

## **Thinking about a Multilevel Marketing Opportunity?**

Someday someone will want to share with you an opportunity to make some extra money and possibly change your life. This person will be excited about his or her own involvement and want you to join. They will tell you that people have achieved great success, allowing them to drive expensive cars, live in expensive houses, and take expensive vacations. In other words, they are living the life many people only dream about. The opportunity is multilevel marketing (MLM), a common form of direct selling.

Becoming an MLM distributor means committing your time and hard-earned money. You will need to decide if the risk is worth the reward. Each person's situation is different but everyone has limited time and limited money—use your resources wisely.

MLM distributors buy products for their own use, at what the company calls a discounted price, and also try to sell products for a profit. To make enough money to change your life, however, you will need to build a business “downline” by recruiting people to be distributors. Selling products for a profit and getting people to become distributors can be difficult.

Many MLM distributors will make little or no money. Worse, people often lose money, buying more products to maintain eligibility and paying for business support training, leads, success seminars, coaching and other services. If the person recruiting you keeps pointing to the same few examples of success, perhaps the number of people who have succeeded is very low.

You may hear that success is obtainable to everyone who really tries. Let's think about that. If ten people you know become distributors for an MLM and each try hard, will they all succeed? What if fifty people you know become distributors? Or one hundred? Unlike a franchise with an exclusive selling area, an MLM distributor can typically sell to anyone. That means they compete against each other, and more competition makes it more difficult to succeed.

Companies say many things. I tell students to always look for independent information about a company. Some MLM companies have lasted for many years, but this form of selling has not changed the way most people buy products. Carefully read about the business opportunity and exactly how you earn money. If you doubt what someone says, double-check, ask around. Find people who were unsuccessful MLM distributors. Ask them why. Ask them if they were encouraged to spend more and more on products and training, without yet making a profit.

Learn about the products and suggested retail prices (SRP). Is the SRP competitive compared to similar products in stores? If the product is not truly unique you may find selling it at the SRP difficult. Check websites like eBay for the MLM's products. Too many sellers could mean excess inventory, low prices, and little profit. Is selling to friends and family your thing? Can much money be made by selling just to friends and family?

Never borrow money to pursue an uncertain business opportunity. It is true that businesses borrow money but smart ones first prove they can be successful before going into debt. Can you successfully sell the business opportunity over and over again? Does money spent on business support training really work, or is it wasted? Do not ignore statistics. When an MLM reports that earnings are zero or low for most people, realize that means people often actually lose money after paying for expenses.

Ask the person recruiting you what percentage of their income comes from selling products to non-distributors and what percentage comes from recruiting new distributors. Ask them how long a new distributor stays? These questions are important because some MLM companies have proven to be pyramid schemes—an illegal form of business that relies on continuously recruiting new distributors in order to compensate participants. Most distributors do not succeed at the business “opportunity” and do not stay.

Study the compensation plan. Is it clear and easy to understand? The more clear the plan, the better for new distributors. If you do not understand how you make money as an MLM distributor, you will likely not succeed. Worse, you can waste your time and money. Complex or confusing compensation plans can cause you to spend too much time trying without earning compensation. Be sure you know what it takes to be successful.

If you have gotten the impression that changing your life by becoming an MLM distributor can be difficult, then you are correct. Do not let the “chance” of becoming wealthy—no matter how unlikely—cloud your thinking. Take your time before signing any MLM distributor contract.

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July 17, 2013