

MLM Business Opportunities: Which are legitimate and truly profitable?

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**MLM Business Opportunities: Which are legitimate and truly profitable?**

**By Debbi A. Ballard**

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THE MOST IMPORTANT DECISION  
YOU WILL EVER MAKE  
IN YOUR MLM BUSINESS

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The one decision that can make or break your MLM/network marketing business is this?

**PICKING THE RIGHT COMPANY.**

Time and again, I see networkers who work hard (and smart in many ways) but they're frustrated because they are NOT achieving their goals. When I speak with them about the amount of due diligence (?homework?) they did in researching the company and evaluating their own priorities in what they wanted in an opportunity and what they wished to achieve, I often discover that there was little research done. What resulted was?

**THEY ENDED UP PICKING THE WRONG COMPANY!**

What do I mean by this? How do you know that you've picked the wrong company?

You know you've picked the wrong company when you?

1) Feel little or no passion about your product offering. In fact, you've never bothered to learn more about the products other than brief descriptions your company may have supplied in brochures. People who have a passion for their products are eager to learn everything they can about the development,

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benefits and features of the products. They learn what competitive edge the products have in comparison to similar products on the market. They want to share the news about the products because, first and foremost, they have a genuine belief in them. In addition, they know that knowledge is power in the sales process. When you have inquisitive customers, you'll know how to respond so that sales won't be lost.

Time and again, when I speak with leaders in various MLM companies, they are people who are extremely passionate and knowledgeable about their products. Don't ever let anyone tell you that in this competitive environment, consumers buy all products and services based strictly on emotions. Think about it. Is that how you make all your purchasing decisions? It simply is not true.

2) You have few or no retail customers. This results when the passion for your products is just not

there. It also results when a company promotes its opportunity to you as building volume by "just buying products for yourself each month and getting others to do the same." This is nonsense and has been extremely harmful to the networking community. This type of promotion puts the company AND its distributors in legal jeopardy.

Understand that regulators look at retail sales as the most important factor in evaluating the legitimacy of a network marketing company. Are you going to succeed with a company that may not be on firm legal ground because it diminishes the importance of retail sales? Do you even want to associate with such a firm? This leads to the next issue.

3) Your company has unresolved legal challenges. MLM companies fall under an array of legal requirements at the federal and state levels. If you are working with a company that has had past legal challenges, you should check to see that they have been resolved. If your company is facing current legal challenges, keep informed. The company should be willing to respond to your questions and/or concerns. You should also try to find out if there are any serious legal challenges against the firm's principals that could affect the company and your endeavor. Unfortunately, we have had some individuals who had engaged in unethical and/or illegal activity in an MLM endeavor, and who had gotten stopped by a regulator only to resurface years later to manage an MLM endeavor in the same unsavory manner.

An astute MLM company will address legal issues with its distributors to help them stay within ethical and legal guidelines. The best way is to educate distributors through training programs and support tools (books, tapes, etc.). Remember that you are running a business and also need to be informed of these issues since you, too, are held accountable to government authorities for your networking business.

It is important to be aware of the fact that there have been legitimate charges made against networking companies and certain distributors BUT there have also been claims made by regulators who totally misinterpreted the compensation plan or their own states' statutes. Also, as you probably know, because of the high costs of prolonged litigation, an innocent company may sign off on an agreement just to avoid these expenses. It is extremely important that your MLM company has legal counsel knowledgeable about our industry. (Typically an attorney who specializes in our industry is preferable,

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particularly when it comes to scrutinizing compensation plans, policies and procedures, and networker agreements.) It is wise to ask management the name of the legal counsel being utilized to advise the company. Then check up on the firm's knowledge, experience and reputation.

**HENCE, BE CAREFUL NOT TO PREMATURELY JUDGE A COMPANY 'GUILTY' WHEN IT IS UNDERGOING LEGAL CHALLENGES. HOWEVER, DON'T WORK A COMPANY'S PROGRAM IF IT IS IN BLATANT VIOLATION OF FEDERAL AND/OR STATE LAWS. (For example, you certainly don't ever want to be accused of promoting a pyramid.)**

4) Your goals are not being met in relation to the time, effort and monies being expended. If you are working hard and you find that you are creating a retail base and a productive downline sales force yet you are constantly disgusted at the low bonus checks and little retail profits, you may have picked a company with a dysfunctional compensation plan. These are plans that are not balanced. They do not fairly compensate distributors at various ranks in the program.

Don't be unrealistic and expect to make large sums of monies quickly. Any business takes time to build. However, you still must take into account the length of time you've been in the business, how

many hours you put in each week, if you are using effective strategies and tactics, etc. to evaluate if you are going somewhere OR on the fast track to nowhere. Only by doing this will you know if your goals aren't being met because of YOU or because of inherent problems in the company's comp plan and/or other weaknesses in the program and/or its administration.

These could relate to poor customer/distributor services, not getting product in a timely manner, erroneous bonus checks due to poor data processing systems, lack of substantive training programs, etc. If you are involved with a new company give them some leeway since all new companies have some 'growing pains.' The need is to distinguish between what many would consider to be normal 'growing pains' versus outright inadequate planning and poor management.

5) No one seems to really care about your success or failure. Management of a network marketing company has a responsibility to respond to its distributors. You may not always agree with their answers, but you have a right to a response. A neglected distributor force is one who often sees management up on stage encouraging the sales troops at conventions but other than that, they only seem to have the time of day for what they consider 'key' people in the upper echelons of the sales force. Often this signals weak management. They do not understand that there will be NO leaders if the rest of the team feels disenfranchised and high drop out rates ensue resulting in overall volume decreasing.

A great network marketing company will always seek out ways to recognize the success of people at various ranks. Success is all relative to the resources one has in starting any endeavor and one's own personal goals. Hence, a person at a lower rank who has started with no resources (few contacts, no extra monies, no business background) but is creating a solid distributorship could be considered far more successful than someone at a higher rank who started with a lot of resources and never came close to producing what could have been done in capitalizing on those resources. A company that only recognizes the highest income earners demoralizes the rest of the sales force.

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How else does the company show its cares?

It does this by providing ongoing substantive training, excellent support systems (online and offline) such as quality customer/distributor services, fulfillment, marketing and promotional systems along with support tools (books, tapes, etc.). If there are any major voids in these areas, such as erroneous or consistently late bonus checks or continuous back orders on products, you need to be alert.

This article addresses some of the major factors you should consider in determining if you picked the right MLM business opportunity. There are others.

You'll discover what else to look for along with additional critical information as a subscriber to the premier e-newsletter (free!) for the MLM industry, MyNetBrief?. See information below for how to subscribe.

Best wishes in your MLM endeavors!

Debbi A. Ballard is president of INLC (International Network Liaison Corporation), an international consulting firm for the network marketing industry. She is also president of the Professional Association for Network Marketing ([www.panm.org](http://www.panm.org)), a nonprofit trade association for the MLM industry. An expert witness in court cases, she is known for her research, consulting, powerful presentations and revealing articles. She has also been recognized for her volunteer work on behalf of the industry.

Her special report on MLM compensation plans,

“SIXTY Things You Should Know about MLM Compensation Plans?”

contains shocking information never before disclosed.

Find out how you could be losing monies because of what you don't know about your comp plan. See if you may be putting yourself in legal jeopardy. Don't be without this report no matter what your position is in the industry. This document is based on twenty years of research and actual plan development work for MLM companies by Debbi.

Click now to [www.mlmcompensationplans.com](http://www.mlmcompensationplans.com) for information.

At that website, you can also sign up for the free e-newsletter edited by Debbi, MyNetBrief?. This publication gives you strategies, research reports and news relevant to your MLM business. You can find Debbi's extensive credentials there as well.

Should you wish to contact Debbi about reprinting this article on your website, you may do so by emailing her at [inlc7@cs.com](mailto:inlc7@cs.com).

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## **Is Your MLM About To Go Bankrupt and Leave You Flat?**

**By Ted Riley**

### Introduction

Investing in a legitimate MLM is probably the best way to ensure that your MLM is not going to go bankrupt on you. This is not always an easy thing to ascertain even when you have access to detailed information about the multilevel marketing company you have invested your time and money in. Even the best of them has had problems with regulatory bodies and litigation so the best idea is to explore the legality, legitimacy and financial stability of the MLM in question.

### Separating the Good from the Bad

There are several ways to find out whether an MLM company is based on a scam or not. Most of the multi level marketing companies out there do try to operate on a legitimate MLM principle but the problem is that regulations that govern this alter a lot from state to state and country to country. Each American state has no fewer than fifty statutes in place to keep the scams at bay but the scams keep coming and legitimate MLM operators are often shut down in the bargain.

The things that separate a legitimate MLM from a scam are quite simple and are things that you should look at closely when you are starting your own business whether it is a home business or one of the many other small business opportunities that are out there.

### Upfront Costs

The first thing that you should look at is if the product or service you will be providing is being provided for a reasonable price. Many multilevel marketing companies operate solely on the principle of charging way too much for what they provide knowing they will go bust from the start usually forming the company on the backs of the work at home investor who inevitably gets it in the teeth.

There should also be no or little investment other than the purchase of the sales kit or demo materials to get you started and this should be provided at or near the company's cost. You will also want to be able to become a sales rep without having to buy thousands of dollars worth of inventory. This is a sure fire way to separate a scam from a legitimate MLM.

### Avoid Pyramid Schemes

The idea of the pyramid scheme is what has given the multilevel marketing industry a bad name and it is these operators that are most likely to go bankrupt and take your money with them. So it is important to make sure that there is actually a product to sell and not just getting more people to come on board. This is also illegal and ignorance of the law is no defence, even in America.

### Examine the Compensation Plan

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Another way to separate the scams from the good work at home or small business opportunities is to look at the compensation plans provided by the multilevel marketing operator. If they are promising anything like sixty percent or more for the first few cycles, run a mile because they are going to go bust in the very near future and they will not provide anything then!

### Do They Offer Training?

The subject of training is a pretty good indicator of exactly what sort of multilevel marketing company it is. A legitimate MLM will want the people in the company to be able to sell the products and recruit more people to do that so it is in their best interest and a financially sensible thing to provide training to every person who wants to be involved in their multilevel marketing venture.

### Conclusion

The variety of multilevel marketing scams is astounding and the people who run them are very inventive. So much so that as soon as the government recognizes them as not being a legitimate MLM they will start up another multilevel marketing company that runs on a slightly altered idea. So when you are choosing a work at home or any other type of small business opportunity to invest your time or money in be very careful and do your homework.

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Ted Riley is an entrepreneur and educator interested in teaching others on the benefits and rewards of having your own home business. He writes frequently for the web site "A Grandmother's Business", a web site dedicated to the needs and requirements of the mature woman entrepreneur and job-seeker. To see more articles like this visit:

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Ted Riley is also the managing editor for

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consumers and small business entrepreneurs useful articles that are thought-provoking, timely, and informative.

Is Your MLM About To Go Bankrupt and Leave You Flat?

Some Reasons Why You Should Choose Working At Home Business Opportunities Offered By MLM?

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