


Special Report

**Collaborative
MLM**

Why? How? Now?

**By
Bob Thompson**

MLM Friends Platinum Club
www.mlm-friends.com



Collaborative MLM Why? How? Now?

By



Bob Thompson MCIPS MILT

Founder, MLM Friends Platinum Club

"If we collectively fail to consider the current MLM Business Landscape as well as potential opportunities for MLM improvement, be it through the collaboration of Network Marketers or by any other means then the high probability for ongoing mediocre MLM business performance and limited wealth generation for the masses is all but assured" - Bob Thompson

A Word from the Author

My name is Bob Thompson and like you I'm a Network Marketer!

I first came across MLM way back in 1991, after coming into contact with someone who promoted L'Arôme.

Now I didn't really like the idea of selling Perfume, but I did fall in love with the concept of making money through Multi-Level Marketing/Network Marketing!

From 1991 through to 1998 I built several Networks with LifePlus, LifeForce International and for a short time Exel Telecommunications; however Exel pulled out of the UK Telecoms market due to deregulation and intense competition.

Over those 7 years I gleaned lots of information and experience about MLM in the old traditional 'offline' style; and then... in December 1998, I logged onto the Internet for the first time.

WOW! What a time that was! Very exciting with new things to learn...

And learn I did, until I was offered the chance to become a Trainer for a new US Marketing Company called Debt to Freedom.

Debt to Freedom was one of a new breed of online Universities and business opportunities...

However, what I became aware of was a mass increase in different business opportunities, high levels of attrition and business failure for many people. I met people from all over the World who were struggling and I wanted to help change this.

So in 2004, I turned my back on promoting MLM online and instead devoted my time to consider other ways ALL OF US can make MLM more efficient and profitable for each other - and still using the speed, low cost and reach of the Internet.

This Special Report brings you the results of that work and unveils to you a refreshing new methodology called MLM Collaboration. In addition we'll be unveiling exactly how all of us can use 'Collaborative MLM' to make more money.

So wherever you come from, and regardless of which MLM or Matrix type business you promote today, please enjoy the journey.

Thank you for reading and kind regards



Bob Thompson
Founder, MLM Friends Platinum Club

Part One: Why?

Introduction

As I write this, Christmas 2009 is approaching. Just one more week before the Kids' are out of School and the real countdown to Christmas begins.

It's at this time that many people are looking to buy their Family and Friends lovely Presents; but it is also a time of worry.

For most people, money is not an infinite commodity.

It doesn't grow on trees!

In addition, the recent Credit Crunch has limited the supply of money even further; and the dreaded Tax Man is planning on how to get even more of your money to pay off the Nation's Debt and pay for services!

So what now?

Do you go blindly on, hoping that you'll keep your job; or maybe get the deserved promotion?

With millions unemployed and recruitment drying up it really is time to think about an alternative second or even primary income...

But what could that be?

With limited money in the bank and potentially not the levels of experience to set up a Franchise or start a traditional Bricks and Mortar Business how many real opportunities exist?

However, there's always the Internet!

Maybe you could become an Affiliate and sell other people's products?

Maybe you could develop your own online product and sell that?

Or maybe you could consider MLM, a.k.a. Multi level Marketing or Network Marketing?

After all, it requires only a minimal start up and you could be in business in a matter of hours...

Yes, MLM sounds a good, safe bet, doesn't it?

OK, you've got me, I'm in...

Let's start a MLM Home Business.

Come on, let's go!

If Only!

If only I had a large downline...

If only my downline would buy product...

If only my downline would sign up to autoship...

If only my downline would duplicate...

If only I could Sponsor just one heavy hitter...

If only my monthly residual income check was \$10,000 a month...

If only I could stop losing money...

Oooohhhhh, if only!

How many MLM Distributors and Families are wishing 'if only' each day, just to be disappointed once more on commission payment day?

Just stop and think about the reality of this?

There are over 30 million people around the World engaged in MLM, Network Marketing and Matrix type business of some sorts, and 90% of them are running 'failing' home businesses.

That's 27 million people thinking 'if only'...

But hey... how difficult can it be to sign up, buy a few products and send out some email ads for others to do the same?

Yes! Yes!

If only it was that easy.

If only everything in life was that easy.

You'd think it would be wouldn't you?

Especially as so many people actually want to be in the Industry and want to make money?

So where and why does it all go wrong?

Why are so many people struggling? - I hear you ask!

What's so obvious yet overlooked?

Why aren't people able to Sponsor?

Why aren't people ordering product?

Why is attrition so high?

Why don't people read email and other ads any more?

Why aren't free members upgrading?

Why is no one signing up to autoship?

Why does everyone expect someone else to do something first?

What are people not doing?

I'm sure you're sitting at home wondering about these self same questions searching for answers, searching for the secret key that can turn your MLM fortunes around.

Mmm?

Is MLM Pyramid Selling?

So what is MLM?

Is it pyramid selling?

Is it legal?

Is it worth time and money investment?

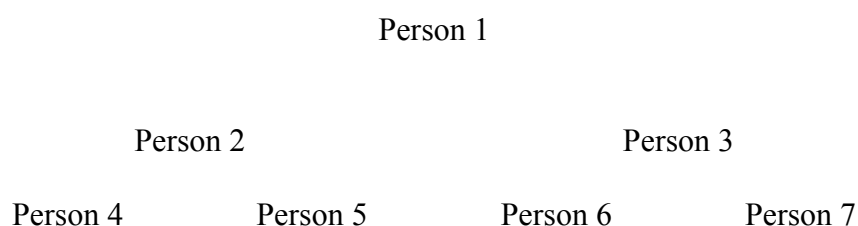
Ask anyone what MLM is and they'll give you the stock answer...

MLM is a Business Model that allows you to set yourself up as a Distributor (i.e. a Sole Trader) and sell products and services which are made available by the Home Office. For each product you sell you are paid a commission.

More importantly, the MLM business model allows you to sponsor/recruit other people who also sell products and you get paid a commission on the sale of those products too.

Now don't get distracted by the words 'pyramid selling.'

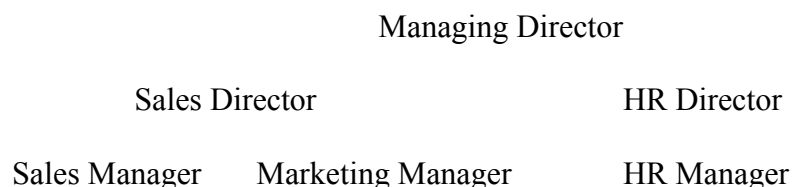
Yes a MLM downline start at the top, gathering more people as more are sponsored, for example:



And so it goes on, down potentially unlimited levels...

Some people might be very negative to this type of business model or organisation, but is it really so different from the day job?

Just look at a normal Corporate Structure, only this time substitute People for Roles:



Interestingly enough, just as in the Corporate World the people at the top of the pyramid earn more money than those at the bottom...

That's definitely true of the Corporate World, but is it true of MLM?

Mmm?

Now that's an interesting question...

And the answer is?

That depends on the effort people put in and the results they get...

In other words if you get MLM right then it can be a big pay day... but get it wrong and it can be a real nightmare.!

That's it...

This is what MLM is all about... find a product you like and then go and sell it... better still, go and sell it online because there you'll have over 1 billion potential customers or clients... and then find a bunch of others who want to stay with you for the long term...

Well that's the theory!

Some Usual MLM Results

We shouldn't ever be blinded by the rah-rah that Home Offices wheel out alongside the glitzy magazines and pictures of wealthy individuals...

You see, for us as Distributors, MLM is a BUSINESS and we need to treat it as such!

That said, there is a huge debate about the validity of Multi Level Marketing.

Some people see MLM as a scam, citing the fact that there aren't enough people in the World to ensure everyone has the chance to maximise their earnings...

Others cite major inefficiencies in the process of downline building, especially online business building, which include the following issues:

- 'I don't know where to advertise'
- 'I don't know how to convert my prospects to paid Membership'
- 'My prospects don't remain in my downline' and 'My downline don't sign up to autoship'
- 'My prospects don't buy product after joining'
- 'I'm spending more money than I earn'
- 'It's taking too long to find prospects'
- 'My sponsor is ignoring me'
- 'I don't get any relevant training'
- 'My downline never do as I do'

Unfortunately, many comments we see about MLM are based on some level of fact; and the issues cited above will likely be uppermost in the minds of MILLIONS of Network Marketers.

In addition, there are people who cite some disturbing statistics about MLM...

Just look at these **interesting statistics**... figures for one major MLM Business Opportunity, name is withheld, but the source is: <http://www.sequenceinc.com>.

Look what 'sequenceinc.com' has said about one particular MLM Opportunity:



The top 1% (0.77% or 1 out of each 130) received 65% of all the commissions. These commissions came out of the pockets of those at the bottom.



The bottom 91% of the entire sales force, received no company payments at all!



Of the 9% who did receive a commission check, the bottom 99% of them earned on average only \$59 a week, before product costs and all business expenses.



The average income of the bottom 99% of all distributors was \$3.75 a week before all product costs and business expenses.

Now, these statistics may be right, or they might be wrong... (you know what they say about statistics!)

Whichever is really immaterial!

But, there will be many people who argue that these numbers are right and that MLM isn't working for the very people it's designed to work for.

In fact, if you surf online it won't take you long to find a statement like this:

“Over 95% of Network Marketers are failing to achieve the success they're looking for.”

Not only is this really bad for 95% of people living with this, the entire situation is creating a massive wave of waste...

Wasted effort and wasted money!

Just look...

The Financial Cost of MLM

We make a big thing about how little it costs to get started in MLM – and of course, compared to a Franchise or Brick & Mortar Business it really is far less costly and risky.

But let's not confuse start up costs with lifetime costs... in fact as we shall see, should you get MLM wrong, it can end up being a very costly mistake for you and most others too.

Now, it's well known that MLM attrition sits at around 80% and that Home Business failure currently stands at over 90%, but what does that really mean for you the Distributor?

What is the effect on your pocket in terms of real cash made or lost?

Let's look at a very typical scenario.

Too often, people who only make a little money, continue to promote their business in the hope that things turn around. Then when it doesn't, they jump ship and start all over again. The important thing to note is that people don't dip their toe in the water for a few weeks and then get out, there are many Network Marketers who operate like this for years...

Now just see how much of a major liability it could be...

Imagine you join a MLM, Network Marketing or Matrix type business and that you buy your Products for \$40 a month; these products are highly consumable and very beneficial and you're very happy to continue to buy these products at least for the next 12 months... actually as a committed and motivated Network Marketer, you're likely to remain with this business for 3 years because that's what you've been advised to do by others...

So... let's assume a 3 year timeline.

Your cost base is \$40 of products x 36 months = \$1,440

You've budgeted \$40 advertising x 36 months = \$1,440

You've calculated that you'll need to spend 10 hours a week building your business, and you value your time at \$15 an hour. In total that's \$150 a week x 4 x 36 = \$21,600

This shows that in this scenario before you do anything else you're going to spend the following over the next 3 years:

On Product	\$1,440
On Ads	\$1,440
Your Time	\$21,600
Total	\$24,480

Now that's a total cost which of \$24,480 over the next 3 years or \$680 a month.

Now you might want to know why we cost in time... simple, time is an opportunity cost; in other words you could choose to do MLM or you could choose to do something else!

(For example, if you got a part time job paying you \$10 an hour x 4 hours a day, the opportunity cost of getting a job would be 4 hours a day x \$10 = \$40 x 3 days a week = \$120 or \$480 a month)...

Now, based on the above, to make your MLM Business break even you would need to earn \$680 a month just to break even/stand still otherwise it might be more worthwhile to swap less of your time for a guaranteed income.

Now earlier, we cited a web site that said that most people at the bottom of one particular MLM Opportunity only earned \$15 a month!

Mmm!

That's a net loss of \$665 a month compared to a potential part time job with a take home of \$480 cash (less tax and insurance) as per the example above where you swap your time for somebody's wage.

That said if you can make \$1,000 a month for just 1 hours work a day then that would be far more attractive than working 4 hours a day, 3 times a week for a pittance.

In the cold light of day, when you look at MLM like this, you realise that it's an attractive proposition – where no one can actually afford to continue being unprofitable month after month...

No one can afford to continue in MLM with loses like these.

However, people endure these loses because the opportunity when you get it right is awesome!

Now we've seen the loss at an individual level, how does that translate across the Industry, bear in mind there are over 30 million people engaged in MLM around the World today?

Have you ever considered how much waste and inefficiency many people are contributing to, just because there desire to make MLM pay is huge?

As we'll see shortly the numbers are staggering...

Yes frightening...

The Global Cost of Waste and Inefficiency

In the last Chapter we've assumed that each Distributor buys \$40 of product each month... (in reality many spend \$100 or more).

...and they are likely to expend 10 hours a week building their business...

...and they are likely to buy \$100 dollars worth of advertising a month...

This all adds up to a mighty value of \$24,480 per Distributor over 3 years... and... as these are not unreasonable costs, it doesn't really matter if people jump from one opportunity to another, they're roughly the same.

Bear in mind that the majority of Network Marketers are also likely to earn around \$60 a month or less in residual income.

Now, turn this on its head and look at it from another perspective.

The Home office is going to pretty much get for minimal investment \$24,480 worth of exposure, effort and cash for every Distributor they have on their books.

Now this is huge!

And it's cash that they don't have to spend out up front as a Business!

Just look at the total value they're getting...

Assume that an average MLM Organisation has 10,000 Members...

Firstly, the MLM Business is going to get about \$8,160 worth of value (your time and money) each year; now times that by 10,000...

This comes to a huge \$81.6 million of value annually.

If you took out the cost of Distributor time this figure would now be \$960 of product purchases and advertising per Distributor x 10,000 Members which is \$9.6 million of value.

Are you still with me?

Now, let's look at the dynamics of business waste e.g. through poor processes and the like...

If 50% of the Distributor base (in this example, we said 10,000 divided by 50% = 5,000) never earned any residual income then they would each be wasting \$24,480 over 3 years; which is \$8,160 per year.

Take out time, that's \$960 x 5000 people which equals \$4.8 million of wasted time and effort (because there is no income to offset the cost); in just this one example.

That's right you see correctly...

\$4.8 million in wasted product purchases and advertising, assuming that people are buying product to remain qualified to earn commissions... which of course they don't get!!

But there's worse to come...

If you now include the value of time then the magnitude of the waste borne collectively would be \$8,160 x 5000 people, which is now a phenomenal \$40.8 million – that's \$40.8 million of time and money invested by 5000 people who earn nothing... (let's part the reasons why they earn nothing for the moment)...

How scary is that?

Now... we aren't finished yet!

So far, we've only looked at the value of time and money for 10,000 people promoting just one MLM Business.

Imagine how big the numbers are for 30 million people supporting over 500 different MLM opportunities?

Let's do the sums...

30 million people investing \$960 a year excluding time = \$28.8 billion of product purchases and advertising, that's based on just \$40 of product each month and \$100 of advertising.

Oh my god!!!

Assume just 50% of those 30 million people make no money then over \$14 billion is invested by those people who get NOTHING BACK!

Imagine 15 million people spending 10 hours a week...

Do you realise that this equals 150 million hours of wasted effort every week...

This totals 1,180 million hours of wasted effort... every year...!!!

Now that's truly frightening.

These numbers are huge... beyond normal comprehension...

However, let's be clear... the time and money we spend on advertising and building our business is our choice...

And in most cases the revenue collected from product purchases is rolled up and paid out to qualified Distributors!

Which leads us, to a number of extremely, important questions...

1. How can we reduce the amount of time needed to build an effective MLM Business?
2. How can we become qualified and earn some of that residual income pot?
3. How can we galvanise some of those people that are currently wasting all of this time and money and help them make money?

If we can do this, then participating in MLM is very definitely a smart choice for you and I!

What is also clear at this point in time, is that just advertising our MLM opportunity on the Internet is not going to redress the balance and reduce this massive burden of waste and inefficiency.

In fact, it's highly likely that unless ALL Network Marketers understand the true extent of the waste and inefficiency in our Industry, it's not likely that they'll ever change their strategy and action to one which could ultimately, help reduce their cost, reduce the time it takes to build their business, minimize their downline attrition and increase their residual income.

That said it's our aim and ambition, over the following pages, to start to change this balance and make MLM more profitable for more people.

If we can all understand the real issues, and then collaborate together using better processes and tools to achieve less waste, reduce the time it takes to build our downline as well as reduce downline attrition; then together, we can all earn more and make our respective dreams and income ambitions become true.

It's up to all of us right now to redress the balance and make it happen?

The Usual MLM Process

Now that we know what the real MLM legacy for many is, it's probably a good time to see how the normal process of Network Marketing pans out.

Bear in mind that this is a high level overview only, the tactics employed to do these can be vastly different from Opportunity to Opportunity and Distributor to Distributor.

We already know that there are over 30 million people actively engaged in MLM today, and together they turn over around \$75 billion dollars of revenue.

It should also be worth pointing out that there are over 500 different MLM Business Opportunities ready to accept you as their Distributor right now...

That's right - these Companies are waiting for you to sign up today!

So what is the high level process?

Well firstly you choose one of the 500 MLM Business Opportunities...

You sign up to their Policies and Procedures...

You wait for any regulatory period and you may order initial products...

You obtain your Business Pack with Brochures and Sales Aids...

You may or may not sign up to autoship...

You start advertising...

You look to make sales... and/or... sponsor others...

And then you hope to bank the money...

This in essence is the high level process we all undertake as Network Marketers.

In addition...

There are in effect two primary ways of building the business...

The first is to retail... in other words you buy large quantities of product at Wholesale Prices and sell them at Retail Prices, with the difference in the two being your profit.

People who have specialist occupations such as Owners of Health Practices (e.g. Chiropractors or Nutritionists); might sell this way to their Clients; after all there is already a strong relationship with those Clients.

Additionally people who prefer this method of selling may have less reliance on the second way...

The second way is to develop a Team of Distributors, down through your first level to as many levels as you can.

This second way precludes anyone from having to sell large quantities of product each month, instead they choose to sponsor anywhere from 2 to 12 people who each personally consume product on a monthly basis.

This is the preferred methodology because everyone is supposed to just 'do their small bit'.

This IS the big attraction of MLM.

This is where the big earnings come from, with potentially hundreds of people in your downline buying products and services on a regular basis.

OK then... now we've seen the general process, just imagine 30 million people choosing and then advertising over 500 different MLM Opportunities...

Imagine all of them using a plethora of different tools and tactics to market their business online...

Imagine the downline attrition...

Imagine how people are feeling when they don't achieve their aims...

Maybe your one of those where the promise of MLM riches hasn't materialised?

\$

Like what you've seen so far?

Want to read more?

Want to discover how we can all earn more through increasing MLM Performance and Collaboration?

Then please go to

<http://www.mlm-friends.com/friends> and subscribe to get the full Report.

Thank you for reading thus far.

Kind regards



Bob Thompson

About Bob Thompson



Bob Thompson is the Founder of the MLM Friends Platinum Club - an amazing new Private Members Club for network Marketers, one that provides a collaborative environment to select and promote MLM, Network Marketing and Matrix type business opportunities with like-minded home based entrepreneurs.

His Network Marketing experience spans over 17 years; and he's been an Online Instructor for a US Marketing Company too.

But that's not all; Bob is also a senior Procurement Executive with a lot of experience transforming Corporate Procurement across EMEA; he has also developed from scratch a Procurement Consultancy which successfully sold into the UK Public Sector. Bob has used a combination of Technology, Processes, Resources and leading edge thinking to create Procurement integration and improvement within the Corporate Environment providing significant multi-million \$ commercial value.

It's from this unique background, that Bob has identified a 'no-nonsense' way to help Network Marketers throughout the World find, invest and collaborate in the best Home Business Opportunities for faster and bigger residual income checks.

Bob understands that MLM today is not just about marketing and advertising. Indeed, he goes on to say that "poor choices when investing in new online MLM opportunities is more likely to kill your business before you've even started marketing it."

His new Private MLM Club, the MLM Friends Platinum Club is jam packed with web tools and advice to get Network Marketers everywhere collaborating together in the best opportunities so that everyone earns more.

Bob is a Full Corporate Member of the Chartered Institute of Purchasing and Supply and Institute of Logistics.

He lives in the UK with his wife and two young boys.