

Part 1.

Situations.

The following are situations based on the DSA Code of Ethics.

They represent situations you may face while running your direct selling business. Respond to them based on how you would most likely react in each situation.

Situation 1 You host a home party. Several friends and family members, including your sister, attend. Everyone seems to have a good time, and you exceed your sales goals. The next day your sister calls and tells you she wants to cancel an order she placed at the party. What should you do?

A. The DSA Code of Ethics ensures the customer's right to cancel without any specific reason within a specified number of days. Tell your customer she has X number of days to return the product. (Verify the number of days with your Company or local DSA)

Situation 2 You know that the number of recruits you have (downlines) increases your overall earnings. You speak to a potential recruit, who is somewhat interested in the earnings opportunity. This recruit is eager to earn "big" dollars and, as such, you want the potential recruit to become a member of your downline. You tell the recruit that he will be able to purchase a vacation home during the first year with his earnings. Have you violated the DSA Code of Ethics?

Why or why not?

A. Yes, you most likely have. The DSA Code of Ethics states that neither you nor your Company can misrepresent potential sales or earnings. Any earnings or sales representations made shall be based upon documented facts. You must have facts to support your statements.

Situation 3 You are hosting a home party and are hopeful to recruit some participants into your downline. You have been very successful with your business and have purchased a vacation home with your earnings. You are eager to share the business opportunity with your friends. What can you say as part of your sales pitch?

A. You can tell the attendees at the party how much you earned during the prior year as long as this information is documented. Don't exaggerate and don't say anything that might be misleading.

Situation 4 You are a Direct Seller for XYZ Company. After 7 months of trying to meet your sales goals, you realize you simply are not meant for this line of work; you simply are not a salesperson. You decide to notify your company to terminate your relationship. You ask the Company if it will buy back the inventory you have. How would you expect the Company to respond?

A. Based on your request, in writing to the Company, the Company will buy back any unsold, re-saleable products purchased within the previous twelve months. The Company will refund the original net purchase price less a handling charge of up to 10%.

Situation 5 Your Company sells a nutritional supplement line. You have a customer who has been taking your supplements and found that while everyone in his family contracted the swine flu, he did not. He attributes his health to your nutritional line. What a great selling point, you think to yourself. I'm going to let all my customers know that my products prevent the swine flu. Just imagine how much my sales will increase. Is your product testimonial acceptable?

A. No, your testimonial is unproven. The DSA Code of Ethics states that Direct Sellers may not use any product claims that are unauthorized, untrue, obsolete or otherwise inappropriate, or misleading.

Situation 6 You produce sales training aids and are preparing for a sales meeting. Your sales aids have not been approved by the Company. However, you are confident the Company will approve the sales aids, but just not in time for your sales meeting. Should you sell these sales aids to the attendees at your sales meeting knowing they have not yet been approved?

A. No, you should not sell these sales aids. It is against the DSA Code of Ethics to sell any unauthorized sales aids or training materials. Your Company must approve your sales aids before you can present them to your downline.

Situation 7 You are in the middle of a scheduled call at a customer's home. She abruptly must take a phone call and asks you to reschedule the appointment. What should you do?

A. You should discontinue the sales pitch as requested. The DSA Code of Ethics requires that direct sellers discontinue demonstrations and sales presentations immediately upon the request of the consumer. Contact with consumers should only be initiated during reasonable hours and in a reasonable manner.

Part 2.

Q&A.

The following are Q&A's based on the DSA Code of Ethics.

They represent situations you may face while running your direct selling business. Respond to them based on how you would most likely react in each situation.

Q1. Are Direct Selling Companies required to comply with the DSA Code of Ethics?

A. Yes, Companies that are members of the Direct Selling Association pledge to adopt, enforce and publicize the DSA Code of Ethics.

Q2. Am I, as a direct seller, required to comply with the DSA Code of Ethics?

A. Direct sellers are indirectly bound by the DSA Code of Ethics. They are required by the DSA member company to adhere to the DSA Code of Ethics.

Q3. What is the first thing I should do if I have a complaint about a DSA member Company?

A. Register your complaint directly with the company in writing. Include the following information:

- The date and details of the incident
- The individuals/parties involved
- Details of the situation/Identify the DSA Code of Ethics violation (if possible)
- Quantity and cost of product, and if relevant, include invoices or other supporting documents
- Efforts you have made to resolve the matter
- Any responses the other individuals/parties have made to resolve the matter
- The current status of the complaint
- How you would like to see the complaint resolved or remedied

Q4. What should I do if I filed a complaint with the Company and the complaint was not resolved?

A. Contact the DSA Code Administrator and provide him/her with a description of your complaint in writing. Provide the same information you provided to your Company when you initially filed the complaint. Consult your country's DSA for the Code Administrator's contact information.

Q5. Is pricing always required when products are being explained and/or demonstrated?

A. Yes, pricing is always required. Other elements are required if applicable. These include: credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after sales service and delivery dates.

Q6. Can Direct Sellers make verbal product claims?

A. Yes, if the product claims are consistent with the Company's.

Q7. Are Companies or Direct Sellers allowed to compare their business opportunity or products with those of other companies?

A. Companies and Direct Sellers must not use false or misleading comparisons. Companies and Direct Sellers may not unfairly attack the reputation of other companies.

Q8. How do I communicate the "right to cancel" policy to my customers?

A. Make sure the policy is provided to the consumer in writing. The DSA Code of Ethics states: "Companies and Direct Sellers offering a right of return, whether conditioned upon certain events or whether unconditioned, shall provide it in writing."

Q9. What does the Company promise to me, its Direct Seller?

- A.**
1. Companies will not misrepresent the advantages of the opportunity.
 2. Companies will provide relevant data to the Direct Seller.
 3. Companies must base all earnings claims upon documented facts.
 4. Companies must provide a written statement of the relationship.

Q10. How much inventory can Companies expect me to purchase?

A. Companies shall not require or encourage direct sellers to purchase unreasonably large amounts of product inventory.

Q11. What are Companies' obligations to other Direct Selling Association member Companies?

- A.**
1. Companies must act in the spirit of fair competition.
 2. Companies shall not solicit direct sellers of another company.