



## Quantum Leap International

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(Just found this, a bit outdated but interesting nevertheless .....)

Nikken Global Inc.

### Key Dates:

1975: Isamu Masuda founds the parent company in Fukuoka,

1985: Hong Kong operations are started.

1988: Firm expands into Taiwan.

1989: Company begins operating in the United States and

1996: North American operations move to Irvine, California,

Founded: 1975 as Nihon Kenko Zoushin Kenkyukai

NAIC: 42145 Medical, Dental, and Hospital Equipment and

SIC: 2834 Pharmaceutical Preparations

Nikken Global Inc. is one of the world's largest multilevel marketing (MLM) and health products firms, based on its annual sales of over \$1.5 billion. Its roots are in Japan, the world leader in the multilevel or network marketing industry, where one in eight homes have a Nikken wellness product.

Operating in about 38 nations in Asia, North America, and Europe, hundreds of thousands of independent distributors make Nikken the world leader in selling magnetic health products. Although magnets have a long history in healing, Nikken incorporates its magnets in several kinds of products, such as shoe inserts, flexible support wraps, clothing, water purification devices, sleep masks, mattresses, and other sleep products. It also sells nutritional supplements, massage products, pet care items, jewelry, skin care products, and clothing and other items made with ceramic-reflective fibers to maintain an ideal body temperature. Although Nikken is a large international firm expanding rapidly in the United States and elsewhere, little is available in American publications about this debt-free and well-managed company.

Some say that historic figures such as Aristotle, Cleopatra, and Galen, a famous physician of ancient history, used lodestones (magnetic rocks) for healing. The Chinese as far back as 2000 B.C. used magnetic stones, along with heat and acupuncture, to help the body correct unhealthy imbalances. Ancient Hindu scriptures, the Vedas, mentioned using stone instruments, probably lodestones, for treating disease. Medieval European doctors reported using magnets to cure gout, arthritis, baldness, depression, and some kinds of poisonings. Paracelsus, the famous physician born in 1493 in Switzerland, used magnets to treat many forms of illness, including epilepsy, diarrhea, and hemorrhage. In 1775 Franz Anton Mesmer wrote *On the Medicinal Uses of the Magnet* and became well-known for his concepts of animal magnetism and mesmerism, or hypnosis. In the 1800s, with the discoveries of the connections between electricity and magnetism, even more people used electrical or magnetic devices to treat the sick. Many people, however, considered such methods a hoax or quackery, so it was not surprising that most doctors opposed magnetic healing in the 20th century.

In 1973 Isamu Masuda, a desk clerk for a Japanese bus company, blamed his own poor health when his baby was born without ears. Masuda began using magnetic shoe inserts and in 1975 launched his firm Nihon Kenko Zoushin Kenkyukai in Fukuoka, Japan. He promoted his company on what he called the 'five pillars of health,' namely healthy body, mind, family, finances, and society. In its first four years, Nihon broke all previous records for a Japanese start-up firm.

Nikken had operated in at least six nations, including Japan, Hong Kong, and Taiwan, and had accumulated a total of at least \$5.5 billion in retail sales before deciding in April 1989 to start operations in the United States. Nikken U.S.A. Inc. began in a high-rise building in Westwood, California. Concentrating on the Asian markets of Los Angeles and New York City, the subsidiary did \$3 million in U.S. sales in 1989, but rapid expansion was forthcoming.

Nikken's American sales reached \$41 million in 1992, \$54 million in 1994, and \$135 million in 1995. However, it remained primarily a Japanese and Asian firm.

Nikken by the early 1990s developed a line of new products based on what it called in its product literature 'Far-Infrared Technology--The Newest Innovation in Warmth.' Far-Infrared used ceramic-reflective fibers that 'act like millions of tiny heat sponges that then reflect the warmth ... as deep heat. Excess heat is released into the atmosphere, so you'll experience exceptionally comfortable warmth that is continuously activated by your natural body temperature.'

In 1996 Nikken moved into its North American headquarters in Irvine, California, and later expanded to make Irvine the center of its global activities. Nikken in 1999 remained under the leadership of Chairman Isamu Masuda. Another key leader was Toshizo (Tom) Watanabe, who had earned a B.S. degree from Brandeis University, an MBA from Pepperdine University, and studied at Massachusetts Institute of Technology and Tokyo's Keio University. He joined Nikken in 1984 as its director of training, directed the formation of the U.S. subsidiary in 1989, in 1992 became president of Nikken, USA, oversaw the expansion of the firm into several other nations, and in January 1999 became president/CEO of Nikken's worldwide operations.

Like other network marketing firms, Nikken relies on its independent distributors to sell their products. John Kalench in 1998 started his Nikken business after promoting multilevel marketing as an author and speaker. In 1991 he had published *Being the Best You Can Be in MLM*, followed by *The Greatest Opportunity in the History of the World* in 1992 and *17 Secrets of the Master Prospectors* in 1994. Formed in 1987, Kalench's firm, *Millionaires in Motion*, was described by writer Ana McClellan as 'one of the world's premiere training and educational companies for the network marketing industry.'

Kalench's turning point came in 1994 when his son was born. He realized that his speaking engagements and other business activities left insufficient time for his wife and child. However, it was not until he recovered from a serious illness that he made the decision to join Nikken. In May 1998 he became a distributor and in just seven months reached the Diamond level, the fastest in Nikken's history, according to McClellan.

Kalench's use of modern technology illustrated how network marketers and other business leaders succeeded in the Information Age. 'Technology has become an instrumental force in building a successful network in the new millennium,' said Kalench in the McClellan article. 'We still use large events to bring the family, the unity, the camaraderie, for people to catch the big vision. However, it's technology that allows us to leverage the personal contacts that really make a difference in building an effective team. The Internet, teleconferencing, conference calls, three-way calls have transformed business in the 90s. In building my Nikken network, I've used video-conferencing extensively. ... I have a video-teleconferencing unit right in my home office that allows me to be in different cities. ... This is freedom.'

In the 1990's several athletes and even some sports teams used magnetic devices, including those from Nikken. For example, the Denver Broncos football team purchased Nikken mattresses. Nikken spokesmen included former Miami Dolphins Bob Kuechenberg, Jim Kiick, Nat Moore, and Don Nottingham, and also former St. Louis Cardinals outfielder John Morris and tennis champion Peter Fleming.

As the 20th century ended and after a long history of magnetism used for health purposes, users and scholars remained divided on the effectiveness of such products. Baylor College of Medicine conducted a double-blind study most often cited by advocates of magnetic healing. Baylor found that magnets provided some relief to 50 individuals with post-polio pain. In the Washington Post of April 19, 1999, Carlos Vallbona, M.D., said, 'Based on our study, there is no question on the efficacy of magnets for the control of pain in the population we studied,' but he cautioned that the study should be repeated before making any general conclusions. Dr. Vallbona and his coauthors also reported in their medical journal article that the 'safety of application of these electromagnetic fields is attested by the World Health Organization. ...'

J.T. Ryaby of Tempe, Arizona's OrthoLogic published a review article about the clinical uses of electromagnetism to heal fractures that began in the 1970s. A National Library of Medicine abstract stated that since the 1970s, 'several technologies have been developed and shown to promote healing in difficult to heal fractures.'

These medical studies did not test Nikken products, but still they added credibility to the whole field of magnetic therapy. With more research underway, the use of magnets for health was discussed at professional meetings, including the First World Congress on Magnetotherapy held in 1996 in London and the Bioelectromagnetic Society in Bologna, Italy, in 1997.

Nikken wisely avoided legal difficulties, with the FDA for example, by not claiming its magnets reduced pain and generally being quite careful in its product descriptions. When Nikken Vice-President Larry M. Proffit was interviewed for a 1996 article in the Los Angeles Times, he said, 'we have to be careful,' and thus the company usually shunned publicity. Since Nikken and its public relations firm declined to provide any information for this profile, that company policy to avoid media attention seemed to continue in 2000.

In spite of skepticism among some people, Nikken's future looked bright, as consumer demand seemed to be increasing for not only its magnets but also its other products. More competitors entered the field, and the whole area of alternative healing gained respectability. In addition, the economic opportunities from network marketing offered people new options as thousands lost their jobs from corporate layoffs.

#### Further Reading

Blum, Justin, 'Polarized Opinions; Magnets' Curing Power Debated,' Washington Post, April 19, 1999, p. B1.

Clark, Christopher, 'Magna-Pak Inc. Attracts Attention,' London Free Press, March 29, 1999, p. 3.

Czarnik, Stanley A., 'Electricity and Medicine in the 19th Century,' Popular Electronics, September 1992, pp. 58-62, 92.

Dorr, Dave, 'Do Magnets, Wristbands Ease Pain?' St. Louis Post-Dispatch, October 28, 1998, p. E1.

Hudson, Berkley, 'A Growing Attraction to a New Field,' Los Angeles Times, July 8, 1996, p. E1.