

MLM

Because so many people join MLMs (multi-level marketing networks) without truly understanding this marketing concept, many people lose money unnecessarily. The first step in deciding whether or not to sign up with an MLM is to decide if the company is a legitimate MLM and not a pyramid in disguise. This concept was discussed in another "Business Tips" article I wrote last year. For a copy of that article, email me at the address below and I will gladly forward a copy of the article.

After determining the legitimacy of the MLM, the potential representative should look at her reasons for investigating the MLM opportunity. At first glance, we find the initial reasons tend to be fairly emotional. If you are trying to get rich quick, perhaps the lottery would give better odds. Network marketing takes real work to be successful. One of the most important reasons to join a legitimate MLM is you like the products. Imagine joining Discovery Toys if you don't like children at all. Of course if you like the product, the best advantage is purchasing the products at a discount. A friend of mine always used to say, "Why pay retail, when you can pay wholesale?"

Beyond emotion, evaluating the opportunity requires scrutiny of the opportunity and the company. First, look at the product; is it consumable? This will require the customer to make repeated purchases. Keeping a current customer is much easier than finding a new one. Is the product a quality product? This answer must be "YES!" If it is not, how can you put your good name behind the product?

Now, let's look at the company itself. Does the company offer to repurchase your products at 90% of the purchase cost? This is a major requirement for the company to be a member of the Direct Selling Association, the leading trade association for MLM companies. Does the company have a long track record? If not, it's okay. Every successful company started somewhere. Perhaps you are truly finding that "ground floor opportunity."

Finally, logically investigate the marketing plan. Is the profit margin at least 35%? This is the least I would recommend a client expect to profit from the sales of the product. If maintaining an inventory is expected, the parent company should give the representative a 50% profit margin. Are annual, quarterly, or monthly sales minimums required? On one hand this can be good... it keeps out those who simply want to buy their products at a discount; on the other hand, if those minimums are hard to meet, the representative can get discouraged quickly and quit.

Don't be dazzled by the diamonds. Instead, make the decision to start an MLM business with logic. I can assure you the people winning the fancy cars and beautiful jewelry have worked hard to get them. It won't happen overnight. And don't forget, the only place we find *success* before *work* is in the dictionary.

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