



# Evaluating the Network Marketing Industry

Why should you be in the industry? Well if 100% of your income comes from only one person's efforts (yours), that is a scary place to be, and certainly you limit your ability to earn. After all, we all get 24 hours in a day, and can only be in one place at one time. So you must employ leverage. Billionaire J. Paul Getty once said "I'd rather earn one percent off the efforts of 100 men, rather than 100% of just my own effort." In other words, would you rather be a real estate agent, or the broker getting paid on all his agents' sales? Remember, wealthy people build networks, while everyone else looks for work.

Let's assume you have discovered the true raw power of the network marketing business model. You have determined it is the vehicle to get time freedom via leverage of the efforts of others, and by harnessing the power of passive residual income... something a job will never provide. There is so much evidence and proof that this industry creates more self-made millionaires and rags-to-riches stories than any other. Nobody can debate the facts, and millions of Americans are catching on and getting into the industry in such pursuit.

People most often fail in MLM because they chose the wrong vehicle (company), and/or did not have the right mentor.

So how do you decide on what company within the industry to hitch your wagon to? After all, choosing the wrong one often leads to wasted years of opportunity time, wasted money, strain on your relationships, and a loss of your credibility (for getting into a business that causes your contacts to wonder what you were thinking). We all know people who have experiences, good and bad, in networking businesses. Likely more bad than good, due to the sheer numbers of inexperienced people jumping into the first business their cousin or co-worker exposes them to. And they were told to learn how to succeed in that business by following the guidance of someone not even making any money in the business themselves.

Here's a good place to start evaluating. Take a sheet of paper, and across the top write the headings of each different industry within the industry. So put up there vitamins, juices, skin care, travel, home care, telecom, energy, web malls, air & water filters, legal services, dental, insurances, etc. Next, list the companies that exist in the industry in each category. If you find there are many companies in that space, that is a good sign that there will be major competition – a strong headwind blowing against you from day one. And if there are multiple companies, that means that it is not hard to start up new ones. Thus if you are in that space and ever get any real growth momentum, it will be easily derailed by competitors jumping into the space and stealing away your customers or distributors. We call this acid-test the "Me-Too" test. Can other companies easily come along and say "we offer the same product too"? If it is copy-able, it will be copied – bank on it. You must find a "Non Me-Too" product, with a huge barrier of entry into the space.

Another product factor is whether it is a "stand-alone" product. This means you would want to own or use the product yourself WITHOUT there being a business or opportunity attached to it. What you will find (if you look) is that many people in network marketing were attracted to the company more so due to the financial opportunity than the true appeal of the product. They are willing to be a consumer of the product as long as they are making money selling it. But the day they stop selling it, they most often stop using the product too. This means they never really believed in the product themselves, they only pretended in order to make money. You

must find a “stand-alone product”.

Another criteria or filter would be the strength and life expectancy of the company. Since about 60% of the networking companies fail inside of the first 5 years, and 95% within the first 10 years, it would make sense to find a blue chip company that will NOT be like going to casino to gamble on picking a new company that you THINK will withstand the test of time. The most common myth here is that to make it big, you must “get in on the ground floor” with a start-up company. That is something you should NOT do. Most start-ups will not have their act together in the first 2 years, and the business you build will be hard to hold together. If they make it that long, the odds will still be stacked against it that it will make it to the 5 year mark. If it does, you have succeeded this far. But now comes back the issue – here comes the competition realizing there is a viable market and the wars begin. You start losing your downline to the new companies that pop up, luring them away with special deals and twists to the product or comp plans. Back to the point... find a company that has been around for at least 10 years and is still showing an upward growth trend, with still low market penetration. This is crucial. Just because the company has been around for 10+ years does not warrant your decision to jump in. The company must be still growing, with most of its market potential still in front of it.

Let's look at the compensation plan. There are many kinds that exist - some are fair, some are lopsided, some are far too complicated, and some will frustrate you and cause you to quit. The true magic only occurs in this business model when the average distributor can truly make “meaningful income” right away. We define this “meaningful income” as earning at least \$1000 in their first month. If people earn less than this, they often determine that the income is just not worth the energy and effort, thus they quit. This is why the industry has such a high churn rate. A good company knows that the new people need to earn money quickly to keep them excited about their business, and about their future potential. But the comp plan must also be balanced and planned. The middle level people must be able to see income increases as their business grows. The top 10% must be able to earn the kind of income that causes the masses to dream and work hard towards that goal. In reality, if you take well enough care of the beginners and they are earning meaningful money on the outset, they will stick around and keep building, and the uplines will be seeing massive rewards. \* Another caveat that you MUST review regarding comp plans is whether the model the company employs is even legal. Some plans generate a majority of the distributors' incomes from the recruitment of new distributors by charging high buy in fees (often \$100's or more), and a minority percentage comes from the actual sale of a product to a stand-alone end user or consumer (who is NOT in the business itself). This is a major red flag to the Attorneys General, and should be. If the company's focus is on recruiting, and most of your income comes from recruiting, do not join this company... inevitably it will be shut down. Recruiting is good, but not generating an income from it. The income must come from having true retail customers. A reasonable ratio of retail consumers to reps is 3-to-1, or 4-to-1 or better.

After all of the research over the last 5 years, and having watched the many companies come and go, surge and subside, in each space – there is one company that appears to have the best future opportunity. Let's evaluate LegalShield. (You will rarely ever hear a seasoned networker knock it)

- The fact that it has withstood the test of time of 40 years - the peace of mind you will get from knowing that the regulatory agencies have reviewed the model, and the NYSE deemed it fit to be a public company on the most prestigious stock exchange, is important. Its strong financials should allow you to put your head on your pillow at night knowing that when you wake in the morning, your company and your check will still be there. “Build it once and have it stick and pay you forever” should carry big value in your mind. The company has been around and paying residuals for over 30 years. Even during the 2009 recession, they still reported their biggest quarter (Q3) in its 37 year history. Epitome of company strength and security, and massive need for its product even in a recession.
- The product is certainly a “non me-too”. The barrier of entry to compete is enormous, thus no real competition exists. To be able to pull together the top law firms in North America to agree to provide their services (before having a big customer base to draw monthly fees from) and to pull together a big enough customer base

from which the fees can lure the law firms – this is the ultimate Catch-22 that has kept competition out for three decades.

- The product is also “stand-alone” – stats show that even if an Associate (rep) decides not to sell anymore, they most often retain the product. This means they value the product first and foremost as a consumer, and not just for the promise of making money selling it. And for some people, selling soaps, lotions and potions may be of no interest to them. LegalShield has a unique, professional product that even professionals enjoy sharing with others. No more “putting your pride in your back pocket” to talk to people about the same old products.
- Comp Plan – there is no other plan in the industry that pays like LegalShield. Because of its track record, retention rates, and customer base – LegalShield can afford to pay hefty upfront advanced commissions (PAID DAILY by direct deposit) as well as lifetime residual income for the life of every membership sold. On a \$36 membership sale, instead of getting paid an industry norm of around \$5 or so, in LegalShield you earn from \$69 up to \$252 per \$36 sale. In most network marketing companies, you would have to do about \$6,000 to \$10,000 in sale volume to earn \$1000 in your pocket in commissions. With LegalShield, a new person can earn \$1000 with as little as \$598 in volume. Due to this, new people earn “meaningful money” more easily and quickly, thus they succeed and stick around. The churn is lower. And the higher level builders in the upline can count on increases in their earning power. The LegalShield comp plan is a “Differential Unilevel” meaning you can build as wide and as deep as you want, and you can get paid infinitely deep on downline sales. The company has added money to the comp plan at all levels 7 times over the last 10 years. Few companies add money without taking it away from somewhere else. LS can afford to do so. And LegalShield has TRUE residual income, not just PASSIVE income (most networkers confuse the two) on new downline sales.
- Market timing for LegalShield is incredible. The fact that it has been around for a long time is a very good thing. Peace of mind is valuable, and you will not have to worry about your future as you would in a start-up company under 5 years old. What is incredible is they paid out over \$1.2 Billion in commission in the last decade, and still has not even reached 3% market penetration. Critical mass often occurs right around 2-3% penetration, so it seems LegalShield is on that very threshold. With 97% of the population not yet tapped in the US or Canada (not even expanded outside North America yet), there is no limit to the size of business you can build. If the business has million dollar annual earners already, imagine the upside potential.

2012 looks to be the year that LegalShield breaks out and further soars past many of its industry counterparts. The need for the product has never been so strong (people need to call upon attorneys for mortgage issue, severance packages, insurance issue, family law, IRS audits, etc). Identity Theft is expected to increase dramatically yet again this year to almost pandemic proportions. Mid Ocean Partners, a NY private equity firm, bought the company in 2011 for \$650 MILLION. They are now layering fresh branding strategies on top of the existing model to make Legal Shield become a household name right away. This will make the marketers’ jobs much easier and more fruitful than ever.

Those who position themselves with LegalShield may just find their experience in network marketing will be far different from what they have personally endured, or heard from others, in the past. We must agree that this is the right industry... now choose the right company and commit to the process and the journey to your success. Just stop wasting time with the wrong company, and don’t jump from sinking ship to sinking ship. Pick right, work hard, get paid for life.