracking with them.***

Any final words here, my friend?

I think in today's world, you can't depend on a company and a salary and a pension plan for your financial security. That would be like hiring a CPA who is a compulsive gambler. For *every* reason, people should have a home-based business hedge; even if it's part time, and do things in their spare time that protect them from this global marketplace. I would certainly be using my time to up my skills, because the only thing an organization can promise anyone is skills. Therefore, if school is never out for the professional, if learning is life long, I would get myself a home based business that I loved and I would turn a hobby into a business by getting passionate about helping people in a way that could also help my financial security.

I know many people are in network marketing part time as an additional source of income to either hedge for college education or retirement or a new home or whatever, and I think they need to look in a bigger way to the fact that it's not possible for anyone to guarantee employment, only employability skills.

So the final word from me is this, find all the employability skills you can gain, because no one is going to guarantee your employment. I think your magazine is a big step in that direction. It gives the rookies and the veterans a platform to interact and to come up and see what's best out there and to have a repository where they can come to learn and communicate with each other. They're not just going to a retreat and then coming back from a retreat and putting the workbook back up on the shelf. You're providing a living, breathing kind of thing where they are able to stay current rather than just ink and paper… an ongoing and online kind of thing… the essence of what networking is all about!

Denis Waitley is one of America's most respected and beloved authors, keynote lecturers and productivity consultants on high performance human achievement. He has inspired, informed, challenged and entertained audiences for over 25 years from the boardrooms of multi-national corporations to the control rooms of NASA's space program. Denis has been voted business speaker of the year by the Sales and Marketing Executives' Association and by Toastmasters' International and inducted into the International Speakers' Hall of Fame.

With over 10 million audio programs sold in 14 languages, Denis Waitley's CD album, *The Psychology of Winning*, is still the all-time best selling program on self-mastery. To order this Best-Seller or his newest release, *The Platinum Collection* and to subscribe to the free Denis Waitley Weekly E-zine visit his website here: DenisWaitley.com

---

AUDIO

MOTIVATION | PSYCHOLOGY | PERSONAL GROWTH | SKILLS

The Psychology of Winning in the 21st Century

These audio programs, selected from Module 3 of the $249, 18 CD Platinum Collection specifically designed to enhance the three major areas of your life in the 21st century - Health, Wealth and Learning, are a combination of Denis live at Caesar's Palace in Las Vegas, Nevada and studio voice over recordings.

by **Dr. Denis Waitley**

approximately four hours of audio in downloadable MP3

Disc 1-The Psychology of Winning for the 21st Century

- Change is the Rule 31:57
- Free Agent World 31:45

Disc 2-The Psychology of Winning for the 21st Century (Cont.)

- Value is Inside 20:43
- Motivation by Desire 28:11

Disc 3-The Psychology of Winning for the 21st Century (Cont.)

- Knowledge & Determination 31:22
- Virtual Becomes Reality 30:32

Disc 4-The Psychology of Winning for the 21st Century (Cont.)

- Optimism is the Key 21:28
- Empowerment & Passion 9:38

ATTACHMENT

INFORM | INVOLVE | INSPIRE

The (Free-Agent) Declaration of Independence

What it means to be a free agent in an increasingly free-agent world.

by **Daniel H. Pink, Michael Warsaw**

493 words | 3 pages

This is the article Dr. Denis Waitley reads on **Disc 1-The Psychology of Winning for the 21st Century** Free Agent World. It originally appeared in *Fast Company* magazine, Issue 12, December 1997/January 1998.