

HOW TO SELECT A NETWORK MARKETING COMPANY

By: D.C. FALTER MARKETING

The following free report is the result of years of network marketing research. It was designed exclusively for individuals who are serious about becoming successful in network marketing. The first step in launching a successful MLM career is to select the right product and company. We encourage you to study and apply the principles outlined in this report in order to have the knowledge and the tools necessary to select the best company in network marketing.

THE CRITERIA FOR SELECTING A COMPANY

Rather than simply run through the criteria we used for selecting the best company in network marketing, we decided to walk you step-by-step through the evaluation process. It is valuable for network marketers to understand the importance of each criterion. You can use this system to rate any business opportunity. Listed below are the six criteria we will review in this report. While reviewing these criteria, ask yourself the following questions associated with each criterion.

- **Product Industry**

Which product or service am I going to represent & why ?

- **Timing**

During which "Phase of Growth" should I join a company?

- **Compensation Plan**

Which of the five widely used pay plans is best?

- **Company Management**

How do I evaluate a company's management team?

- **Product Integrity**

What makes a product line "The Best"?

- **Overall Evaluation**

How did each opportunity stand up to scrutiny?

Now select any network marketing opportunity and scrutinize this company using the following rating system. This report will explain in detail the above six criteria for selecting a company. After each criterion is explained, we attached a simple rating system for scoring each of these six criteria. Page seven is simply a list of the top 10 companies in network marketing and their total point scores.

The final page is a list of instructions on how to proceed for individuals who have reviewed this report and are interested in taking action. We are taking serious inquiries only. Please follow the instructions carefully and then contact us immediately on our direct line.

Study #1: Selecting The Best Product Industry

In our analysis of over 200 programs, we were able to determine which product industries within network marketing are the most viable now and which industries will be the most viable during the

next 20 years. Here are the top industries in network marketing ranked in order of profitability, stability, and long term growth potential:

- **Nutritional Supplements/Health Aids**
- **Skin Care, Cosmetics, Personal Care**
 - **Household Products**
 - **Telecom/Pre-Paid Cards**
 - **Jewelry/Gold**
- **Financial/Debt Elimination Services**
 - **Water/Air Filters**
 - **MLM Leads Generation**
 - **Travel**
- **Wholesale Buying Clubs**

Alternative MLM Industries with limited exposure and appeal:

- **Computers/Internet Services**
 - **Legal Services**
- **Satellites, Hardware & Service**
- **Home/Personal Security Products**
 - **Books, Reports, Newsletters**
 - **Information Services**
 - **Auto Care Products**
 - **Groceries/Coupons**

Test #1: Product Industry

If the company you are evaluating markets products or services through one of the following industries, apply points accordingly. Please do not select more than one industry for each company. Select the industry which best describes the company's product focus. Then, move points to the subtotal line

<u>Company's Primary Product Industry Focus</u>	<u>Points Given</u>
Nutritional Products	10 Points
Personal Care/Skin & Hair Care Products	8 Points
Household Items	6 Points
Telecommunications	4 Points
Jewelry	2 Points
Financial Services	2 Points
Travel	2 Points
	=====
Points Subtotal:	

The Nutritional Supplements Industry will continue to grow at a phenomenal rate based on the aging of the 60-70 million baby boomers. In 1993, Nutritional Supplements did \$27 billion. In 1995, this industry did over \$92 billion. Currently over 10,000 boomers are turning 50 every day. When the leading edge of the baby boomers reach age 60 in 10 years, trend experts predict the nutritional industry to be 5-10 times larger than it is now.

Study #2: Choosing The Best Time To Start Your Business

What does *SUCCESS™ Magazine* say about timing in Network Marketing? In an article which appeared in *SUCCESS Magazine* entitled "The Curve of Prosperity" Charles King, a Harvard Business School Ph.D. diagrams the growth stages of successful network marketing companies.

In summary, a company experiences several major growth stages as it matures into a stable, long term opportunity. The first growth stage is known as the "pioneering stage." This is the time when companies are most vulnerable and usually go out of business. If and when a company reaches \$50 million in annual sales, that company experiences a phenomenon known as "critical mass". This "critical mass" marks the beginning of the company's "momentum growth phase." During this momentum growth, a company can go from obscurity to becoming a household word within 5 years.

In momentum, the name of the company and its exclusive name brand products start to become popular, company sales begin to explode, and distributors experience 5-10 times the level of success they previously experienced or will ever experience again without divisional diversification or entry into foreign markets. The last stage of a company's growth is "stability." This is a great time to own a large distributorship but a tough time to build one. The company is so well known, distributors have to be more skilled at handling objections and many prospects will have already been approached many times. Growth in the stability phase is significant, but slower. The most important criterion when selecting the best time to get involved is annual sales volume.

Test #2: Timing

The following table documents the seven phases of a company's growth. We assigned points to each phase. Find out the annual sales volume of the company you are evaluating. Apply the following points scale to the company's annual sales volume. Subtotal points below.

Phase of Growth	Annual Sales Volume	Points Given
Start Up	\$0 to \$500,000	2 Points
Pioneering	\$500,000 to \$1,000,000	4 Points
Concentration	\$1 Million to \$5 Million	6 Points
Pre-Momentum	\$5 Million to \$50 Million	8 Points
Momentum	\$50 Million to \$1 Billion	10 Points
Stability	\$1 Billion to \$5 Billion	8 Points
Maturity	\$5 Billion +	6 Points
		=====
Points Subtotal		

Study #3: Selecting The Best Compensation Plan

Which Compensation Plan is the Best? The five most commonly used pay plans in the network marketing industry are the Breakaway, the Unilevel, the Matrix, the Two-Up and the Binary. Your job here is to review the following five plans and choose the one you feel is the best. Using the information below, you will be able to determine which one we chose.

We took the hypothetical monthly group volume total of \$40,000 and applied it to the following network marketing compensation plans w/o bonuses. In other words, there are 400 distributors in your downline purchasing \$100 per month...how much do you make?

Type Of Plan	Apprx \$ Range	Pros	Cons
Breakaway	\$1800 - \$3200	Big Money	Heavy Quotas, Level Limitations
Binary	\$4000 - \$8,000	Fair, Lucrative	Must Balance Legs
Matrix	\$1200 - \$4000	Spill Over	Pay Out and Width Limits
Two-Up	Widely Varied	Nice On Paper	No MLM has survived 5+ Yrs
Unilevel	\$2000 - \$4000	Fair Plan	Weak Pay Out in Front End

*Each example is based on the average pay out range for all companies studied. These hypothetical examples are for evaluation purposes only and they do not imply that distributors will make these incomes. Income potential is based strictly on the commitment of individual distributors.

Here is a count of the AVERAGE Number of pay-out levels in each pay plan.

Breakaway = 6 levels*
Binary = Infinity** (Binary does not pay on levels, but on total volume)
Matrix = 2 to 12 Levels (Varies Widely)
Two-Up = Infinity (Pays on volume, distributor sacrifices 1st 2 Distributors to upline)
Unilevel = 7 Levels***

* Some breakaway plans have a function called "compression" which helps distributors dip down to deeper levels.

** The Binary counts volume, not levels. Volume is capped at \$5,000 per leg, per week. Distributors can earn over \$100,000 per year before "re-entering" into their own downline.

*** Some current pay plans incorporate an "infinity bonus." We have found this bonus to be misleading as it only pays to the next qualified director.

Test #3: Compensation Plan

We ranked the following five compensation plans with the below points scale. The point spread is varied based upon the many variations within each pay plan. For example, a high ranking breakaway plan will score a 6 based upon maximum benefits and limited restrictions within that plan. Another breakaway plan can score a 4 based on limited pay-out, limited levels, or high quotas. Top pay plans ranked high based on fairness to distributors, pay-out potential, and the downline building incentives.

Pay Plan	Points Given
Breakaway	4 - 6 Points

Binary	7 - 9 Points
Matrix	2 - 7 Points
Two-Up	0 Points Unproven Plan
Unilevel	6 - 8 Points
	=====
Points Subtotal:	

Study #4: Scrutinizing A Management Team

This section may appear to be the least complicated. However, when selecting a company, this is possibly the most important criterion of all. Here is a simple method for analyzing the ownership and management of a company. Retrieve as much information as possible from the following sources:

- **Company Literature**
Review the company history, founders, management and endorsements.
- **Dun & Bradstreet**
Order reports to see that the management team is sound.
- **Attorney General**
Check with the State A.G. where the company was founded, where it is located today, and any states where it is doing a high volume of business.
- **Better Business Bureau**
Call the BBB to see if many complaints are listed with a company.

Remember, even the legitimate companies are going to have some complaints from a few disgruntled distributors. What you don't want to find is frequent litigation, many complaints, or criminal activity.

Test #4: Management Team

In this test, all company management teams were given a perfect score of "10". Then we proceeded to remove points for specific concerns related to company management. Below is a list of the concerns which resulted in a loss of points. Start with "10" and take off points accordingly.

Past or present criminal activity, numerous bankruptcies, inexperience, lacking past successes, unethical activity of any kind, tolerance of unscrupulous staff or distributors, unprofessional conduct (foul language, harassment, etc), poor personal money management, poor communication, dominant personalities, apathy, short-term vision.

Points Subtotal: _____

Study #5: Selecting The Best Product Line

In this category, we gave all companies a perfect score. Then we began taking off points for any of the concerns listed. Please refer to the following test for a list of these concerns.

Test #5: Product Line

Since the test results indicated that the nutritional industry is the #1 product industry in network marketing and since all of the top 10 companies are nutritional companies, we decided to only include the results from this industry. In order to rate the top lines, we started each company with a perfect score of "10 points" and then we began eliminating points as we ran into concerns. Below is a list of the concerns which resulted in a loss of points. Start with "10" and take off points accordingly.

Incomplete line, herbal medicine focus rather than nutrition focus, undocumented product claims, exaggerated testimonials, inexperienced scientists formulating products, unsafe ingredients, no result using products, bad results on product, inaccurate labeling, too much or too little of key nutrients, low quality/cheap ingredients,, complicated product line, no money back guarantee, gimmick products (thigh cream, Ma Huang weight loss pills, diuretics, spray vitamins, colloidal minerals, etc).

Points Subtotal: _____

Study #6: Overall Company Evaluation & Track Record

The company/track record exam is based upon the analysis of each of the 200 companies in our study. The ratings for the top 10 companies in network marketing make up page seven. Additional information can be obtained by contacting the person who referred you to this report.

Test #6: Overall Company Evaluation & Track Record

Each company starts with a perfect "10" points. Points were eliminated for any of the following concerns. These are common concerns other than those mentioned in the previous six criteria tests. Start with "10" and eliminate points according to the number of concerns. Subtotal points below.

Company association with unscrupulous activities or people, excessive hype, false science, undocumented claims, no ownership of products (products are contracted out), overemphasis of compensation plan over products, company endorsed slandering of other MLMs, unethical company recruiting campaigns, extreme start-up expenses (too high/ too low), constant back-orders, high attrition rate, low re-order rate, low start-up capital, heavy debt, poor money management, stagnant growth, drastic changes in product line, drastic changes in compensation plan, continuous back-orders, "sweet-heart" placement deals and/or special favours, privileges, or rewards to distributors which are not directly tied to performance, corporate employees with downlines.

Points Subtotal: _____

TOTAL POINTS: _____ (60 points possible)

CONCLUSION

D.C. Falter Marketing reviewed over 200 network marketing opportunities using the above testing system. Over 30 companies scored highly in testing. However, among all of the companies tested, only one company scored 59 out of 60 points.

**A note from the author of this report.*

"Please note that I had no special connection or relationship with any of the companies I reviewed when I started my research. I had previously been involved with several other network marketing programs as an independent distributor but before conducting my study, these distributorships had been dissolved. After scrutinizing over 200 companies and choosing one program as the best opportunity, I became involved with this #1 rated opportunity as an independent distributor. I now

have a substantial number of independent distributors in my organization. However, I have no "special" ties to any network marketing company including the program that I personally promote. The company I promote does not necessarily agree or disagree with any of the research produced by D.C. Falter Marketing."

Sincerely,

*Daren C. Falter,
D.C. Falter Marketing*