

# The Equation for Success

Part 1 by Mike Akins

There are many factors in the equation for success in network marketing. The more of these factors that you familiarize yourself with, the greater your chance of mastering the equation and achieving success. Network marketing is one of the few avenues through which individuals from all “walks of life” can achieve sizable incomes and a great degree of “freedom of time.”

During my 32 year career, I have been witness to truck drivers, waitresses, plumbers, clerks, factory workers, the young, the elderly, along with accountants, bankers, lawyers, and physicians that have earned five, six and seven figure incomes in this industry. On the other hand, I have seen thousands of individuals waste time, lose their investments, have their dreams extinguished, and live in the frustration of perpetual pursuit without achievement.

## Success by Design

You can aimlessly test one program after another, searching for one that will work for you, or pursue success by design. Generally programs do not work for you. You must select a program with the right dynamics and then learn to work the program. Learning how to be a true networker should be your goal. Articulating effective marketing strategy and learning to effectively communicate the benefits of your program are paramount to maximum success. Understanding the equation for success is vital to the preparation process for achieving maximum success. This article is Part I of a series of articles that will lay the foundation for success in network marketing.

One of the most important steps in your journey is selecting the right program. Success at the company level does not always equal success at the distributor level. There are very successful companies that have very high distributor attrition rates. Many companies “waste” thousands of distributors in the process of

developing a product user base. Often there are flaws in the strategy of the company leaders that directly affect the distributors’ success.

## Five Important Factors

You can reduce this risk by carefully examining the dynamics of the program that you are considering. It is not necessary to be in the “best program.” There are thousands of distributors in dozens of companies earning exceptional incomes. What is important, is to choose the program that has dynamics that will best work for you. There are five basic factors that you should examine: company security, product philosophy, compensation strategy, marketing strategy at the company level, and the support that is available to you from your upline and from the company.

The security of the program goes beyond the financial realm. Although the financial condition of the company is important, real security is more complex. Having adequate funding available does not tell you how much the founder is willing to lose or risk. Don’t hesitate to ask the right people the “hard” questions. Talk to the company leaders, industrial leaders, competitors, and editors of networking magazines. You will be surprised how many people will be willing to chat with you.

## Paradigm of Company Leaders

The paradigm or thinking patterns of the company leaders is very important. Experience in business as well as in marketing is useful. How do they think? What is their focus? How do they handle market challenges? What is their background? What is their marketing philosophy and strategy? Will the company’s strategies compliment your success as a distributor? Are they

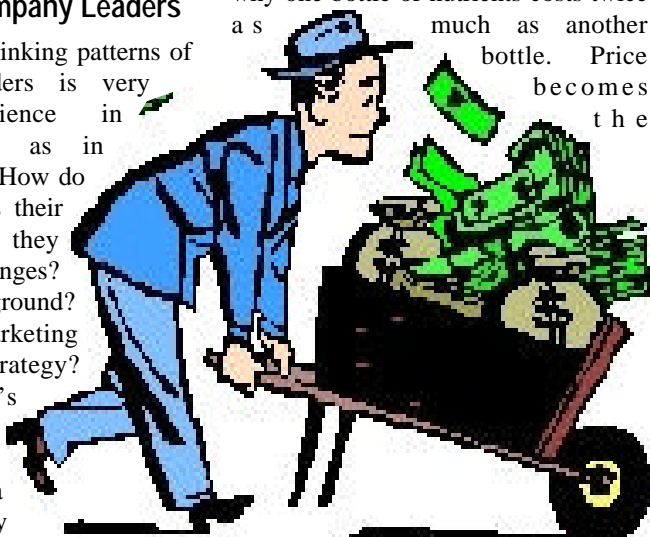
egotistical or arrogant when put on the spot? What is their perspective of the company’s responsibilities to the distributor? What are their projections and what are these projections based on? You can find industrial leaders who know these founders.

What are the company leaders’ attitudes toward service? Call the company a few times and check out their customer service. A poor customer service department can damage your business. You can’t just automatically believe claims of quality service; you have to check it out. Take time to gain an understanding of the industry in order to avoid wasted time and money. Network marketing is a serious business with the potential to change your life forever. It deserves serious consideration.

## Product Philosophy

More than 80% of all successful networkers belong to companies that have nutrition products involved in their programs. Network marketing companies with products and services that directly compete with strong conventional markets have a very high failure ratio. Typically, in the conventional market, companies such as GNC and Wal-Mart have tremendous pressure to compete on a price basis. They do not have the personal service available to explain why one bottle of nutrients costs twice

as much as another bottle. Price becomes the



determinant factor for which product will sell. In the past six years, 80% of all new distributors that have entered the network marketing industry have joined companies that include nutrition in their agenda.

The product philosophy of the company leaders is a cornerstone to success. Growth without responsible product strategy is short-lived. Product philosophy should be balanced between growth and stability. In order to achieve quick and progressive growth at a “grass roots” level, the program needs a flagship product that will open doors. The more unique and exclusive the product is, the easier it is to gain the interest of prospects. Be careful that the company does not hide a poor pay plan behind a “sizzle” product. Success requires a balance between these two factors. The flagship product should be backed up with a number of quality and diversified products. Although many networkers join this industry to supplement their income, history teaches us that the product is generally the primary consideration in determining which program they will join.

A company with an internal research and product development department is more inclined to provide quality, cutting edge products. Product formulas that are backed by scientific research and clinical testing can better withstand the “battle of the hype.” Be careful to examine the claims made by distributors. Often clinical studies quoted do not verify the effectiveness of the actual products being promoted.

An example of this is the recent HGH precursor “wave.” A great majority of the claims being made about the product refer to the research conducted on individuals who had the actual HGH hormone administered intravenously. Very little research has been conducted on precursors. A few years ago another similar marketing scenario occurred with a DHEA precursor. Dozens of mainline network marketing companies were promoting a precursor that supposedly increased the body’s production of DHEA. Research data on the benefits of DHEA was used to promote the precursor. The Life Extension Foundation, an independent non-profit organization, performed a clinical trial on 1,000 individuals to discover if the precursor actually elevated serum DHEA. Not a single individual experienced an increase in blood levels of DHEA. I suggest that you personally study out the science behind product claims. A bogus product will not maintain long-term growth or retention.

## Compensation Strategy

Another important consideration to your selection is compensation strategy. I suggest that you carefully examine different perspectives on this subject. My preference in compensation strategy is based on balance. There are two fundamental aspects to compensation strategy; the pay structure used and how the commission percentages are arranged. Breakaway, uni-level, binary, matrix, and the Australian two up are examples of the various compensation structures. Each of these structures has advantages and disadvantages. I have found that only a few very experienced networkers really understand the dynamics of these structures and will promote the one that profits them the most. Overall, I believe the uni-level has the greatest capability of providing the best balance in compensation.

There are several considerations in analyzing pay plans. It is important for a plan to adequately compensate the part-time marketer within the first three levels. Traditional programs have “stacked” the commission structure in favor of the “heavy hitter,” resulting in excessive attrition. One of the keys to low attrition is to allow the part-timer to get into profit with a small number of customers or distributors. On the other hand the pay plan must adequately

compensate the experienced, full-time marketer in the deeper levels. The compensation strategy must be balanced between these two segments.

## Part-timer vs “Heavy Hitter”

A successful program must attract leaders who can develop effective marketing strategies and support systems. Without this segment the organization will have a weak foundation and will not achieve and maintain maximum growth. If the part-timer is not adequately compensated, attrition will erode incomes and will begin the unwinding process from the bottom up that can even destroy companies.

The company must balance its investment between compensation to distributors, product development, competent corporate leadership, logistic support, and effective marketing sales aids. If the company invests too much into compensation it may fail to finance other areas that directly affect the ability of the marketer to build his business. As ironic as it may sound the highest paying program is the last program you may want to be involved with. I have existing downlines in several companies and some of the best paying programs have been the most difficult to build.

Programs that compete on the basis of “pay out” alone, generally, do not have enough money left over, after paying out commissions, to invest in product research and development, nor in state-of-the-art marketing materials. In the past six years four companies have each enrolled approximately one half million distributors. In my opinion all of these companies have inferior pay plans but have product focused programs. Not one of the programs with the most lucrative pay plans have approached that kind of growth. When you examine programs look for balance.

## Marketing Strategy

When you examine a program, study their marketing strategy. Does the company have marketing “tools” in place that will support your strategy? What is your personal strategy? Are you going to work this business from a warm market perspective? Are you going to “work the phone,” advertise, build through the Internet, or use direct mail? Does the company have videos, cassette tapes, a strong Internet presence, toll-free message support, or effective literature? Building a successful business requires more than a lucrative pay plan or a “sizzle” product.

When you are introduced to a program, shop around for the right upline support group or sponsor. Even an experienced marketer can be more successful if they have the right upline support in place. Your organization will need all of the support they can get. You are not obligated to join under the first person that prospects you. This is a business not a hobby or game. You have a responsibility to yourself and your loved ones to make a good business decision. The company and upline you select will, to a great degree, determine the boundaries of your success.

In the next segment of “The Equation for Success” series I will share information on the four steps in building a successful organization. These steps will include; attracting prospects, sponsoring the prospect, and creating duplication within your organization and how to retain what you build.

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***“Building a successful business requires more than lucrative pay plan or a ‘sizzle’ product.”***