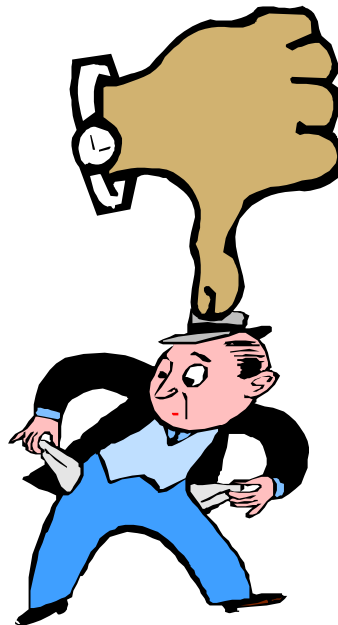


**"Heavy Hitter" with more than
three decades of experience
comes out of retirement**

**Reveals the PITFALLS and HYPE of MLM!
Save \$1000's of Dollars in Mis-Marketing!**

**3 YEAR STUDY OF THE MLM INDUSTRY
AND MORE THAN 300 PROGRAMS
REVEALS STARTLING FACTS!**



**Read on pages 4 & 5 how heavy hitters
and companies are holding you back!**

"Cold Facts Exposed" Copyright © by Mike Akins

My name is Mike Akins. I have been a *successful networker for more than three decades*. I am the president of Professional Networkers, a full-time, staffed, support group developed in 1975. We have **distributors that have been with us for more than 20 years**, outlasting a few of the companies that we have belonged to. If something has been done in Network Marketing, I have tried it. I've learned a lot the hard way. **Last year I added 14,000 members to one of my downline organizations**. Throughout my career, I have managed organizations that total a **few hundred thousand networkers**. I don't claim to know everything, but I do have a treasure chest of information that can be beneficial to you in your pursuit of success. **Hundreds of testimonies are already flowing into our offices proclaiming how the information in this synopsis has revolutionized their approach to Network Marketing!**

A firm that I own, Research & Marketing Consultants, recently completed a **three-year study of the Network Marketing industry. In this study, more than 300 programs were researched, covering a forty year period.**

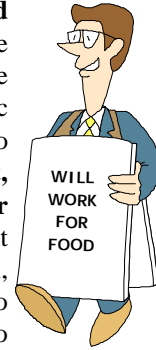
Market trends, marketing techniques, commissions structures, product philosophies, leadership migration, reasons for company failures, attrition, and many other factors were carefully analyzed. **The results of this study are shocking** and confirm what I have suspected. **I financed the three-year study to find direction and prepare my organization for growth during the next decade.** In the following pages, I will share an **overview of this three-year study**, and my observations developed during my career of more than three decades. This synopsis is generic and does not promote a particular program, because the need to get the truth out far exceeds my personal financial ambitions. I believe the industry is in trouble. We need to clean house from within. This is my part of that process. **The information from this study can make the difference between success and failure for a majority of people.**



Throughout my career, I have been frustrated at the percentage of people that have worked their hearts out, without achieving a decent degree of financial success.

At first, leaders like myself **blamed** the lack of results on the lack of personal effort of the part-time networker. Sometimes we **blamed** it on the product line. When companies failed, we would **blame** it on the owner's mismanagement or lack of ethics. **Little did we know** that the majority of company failures and the individual marketer's failures were many times connected. There were and are **certain dynamics** at work in the overall Network Marketing industry, structured into the majority of programs that have created this negative market scenario, and **guaranteeing failure for millions of innocent marketers. It is vital for you to understand these factors so that you can avoid these pitfalls.** The Network Marketing industry developed, and presently maintains, an attrition problem that is not being addressed in an effective manner. The attrition challenge has prevented thousands of networkers from developing the residual income they deserve. There are specific reasons for this problem.

In response to this fundamental problem, certain **trends developed** that only **confused and worsened the challenge**. As the years have come and gone, a clearer picture has formed of the realities involved. It is time to address these fundamental problems. Never before has the economic “climate” been so “ripe” for the **Network Marketing industry**. Due to **corporate mergers** and a **competitive investment environment**, **downsizing** has become commonplace. **Replacing more costly, older wage earners with less costly, younger wage earners** is a frequent practice. Many of the elderly face a “Social Security Crisis.” In general, avenues that were available to the American public in the past are no longer open. The average family has less personal time and money to pursue their dreams in life.



In concept, Network Marketing is one of the few avenues, within reach of average American wage earners, that can radically change their financial picture. In spite of the attraction of the Network Marketing industry, there are serious obstacles that must be overcome before the benefits of Network Marketing are made more available to the majority of networkers.

A survey conducted by “Money Makers Monthly” estimates that there are **11 million people** in the Network Marketing industry, with an **additional 50,000 joining weekly**. Individuals from all walks of life are entering the Network Marketing arena. Verifiable testimonies of **truck drivers, waitresses, and grandmothers** in their 60’s, alongside medical doctors, business owners, and lawyers, who **earn \$30-50,000 per month**, generate hope and excitement in thousands of frustrated Americans. Network Marketing has gained a certain degree of legitimacy in our society. **Hundreds of professionals, from all walks of life, have entered the Network Marketing arena.** Many of them have done very well in the business. Renowned magazines, such as “**Success Magazine,**” have added to this credibility. **Unfortunately, this credibility and success have not been financially beneficial to the majority of networkers.**

Our study revealed that, for a ten-year period, the number of people working in Network Marketing stayed fairly constant at around six million networkers. Approximately the same number of networkers dropped out, as joined the industry. For an industry with the power of geometric growth at the very foundation of its existence, these are disturbing facts. If, in ten years, the Network Marketing industry would have averaged just one new enrollee per member, the industry would have doubled.

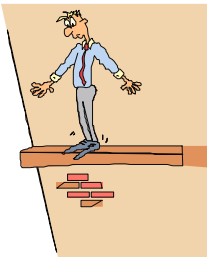
Network Marketing is a powerful tool through which to enhance lifestyle, but this opportunity, by design, has been outside the reach of the majority of networkers!

The high rate of attrition **reflects certain challenges that networkers encounter**, such as companies going out of business, owners changing the program midstream, wrong marketing philosophies, illusionary products and systems that sizzle then fizzle, and legal problems. The **greatest challenge** has been **compensation programs that are not designed to benefit the majority of networkers.** During the past three decades, more than twenty-five hundred programs have come and gone. There are only

29 Network Marketing companies in existence today that have been in business for more than 10 years (actually our study could only locate 27 companies, but other Network Marketing authorities claim 29). In examining a number of companies that have started during the past 10 years, we found an improvement in the survival rate. **The startling fact is that the greatest rate of attrition has come from the companies that have survived!**

Our extensive, three-year study revealed that the greatest threat to the networker is not companies going out of business, but it is the common paradigm or “mind set” held by company and industry leaders.

Although the danger of a program disappearing is a real threat, the **real danger to a networker is in the programs that do succeed at the company level, but 85% of their distributors fail to break even on their own product purchases.** Our survey indicates that this percentage is an industry average. From our extensive survey, we were astonished at the results. Regardless of how large the organization becomes, the percentage stays the same. Our research uncovered that an **underlying attitude among**



industry leaders is the fundamental reason for this crisis. I chose the word “crisis” because I believe that the very existence of the Network Marketing industry is at risk. **Any industry that has such a high level of attrition will eventually encounter a major backlash.** Attrition is more than a statistic. It represents discouragement, frustration, and emotional suffering at a personal level. The very nature of Network Marketing lifts the individual’s hopes and expectations to unparalleled heights. **When these hopes are destroyed, personal injury is experienced.**

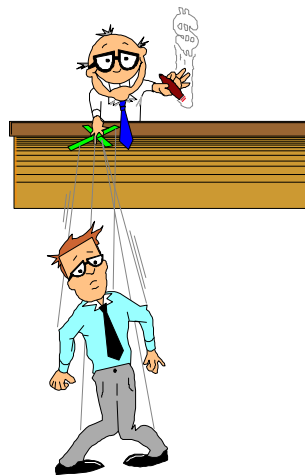
Thousands of networkers have poured their hearts out, doing exactly what the industry leaders have trained them to do, only to fall short of their goals. The majority of **training available is flawed**, because it is based on *propaganda* promoted by individuals who are attempting to **maintain the imbalance in wealth distribution.** The negative *legal climate* is a result of this condition. The number of *complaints* received by state and federal legal entities is unprecedented. There are a number of individuals who feel that they have been wronged by the networking industry and have **used the legal channel to express their hurt and outrage.** Unless a greater percentage of networkers are allowed to achieve success in the Network Marketing industry, **“our days may be numbered.”** In the past two years, a new, aggressive attitude has surfaced with the FTC. Large companies, such as Omnitrition, JewelWay, Destiny, and FutureNet, considered legitimate within the Network Marketing industry, have *been attacked* by legal agencies.



The **future** of Network Marketing is in the hands of networkers like you and I. We need to make better decisions concerning the programs that we work. Twenty years ago, **Network Marketing was at a crossroads.** In reaction to an FTC report, exposing a major attrition problem in the Network Marketing industry, a few companies, such as

Olde Worlde and Enhance, offered programs that shared a greater percentage of the wealth with its distributors, while spreading the commissions more fairly between a few “heavy hitters” and the rest of the majority of networkers. For example, I had a large group in Olde Worlde. Due to the structure of the pay plan, for seven years **my organization experienced one of the lowest attrition rates in the industry, while a greater percentage of the members made a nice income.** Company leaders, with traditionally structured programs, conducted an *effective propaganda campaign* against this potential revolution. **The majority of distributors bought this dogma and the revolution died. We are at this crossroads again.** Several Network Marketing companies have introduced revolutionary programs. Dozens of magazine articles, books, and reports, written by industry critics and leaders, are flooding the market with this traditional propaganda. **If they succeed with their campaign, the part-time networkers are once again the losers!**

The **Network Marketing** industry is an **infant industry** in comparison to other industries, such as manufacturing and wholesaling. This industry is going through a phase similar to what the general business community was going through around the turn of the century. **Wealth and power** were in control of the business owners. An *imbalance* existed between business leaders and the labor market. Wages were at a disparagingly low level, while profits were soaring. Parents had to put young children to work, just to survive. Greed and self-centeredness were the underlying problems. We have this same “mind-set” prevalent in today’s Network Marketing industry. **Greed and self-centeredness** motivate imbalanced pay plans that **imprison the hopes and dreams of millions of networkers.** Flawed market philosophies have been generated from the short-sightedness of Network Marketing leaders.



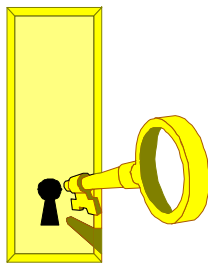
The Network Marketing concept is wonderful, but the number of companies that have designed their programs to put this wonderful opportunity within reach of the majority of networkers, is small.

What the majority of networkers do not understand is that the **company owners, and “heavy hitters,” are in competition with them for the “commission dollar.”** The more the company pays the average networker, the less there is for the owners and their “front” leaders to keep. Traditionally, pay plans are designed so that a few Network Marketing leaders earn astounding incomes quickly. They know that the experienced networker can put together a sizable organization, through their promotional skills, **in spite of poor pay-out to the majority of networkers. A few large checks** are created at “breakneck” speed, **at the expense of the majority of networkers,** to give the *appearance* of a lucrative program. In structuring the pay plan to distribute the majority of commissions in depth, the company generally does not **pay out the maximum potential of the bonus schedule.**

There is **only so much gross profit to divide** within the pay plan. When companies *imbalance* the pay plan toward the “heavy hitter,” windfall is **stolen from the rest of the distributors**. There is a great deal of **misinformation** distributed from companies and “heavy hitters” concerning this subject. Why? **They are protecting their incomes and profits**. I have been the “heavy hitter” for most of my career. We have *studied* my genealogy reports that probably number close to a few hundred thousand members. Approximately **90% of all networkers, that we studied, had most of their downline organization within their first three levels** (excluding binaries, which use a different basis for analysis). By placing the majority of the commissions below that level, companies are able to retain a greater share of the gross profit. **Only a few individuals earn “in-depth” bonuses**. By paying *a few people very large bonuses*, the companies, overall, **pay out far less in commissions than if they paid the majority of networkers a fair bonus**. **In addition to this maneuver, they can boast of having the highest paid distributors, attracting even more deceived beginners**.

In reality, this is a short-sighted approach. For **personal gain**, the industry leaders have forfeited the long-term stability of the Network Marketing industry. The *attrition rate in Network Marketing is atrocious!* **The highest paid networkers do not re-invest enough of their earnings back into supporting the very distributors who have generated these huge incomes**. It is typical in any other industry for those who benefit most from the efforts of others to re-invest a portion of their earnings back into the base that generates these earnings. “Heavy Hitters” in the network marketing industry have a legacy of being greedy and that is a major reason so many of them last only a short time in any one particular program. (I re-invest more than 60% of my income back into my distributorship base in support services.)

After they are in a program for a few years, the attrition rate forces them to work harder, trying to maintain what they have built. Only a handful of “heavy hitters” stay with the same program long term. **Those that have a large downline must have new members coming in at the same rate as the number of members leaving**. At that point, they don’t grow any larger, but only maintain what they have. The *average attrition* rate for most Network Marketing companies is **85% every 18-24 months**. Our study revealed that company leaders *distort* how they report *growth statistics* by leaving members on the books long after they have stopped ordering. Generally, the company spokesperson quotes the number of networkers that have been in the company at one time or another, even though a majority of them are not ordering. **I know how the upper echelon think and function, because I have worked at this level for most of my career**.



The key to any pay plan, and the survival of Network Marketing itself, is to get a greater percentage of participants into profit. Notice that I said percentage, not number. Just increasing the number of successful people is not the answer. Increasing the percentage is vital. **The bottom line is the number of members that is required for one person to get into profit (at the average purchasing rate)**. Traditionally, **10-15 distributors are**

required to put one distributor into profit (with the 5% and 10% bonuses). *This percentage never changes*; because it is built into the pay scale. **That means that a majority of the organization is not breaking even on personal product purchases, let alone breaking even on what it cost to build a business.** Even with geometric overlap, the percentage does not change enough to make a great difference. As a greater number of individuals get involved, the number of failures only increases, because it is a “locked-in percentage.” When you bring in your 10 or 15 members to get into profit, then you have 10 or 15 new networkers that are not into profit, and each need their 10 or 15 customers or recruits. The problem just compounds as the organization grows. This scenario forces many networkers either to spend their savings, fill up their credit cards, or finance their network marketing business by squeezing family budget. A marketer could live with this scenario if it would lead to achieving success. The sad fact is that a great percentage of these networkers will never recover their investment.

When companies pay more up front, the networker can finance their growth with profits from their business. There are several programs that now offer higher percentages on the first three levels. These types of pay structures will allow a greater percentage of networkers to get into profit quickly. It is not uncommon in the “compressed pay structure” to have 1 in 3 or 5 distributors breaking even on qualifying purchase instead of the 1 in 10-15 scenario. This will drastically cut attrition and provide a solid foundation for a long term residual income. In examining these types of programs be very careful. Never before have companies paid out so much so soon. Only the most financially secure companies will survive such heavy front-end pay outs.

Recently, a large Network Marketing company bragged that they had 700,000 distributors, and in that particular month only 40,000 distributors earned checks. This is **only 1 in 17 distributors receiving a check!** Although they boasted of paying out more than 50% in commissions, an imbalance of the commissions went to a few at the top. How can an organization with these percentages maintain itself? It does not and will not!

What happens is, the *company attracts tens of thousands of networkers by flashing the checks of a few heavy hitters.* These thousands of networkers **work their hearts out** and bring in approximately 10%-15% product users. Eighty-five percent of the networkers fall victim to attrition and go their own way, leaving the company with the product users. In essence, **the company uses the networkers’ time and money to develop a product-user base. Think about the lost investment. If 10,000 distributors each invest \$1,000 into building their business, it totals 10 million dollars.** If the networker fails to earn enough income to stay in the program, he/she has **lost an investment**, while the company retains the product users that were brought in, and benefits from all of the exposure. Company leaders have told me this is their goal.



Beware of companies that **sell founder memberships, generally that indicates they are under capitalized.** The great majority of companies that start in this manor have failed. Also, when analyzing the pay plan, make sure to adjust all touted bonuses

in accordance to the ratio of BV to wholesale. Higher Ideals offers a 50% bonus on their second level. When you average all their products together you come up with an average of only a 66% BV of wholesale. The 50% bonus becomes only a 33% bonus. They have added a few products that have a better BV but overall the 65-75% BV is the average ratio. **Companies that have been around awhile but have recently have made major changes in their programs are to be scrutinized very carefully.** They may have survived for a great while under a different set of circumstances. When the dynamics of program change the financial balance may be effected. Companies that have been around for awhile can go under. Sterling Health was around more than four years before they went under, and Matol was in existence twelve years before they experienced a shake up (they did recover).

Instead of sharing a greater amount of the gross profits with the overall distributorship, company leaders *invest in securing celebrities* to promote their programs. **The companies can spend millions of dollars buying someone's name**, and still save millions of dollars that would be required to pay everyone more in commissions. What does William Shatner have to do with the quality of a product or viability of a program? I like William Shatner as an actor but what does he have to offer me as a networker? **Instead of paying 50,000 distributors more commissions**, so that the pay plan attracts more prospects, companies **pay a celebrity \$500,000** to narrate a tape. The big name attracts prospects for a while. Eventually, the distributor drops out because he can't make enough money. Names of M.D.s are bought to endorse product formulations. **What does the average M.D. know about nutrition?** They have very minimal training in nutrition. I know much more about nutrition than my own physician. He comes to me for nutritional information.

The individual's notoriety, such as *Earl Mindell*, RPh,Ph.D., is bought to *attract prospects, not to formulate products.* (I was sponsored directly under Dr. Mindell's business associate, who helped set up his arrangement with FreeLife.) *Dr. Mindell authored one of the most popular books on nutrition.* Have you read it? The **information is fairly generic**, you can find this information in many different sources. Does Dr. Mindell have special knowledge about nutrition? Have you read the footnotes at the end of his books or articles? Many nutritionists have all of these same sources, if they choose to use them. The company is not buying special knowledge, but is paying for the popularity of the endorser. Does this approach provide you with a better opportunity? I am not putting down Dr. Mindell. I like him. I'm just using him as an example of a principle. Using celebrities to promote a program will attract distributors. But if the pay plan doesn't pay right, they will drop out as fast as they enroll. As I have already pointed out, traditional pay plans guarantee a high failure ratio. **Bringing in more prospects does not always earn you more income, and definitely does not keep the marketers involved.**



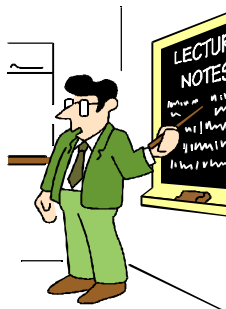
One of my distributors had **243 members** in his FreeLife downline, which is traditionally structured. He also had **24 distributors** in the program we decided to focus

on, which placed a fairer portion of the commissions within reach of the average distributor. These companies require approximately the same qualifying purchase. He earned **more money in the latter program with less people**. Building your organization through the popularity of a celebrity does not necessarily earn you more money or provide you with long-term security.

An income that is built on the merits of the program itself, along with the proper training of its participants, is a secure income.



Our study found that, although there are “pockets” of individuals making money throughout the Network Marketing industry, **there is growing disillusionment**. In reaction to this disillusionment, there are **emerging trends** that are “*dead ends*” and have the potential to **rob millions** of people of the real opportunity, while endangering the **very existence of our industry**. Our study traced these trends back to the “roots.”



Thirty years ago, networkers **were well-trained**. The average distributor sponsored several people and had a few customers. Thousands of marketers diligently followed **sound business principles** *without* achieving the degree of success that networking offered. Our research suggests that a greater percentage of people were more successful then, than now. This is due to a difference in the general attitude and perspective of the marketers of that day. Since the “**cards were stacked against them,**” because the pay plans were *designed in favor of the companies*, this attitude evolved into what is predominant today.

Once, thousands of distributors followed “the right way” without desired results, and new trends emerged. In general, distributors were **confused** and **disillusioned** concerning what is required to achieve success in Network Marketing. Since all of the Network Marketing companies offered similar pay plans, networkers assumed that the pay plans were fair, and that the problem existed elsewhere. In search of success, new avenues were explored. A great number of individuals developed a **distorted perception** of networking. This perception left networkers *vulnerable* to “*gimmicks*” and “*distortions.*”

Because of greed and self-centeredness, **the Network Marketing industry reached a crisis or plateau** about 15 years ago. As a result of this “leveling off,” the industry experienced *superficial changes*. These changes did not get to the **root of the problem**. Since that period, new pay structures have gradually been introduced such as: **binaries, matrixes, phase programs, Australian two-ups, coding bonuses, matching bonuses, sponsoring bonuses, and floating bonuses**. Basically, these variations *did little* to get more consistent cash into the majority of networkers’ pockets, and definitely did little for a lasting residual income. All of these types of pay structures only repackaged an “old problem,” and made it more difficult for the “average” networker to understand the dynamics of the program. **Matrixes** have become very popular. **You are**

promised spill over. The average matrix still only pays 5% per level. It will still require 12-20 distributors to break even. You still will have 80-90% of your downline not into profit. What little spill over you receive will not make the difference. ***Only the “heavy hitter” will make money for awhile, until his downline drops out, and then he will move on to the next scam.***

As I mentioned earlier, companies have made cosmetic changes in pay structures as an attempt to postpone real change and to **keep the money in the pockets of a few “hitters” and the company owners.** These modified pay structures do not address the primary problem, an imbalance in how the money is distributed. For example, **binaries generally don’t start paying until you have 8-12 members in the business,** with a certain *balance* between legs. Shouldn’t you get paid on the first person that you put into the business? Who does this affect the most? The part-timer! A portion of the income is generally flushed. Why? In a typical binary program you will always have approximately 55% of your downline not making anything and approximately 80-85% not into profit. It is built right into the structure. Get your calculator out and figure it out yourself. **For the benefit of the “heavy hitter,” his/her legs are kept at a near balance. Power legs are used as a “carrot.” Power legs splinter off and a majority of networkers end up without the support of a strong power leg.** The power leg promotion is just a diversion from the fact that the plans do not pay enough to the part-timer. Our research found that binaries have the worst attrition problem of any pay structure. The problem is still how the earnings are being divided between the company, “hitters,” and the majority of networkers.

Maxi-levels (floating bonuses) and matching bonuses are the latest in “smoke and mirrors.” In theory, they work great, but in reality, they only work well for the “hitter.” When you get paid on your largest level, all of your other levels drop back to smaller percentages. The average person will not experience perfect geometric growth. They may only have one or two more members on the fifth level than on the third or fourth

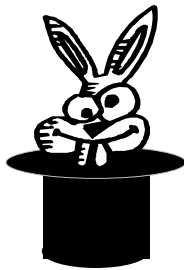


level. The total number of members in the first through fourth levels may number significantly more than the fifth level, where you are being paid the super bonus. **If all the other levels drop back to small percentages,** you may lose quite a lot of money. The maxi-level bonus is for the “hitter” who is able to manage a more progressive geometric growth pattern. In reality, this is not even good for the “hitters,” because they lose so much through attrition that they cannot develop a stable income.

Another substitution for fixing the real problem is the **matching bonus,** which again, rewards the wrong segment of Networkers. There are only so much commissions to share. When a bonus is created it has to come from somewhere. **The matching bonus still favors the “heavy hitter.”** It is the start-up or part-time distributor that needs a break. They make up more than 80% of all networkers. The attrition in this segment is “killing” Network Marketing. **“Heavy hitters,” wake up!** If you keep them in, you will not spend half your time replacing them. Weak marketers sponsor weak marketers, and

the strong sponsor the strong. **A matching bonus on “a little” equals “a little.”** Matching bonuses promote the “hope I will get lucky and sponsor a hitter” approach, instead of encouraging personal development. The segment that is working hard with small results, is the segment that requires a greater reward for their efforts. Generally, matching bonuses are paid on 5% creating a 10% bonus, which is still ineffective. **Sponsoring bonuses** are a temporary fix! They can be beneficial but more money needs to be paid, on a consistent basis, to the part-timer.

Phase programs are another real loser. For an example, let us say it requires six people to complete your first phase, at which time you are paid and move into the second phase. At this point, one out of seven people are receiving a check. In order for you to complete the second phase, each of these six people will require six people to push them through to the second phase. With geometric overlap you will require 30 individuals to move the original six into phase two. At this point, you have 1 in 30 networkers being paid a phase two check. **Eighty percent of your downline will never receive a check.** It doesn't matter how large your organization gets, you cannot escape



this percentage, because it is built into the pay structure. Along with phase marketing, the “**one time purchase marketing**” is very popular. What an attraction, you only pay once and make thousands. **One-time purchase plans do not create residual incomes.** They run “hot and heavy” for awhile and then collapse under the increasing numbers needed to feed the machine. This is just another avenue to feed the incomes of a few “players” and **leave the majority of networkers frustrated and disappointed.** The sad fact is thousands of networkers keep falling for the same old tricks.

Company owners and Network Marketing leaders developed **market philosophies that were designed to protect the status quo.** *These old, failed market philosophies* have been redressed. The “**product driven**” dogma has now become the “**sizzle product**” dogma. New techniques, such as “**downline building,**” **sizzle tape waves,** and **virtual messaging** have swept the nation in response to the problem. All of these techniques can be helpful but do not replace proper training and effective support. People are **desperate** to find a way to tap into the magic of networking. **Without fundamental changes in the structure of traditional compensation plans, all of these methods and gimmicks will not work for the majority of networkers.**

Our three-year study examined each of these philosophies and methods exhaustively. Our research tracked the history of each of these approaches. We found that these **cosmetic changes have** actually created a “**lottery**” or “**casino**” approach to networking. Instead of marketers learning **sound business principles** and **practical marketing techniques,** networkers are **searching for a “sizzle,” a “wave” or “luck” to make them successful.** People have **lost faith in themselves and in the right approach to Network Marketing.** Generally, sizzle techniques only make a few “heavy hitters” a great deal of money. A secondary group of networkers will make moderate earnings but will within a year lose a majority of that income. A third group will bring in a number of new distributors but will not earn any significant income. The

fourth group will consist of the great majority of the people that will be too late to take advantage of the wave and receive nothing for their effort or investment. The majority of networkers do not have the necessary information, that only comes from several decades of observation or thousands of dollars of extensive research. Because of this they will not learn from these negative experiences. These same networkers will look for another “sizzle” but will try to jump on the wave earlier in the “game.”

A great number of networkers have been sold on the illusion that such celebrities as **Kevin Trudeau** and **Earl Mindell**, or a hot tape such as the “**Cassano**” or “**Dead Doctors Don’t Lie**” tapes, will sponsor and build their business for them. Yes, these “sizzles” may help you sponsor, but they will not assist in building a solid downline and, most likely, will not develop much of an ongoing income for you or your organization. Think about it. What does Trudeau know about Network Marketing or understand about the needs of “Joe Networker?” His expertise is in another area. He may be a great guy, but his character is not the issue. He chose a company that has been at a plateau for more than ten years with very little growth and a very poor pay plan for the average networker. He did not understand the dynamics of Network Marketing. He has not created a higher *percentage* of successful marketers. He brought in thousands of prospects at \$1,000 a “pop.” From the number of previous “Trudeau followers” that we surveyed, we concluded that the “Trudeau organization” has an even higher attrition rate than the general market. His notoriety has attracted thousands of people into Network Marketing, only to experience the same percentage of failure that is characteristic of this type of program.

Attracting prospects to a program does not, by itself, create lasting success. Actually, attracting prospects in this way can hinder success. If you build an organization in this manner, members of your downline will not be developing the practical experience that is required to perpetuate success. My goal is not to discredit Mr. Trudeau. He probably did the best that he could. The point is that, celebrities will not increase the success ratio. A fair program along with the right training is what is needed.

There are many different types of sizzle features that are used by companies and leaders to create a growth wave. **A “sizzle feature,” we found, distracts the prospect from carefully examining the program on the merits of the program.** Also, a “sizzle feature” often gives the individual a false sense of success. The networker places too much value on the “sizzle” and does not develop the personal skills needed to achieve and maintain success. Generally, **sizzle products build unrealistic expectations, and blind you to other weaknesses** in the program.



Unrealistic expectations lead to *premature disappointment*. As soon as there is a comparable product on the market, the attrition of distributors skyrockets. Networkers jump on the “sizzle bandwagon” until they finally realize that there is not a fair pay plan to back up the product.

Unrealistic expectations lead to *premature failure*. The networker judges the success of the program according to his/her expectations.

What could have been a successful journey ends up in an unnecessary abortion. The organizations that we studied, that were built on “sizzle,” experienced a quicker peak in recruiting, but also a much *greater attrition overall than did organizations developed on a balanced business approach.*

Another interesting finding was that companies that focused on sizzle products had the poorest pay plans. If you build your organization on a “sizzle” eventually the sizzle plays out and your organization is “left a drift” with out the skills to maintain or continue building their business.



Another sizzle that has gained popularity during the past few years is the system craze, such as **“hot tapes”**, **virtual messages**, and **direct mail systems**. We studied these methods very carefully. The right duplicatable systems can be important in the growth and maintenance of your organization. The right system attracts prospects, but alone **does not create success for the majority of marketers**. Again, a “sizzle marketing technique” **distracts you from examining the merits of the program and developing the skills that can be duplicated beyond the life of a “wave.”** **Yielding to the temptation to prey upon the emotions of prospects with a tape or system focused on sizzle, our study found, has always ended in skyrocketing attrition, wasted time and money.** **New Vision and Cell Tech tape programs** are examples of this approach. Each of these was built on the **“tape craze.”** In our analysis, they both have *poor pay plans*. A *few* people got rich, but **thousands** of individuals have been **very disappointed**. Our office has received hundreds of calls from distributors in these companies, that are looking for something that can make them money. *Again, the companies and a few “heavy hitters” are the winners.* They picked up thousands of product users. While thousands are dropping out, thousands of “late wishers” are joining in response to the previous growth records of these programs. It takes a few years for the word to get around before the companies really feel the impact. **The “heavy hitters” have invested their money outside of Network Marketing and, in many cases, have moved on. Charles Possick, Cell Tech’s top player has moved to another company, and is promoting another “hot tape.” At one time, he was earning more than \$70,000 per month in the original program.** I do not intend this discourse to discredit any of the mentioned companies and individuals. Many of them are sincere. The purpose is to expose a flawed marketing philosophy, and to warn others who innocently are injured by them. The majority of networkers do not have 30 years of experience and the benefit of an exhaustive three-year study to protect them from the pitfalls of network marketing.

Beware of the “Network Marketing legends,” who claim that if you do what they did, then you too can be rich. Some of the methods that I originally used to build my organization do not work for a majority of networkers. Thousands will follow a “heavy hitter,” hoping that the “heavy hitter” will help to get them somewhere. **If all they are going to teach you is how they built their business, you may only be making them richer.** You need to know *what is going to work for you*, and **even more importantly,**

what works for your future downline. Some people have a *golden tongue* and sign up everyone they talk to. The “heavy hitter” might have been at the right place at the right time. After that original *luck*, he/she may have just brought the group over to other opportunities or used his/her reputation to build the next opportunity. **Most “heavy hitters” are magicians that sell you on illusions that make them rich.** They must have started in Network Marketing with good intentions, but just do not have what is required for the average networker to be successful. I was guilty of this earlier in my career. There is a *difference* between having the **ability to “talk people into” joining a program**, and *teaching* them how to develop a *successful* business. It’s time to share success and teach principles that work for the average part-timer.

The merry-go-round goes on and on, and very few people have enough information to capture the reality of what is happening. **New gimmicks “pop up every day,” wasting marketers’ time and money, and in many instances stealing their motivation to try something that would have worked.** One of the latest gimmicks is straight-line downline approach. Do the math and see how fast your downline is outside your pay levels. Again, the distributors invest, but the company and “heavy hitter” profit.



In response to the huge amount of networkers that are trying and failing, new, “make it easier” promotions appear. One of these is the **downline builders**. “All you have to do is spend your money and we will do all of the work for you,” promoters proclaim. Wouldn’t that be nice? Thousands flock to these magicians, hoping this is the answer. Does it work? Can it work? Our three-year study reveals that it is impossible for this approach to work. As part of the research, and in response to the heavy competition being generated from these “builders,” we attempted to operate a modified, downline-building program. **With the largest full-time staff in America, we believed that if anyone could make it work, we could.** For the two-years that we attempted this, we experienced the greatest “nightmare” that we have experienced in 22 years. In the last week that we offered this service, we mailed more than 2,000 information packets, at a cost of \$4,000. We had more than 5,000 prospects that we could not get to, that had been waiting for more than 60 days to be contacted. We had 20 full-time phone consultants, working six days a week. We refunded thousands of dollars. Let’s look at the mathematics involved in downline building.

If you promise only five individuals that you will sponsor five under them, and continue the same promise for just four levels, on the fourth level you have 625 people. In order to sponsor five prospects for only 125 people, you must **talk to 4,000 people**. An average, sharp networker sponsors approximately 15% of the total number of individuals that he/she talks to. Four thousand information packets cost from \$6,000 to \$8,000. Sharp phone consultants spend an average of 45 minutes (on at least two occasions), talking to each prospect. Forty-five minutes multiplied by **4,000 prospects** totals 3,000 hours on the phone. At 10 cents per minute long-distance service, the total cost for phone time will be **\$18,000**. If the downline builder has five full-time phone

consultants working five days a week, it requires 100 days to follow-up on the 4,000 prospects. How many prospects are going to wait months to be followed up on? (This total is derived by figuring 5 phone consultants working on the phones, 6 hours a day, five days a week. In reality, they would not be able to even keep up with that pace.) Not including any type of overhead, **the phone and packet cost to follow-up on 4,000 people is \$26,000.**

The downline builder will have 730 members in his downline. If the program pays 10% per level, the downline builders will earn \$7,300. If the pay plan pays 5% per level, they will make \$3,650. In a 45%, second level program, the benefit is much better in the above scenario. **If there are 5 builders involved, that would be \$1,400 for each phone consultant or \$466 per month. They spent \$26,000 and made \$1,400. What a deal! In 30 years, not one downline building group has ever stayed in the same business** for very long. Usually, the motive behind downline building is ignorance, or lack of integrity. The downline builder will put together several hundred networkers before they crash. They will change their systems at some point. At that point, they have a group of distributors to work with as a nucleus for themselves, but have accomplished very little for any particular distributor. **The most troubling effect is the damage that is suffered by all of the victims who were looking for an easy ride.** They lost valuable time! They could have been learning how to build a real business. Possibly, one more nail has been hammered into their “coffin” of **disbelief and hopelessness.**



As time goes on, and more individuals are injured by the “imbalance” in wealth distribution, the propaganda, and “**smoke and mirrors**” approach increases. Companies have been promoting philosophies that protect their own interests for some time. One of these distorted philosophies is the “*product-driven hypothesis.*” Leaders promote the idea that networkers should be product-driven. **This idea is contradictive to conventional business principles.** The product is important. The quality and value of the product is critical. But so often, the “**product-driven propaganda**” is used to **hide a poor pay plan.** Company leaders make distributors feel guilty if earnings are considered a priority.

When you consider a job in the conventional market, **your priority is the benefit to you and your family.** In Network Marketing, your family includes your downline family. Sure, you want to promote a product that you believe in, but you choose a job based upon a priority of earning money. In conventional thinking, the product is secondary to earning a living for your family and your future. **The consumer is product and value minded. The company is product and value minded.**

We are involved in Network Marketing to develop a residual income. Please understand that I do not promote a product that I don’t believe in. There are several choices, as far as products go, but very few choices when it comes to earning a **fair income for equal effort.** Company leaders would like to encourage us to believe that a program focused on products automatically makes you money. This is as far from reality as one can get.

The company propaganda, promoting the “product driven” concept, has led to an extended philosophy of the “sizzle product.” Thousands of networkers roam the market looking for a sizzle product, believing that a sizzle product automatically equals making money. History has shown that **“sizzle products” make the company money, and a few upline “czars” a fortune.** A fair pay plan provides you with the opportunity to make a fair income. Add to that, personal training and the right upline support, and you make money. The majority of sales in the networking industry are not from “sizzle products.” Amway has the greatest gross sales, with \$5 billion annually. This has been accomplished with **proven basic products.** NuSkin, Shaklee, HerbaLife, Life Plus, and a majority of other companies that account for 80% of all sales in networking offer products that have a proven-market.

There is a place for cutting-edge products that have the science behind them, but their value is overrated. The reason that **I emphasize this, is because I believe that company propaganda has distracted us from being able to evaluate an opportunity from a logical, and balanced business perspective.** When we join, we have a tendency to leave all of the practical principles that govern conventional business behind. These principles have been tried and tested over several decades, and they have a place in Network Marketing. Entering a proven market that has millions of consumers and marketers already sold on the type of products that you offer, along with one of the very best pay plans, is a more logical approach. Again, I would like to emphasize that based on our research, *all vital factors should be considered when examining an opportunity, and the idea that distributors should be product driven is in the company’s interest.*



The majority of networkers are involved to earn extra income. The product or service is only one ingredient in the recipe for success. The company would prefer that the distributorship be product focused, because the **company is in competition with its distributors for commission dollars.** As more commission dollars are paid out, less is left for profit. Competition between Network Marketing companies is the driving force to encourage a company to pay more commissions. If the company can successfully promote the propaganda of **“focusing on the product,” it can attract distributors without paying them what they are worth.** It is best to select a program that markets a balance between; company security, quality products, a lucrative pay plan focused on the part-timer, and effective support.

Another work of the spin doctors is, “what constitutes security for the distributor?” **Company security does not equal distributor security.** Amway is one of the most secure companies in MLM. Amway earns \$5 billion in gross sales every year, and the owners are listed as multi-billionaires. When the FTC investigated Amway, it found that Amway experiences a 79% attrition rate each year with new distributors joining. That is not security for the distributor. Wealthy owners do not always mean more security for the distributors. How much wealth they are willing to risk, is a better question. *Our research revealed that more marketers have failed while companies were in business, than from the result of companies going out of business.*

Another charade, that is being sold to the marketers, is that *public stock* companies provide more security. By transferring the ultimate **control** of the company to **investors, the distributor's security is in danger.** Investors are not necessarily interested in the distributors. They do not necessarily understand the personal dynamics of networking. They want the greatest return on their investments. Sometimes, this means **changing the payout to the detriment of the distributor force.** After Pangea sold out to one of the largest pharmaceutical giants in the world, the pay plan was changed twice in a short period of time.



Keep an eye on **Changes International** in the **next few years.** Why should Twin Labs keep paying out so much money, when other giants, much larger than Changes, attract distributors with much less commissions? **Investors that are with Twin Labs may be more of a liability than an asset.** Benefits to Changes are capital investment and the sizzle of the Twin Lab name. Twin Labs is involved to make an investment return. This is just one more "bill" to be paid from sales profits. The Changes compensation philosophy was developed by the Paulsons. Will Twin Labs maintain that philosophy once the Paulsons are no longer key managers/executives? Why would you sell your ownership in a company if you had long-term commitment? My hunch, is the pay plan may be changed in the next few years! Although Changes has added several renowned individuals to its leadership team, they come from traditional-oriented backgrounds. Will they be able to neutralize the will of the stockholders? I will have to give Changes credit for launching the shift to "the front end pay" in 1995. Others have built upon their efforts by improving the opportunity even more for the majority of networkers.

Our study did conclude that *nutrition* is the **best industry to be in.** There were only 6 million people in the industry in 1994. A majority of them were in companies that had nutritional products. In the next four years, **Cell Tech** added 400,000 distributors; **Mannatech** added 400,000 distributors; **Kaire International** added 350,000 distributors; **Life Plus** put in 500,000; **New Vision** added 700,000 distributors; and another dozen nutritional companies added another 1 and 1/2 million distributors. Eighty percent of all distributors that were added to the MLM industry during this period, were enrolled in companies that offered nutrition. Companies that offered home care and personal care products, along with nutrition products, did especially well. With 70 million baby boomers becoming more focused on nutrition, along with exploding research that is gaining more media attention, nutrition is just getting started! Since nutrition is still an infant industry, we can compete with conventional companies more effectively. Nutrition is a very personal product. It is the only product that we consume. There is a greater chance of developing product loyalty. Who is going to be loyal to a long distance rate, a computer, a personal development course, travel package, or tax service?

There is much **more information** that I would like to share with you, but space does not allow. Our research company studied several other dimensions within the Networking industry. I have training material based on this study. We share research

information through monthly **newsletters** and **weekly conference calls**. Our research provided us with information on the **type of support and training that is most effective in Network Marketing**. We discovered the “pitfalls” and “dead ends” on one hand, and the strengths on the other.

For more than three decades, I have been intensely involved in Network Marketing. I **semi-retired** on residual incomes for a short time, to pursue personal goals. During this period, I maintained a **full-time staff in support** of my downline organizations. Network Marketing has been the avenue through which to capture my **“American dream.”** With earnings from Network Marketing, I have been able to purchase conventional businesses, start a private school for disadvantaged children, start and support ministries to the elderly, terminally ill, the homeless, and to Native Americans. A few years ago, I came out of semi-retirement to develop a larger financial base so that I could help more people in this life. Few things bring joy to me more than to **assist others in pursuing their personal dreams and goals**. Helping others to **break loose from the financial vice, so they are able to spend their time with their families** and on things of **greater value**, is most enjoyable to me.

Initially, I wrote this generic synopsis, solely to provide insight to the thousands of networkers who are hopelessly trapped in a spiral of mis-information, and not to use as a prospect tool. A distributor, who has been with me for 23 years, shared insight with me that changed my mind. She shared with me how our “heart felt support” had changed her life, and how unfair it was for me not to expose as many people as possible to our wisdom, training, and support. That is why I have included the following invitation.

My research has continued beyond the 3 year study. The industry is constantly evolving and maturing. It is important to have cutting edge information on where the market is going. With our experience, superior training and support, we have always been able to be leaders in developing strong and solid organizations **that last and provide true residual income for our members**. I have members that have been with me for more than 20 years, even out lasting a few of the companies they belong to. Armed with the results of this comprehensive study, we are expanding our networking family.

Drawing from the extensive research of 300 programs, and the experience of more than three decades, we have selected the compressed “pay plan market” as our primary focus. After testing marketing several programs, to see if what, “in theory,” works as well in actual practice, we selected our primary program and back up programs that we will focus on for the next decade. In order to protect our organizations from company failures we develop back-up programs. You stay focused on one program and we protect your investment by having a “back-up” strategy. You will never build another organization and have it disappear on you because a company vanishes or makes a mistake in judgment. I have a **full-time staff of more than 30 professionals to personally assist each member of my downline. I have members that have been with me for more than 20.** With Professional Networkers you are literally building a permanent downline organization. No more starting over again!

I have a research company that surveys and studies our efforts, constantly providing information that allows us to improve our results. We have in place a variety of systems (some that other groups haven't even thought of) and training for all levels of experience. We have virtual message, telemarketing support and personalized training for the networker who feels very uncomfortable in presenting the program and we have training and strategy for the leaders who have refined their skills. Each member starts their business with a strategy session. Professional Networkers provide both short term and long term strategy that is duplicated throughout the downline organization.



We design, and provide *test marketed* postcards, booklets, flyers and other direct mail literature for our distributors. Professional Networkers provides a fulfillment center that has several departments that will provide an assortment of services for you, ranging from designing and mails prospect packets for you, to designing and providing a FREE 50 page-website for each of our members. We have more than 20 phone consultants to train your downline on 3-way calls. I provide “nut & bolt” training through conference calls. You will receive a monthly newsletter packed with information that will assist you in building your business as well as keeping you informed on the last in the industry. We provide nationwide co-op advertising. You will be assigned a personal network marketing consultant to guide your through the obstacle course of success and much much more.

Thank you for reading this synopsis. I wish you well in whatever you do. Be a part of the answer. Be a part of the revolution. If you would like to examine the program that we chose, follow the directions below.

Mike Akins and Professional Networkers have been referred to in national trade magazines as “professional networkers with a true heart for their distributors.” Mike has written articles for trade magazines. Several experienced networkers have referred to Mike as the “Schwab” of network marketing.

The “Shy” Person’s Secret Weapon