

# Wall Street Finally Figures it Out

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In the last few years Wall Street has finally figured out what we have known for years that MLM companies have some tremendous advantages over traditional businesses.

This is good news to those who participate in the network marketing industry. What's the good news? Some of the world's most successful investment firms have purchased well-established network marketing companies for enormous sums. Why? Because they understand the value of a good investment. Who are these investors and what companies are they buying?

In September 2002, Warren Buffett, CEO of multi-billion dollar strong Berkshire Hathaway and the second richest man in the world, purchased Pampered Chef for \$1.5 billion. According to Fortune Magazine, Buffett purchased Pampered Chef because it has no debt, high profit margins, a gung-ho management team, and world markets to conquer.

Then in May 2004, Ripplewood Holdings L.L.C. and Activated Holdings LLC acquired ownership of Shaklee Corporation for approximately \$310 million. Activated Holdings was so excited about their investment of Shaklee that their managing partner Roger Barnett moved from New York to San Francisco to run the company.

Barnett researched the industry and spent hundreds of hours talking to leaders and owners of 75 network marketing companies, and decided buying Shaklee was the best long-term investment he could make. He believes the network marketing business model is the greatest business model ever invented. He also believes it will grow more in the next 10 years, than in its entire history combined.

Barnett cites four major reasons for his enthusiasm toward Direct Sales:

1. The network marketing business model has passed the acid test and is here to stay.
2. Network marketing does well in every economic cycle.
3. It has the potential of creating perpetual accelerating momentum.
4. Entrepreneurs and savvy business people around the globe are discovering the genius of this business model.

These investment firms are finding out what network marketing professionals knew all along. These companies give people a chance to go out and not only sell a product, but instruct customers on how to use the product and offer support to their customers.

And what does this interaction between salesperson and customer mean to owner like Buffett and Barnett? It means they get instant and constructive feedback on their products.

They can easily access information about their customer base, can find out what works and what doesn't as well as the value and efficiency of the products themselves. As financial investments, these companies have much going for them. It is clear that network marketing companies can appreciate significantly with time.

Publicly traded NWM companies have also become more valuable. Recently, when NWM companies go public, their stock sales have skyrocketed. Whereas, in the past, companies that went public normally would be forced to buy back their stock and re-privatize the company.

The Direct Sales industry continues to gain public notoriety as Pampered Chef and Shaklee join 15 other public NWM companies now on Wall Street. These companies clearly enjoy the best of both worlds, public mainstream businesses, with the control and support that only network marketing companies can provide.