

RICHARD BLISS BROOKE

The Dirty Dozen:
12 Mistakes That MLM
Companies Make





43 YEARS OF PERSPECTIVE...

I built my own team of 30,000 active sales leaders in a company that failed due to these mistakes. Then, I bought an existing company, which I owned for 33 years, which also eventually failed. I relaunched it with new products and new leaders, which grew for 7 years before I sold it to a \$1.5 billion dollar a year company.

I've made some of these mistakes personally and I'm not saying companies who do these things always fail. Some succeed in spite of these mistakes - at least for now ...



MISTAKE

02

BEING TOO CONSERVATIVE

Ownership is too conservative, growing too slow, too perfect, and too safe (I made this mistake). There is a sweet spot in between and it is broad with lots of room. The extremes kill you.



MISTAKE

03

HIRING INCOMPETENT MANAGEMENT

Ownership hires incompetent management that does not "get" Network Marketing and what it takes (blood, sweat, tears, heart, and soul) to build a sales team (I've also made this mistake). Corporate leaders that really "get it" are hard to find and expensive. Why? If they really get it they are doing it. I found a couple who were with me for over 20 years ... salt of the earth, great people, but we needed more. Turnover kills the field's trust. B and C-players don't serve the field and end up costing you money. Jack Welch said it best in The GE Way, "A-players pay for themselves." Hire A-players that "get" Network Marketing.

MISTAKE

01

GROWING TOO FAST

Ownership tries to grow too fast, too much hype and too many promises ... like it's some kind of race to a record. Fools (the worst kind of networkers) rush in. If your company is boasting about setting records, I recommend you stand down. It is a fool's errand. You cannot be the fastest forever. Soon you will have egg on everyone's faces. Not to mention the poor execution that will result as you get way over your skis in operations, product supply, quality, and customer service. Your salesforce needs you to be excellent more than to be record-setting.



MISTAKE 04

TOO MANY PRODUCTS

New products create spikes in growth, but weigh down the growth for new distributors. Companies get hooked on the growth spikes of new product introductions, years later resulting in a bloated product catalog. The products offered should always be viewed from the perspective of a brand new representative looking to build. The simpler the better if you want continued growth. Look at every company with a bloated catalog and you will see either a decline or a Corporate Couch Potato.



MISTAKE 05

MEDIOCRE PRODUCTS

Mediocre products that would never succeed in the marketplace without an opportunity to drive them. This is the biggest mistake companies make in their initial launch. If your product will not thrive outside of a compensation plan then your company will likely not make it long term. In my estimation, 90% of the MLM companies in the world have products that cannot stand on their own. How do you know? Simple. What percent of the sales are ordered by people that have nothing to do with the compensation plan? And, are those sales increasing?

MISTAKE 06

NOT CREATING YOUR OWN PRODUCTS

Products you do not own the formulas and manufacturing process IP to. Products that can be taken away from you by unscrupulous manufacturers or employees. Don't build someone else's brand or IP. Create and build your own.



MISTAKE 07

LACK OF SALES TOOLS

Mediocre or no marketing tools to tell the story. Tools to tell the story are critical to avoid duplication. 99% of new distributors cannot tell the story and for those who try, they generally get it wrong ... often repeating hype that is not true. However, the biggest problem with mediocre tools is people just don't tell the story at all ... no recruiting ... no duplication ... no growth. Distributors need to be the messenger, not the message. They need million-dollar resources if you want million-dollar sales. Our profession is famous for producing \$20,000 videos and expecting \$2 million in revenue.

MISTAKE 08

NOT EMBRACING THE MODEL

Learn to embrace the Network Marketing business model. The difference between traditional direct sales and Network Marketing is recruiting. Network Marketing, by definition, allows and encourages EVERY distributor to build their own team. This creates the compounding effect of growth and the residual income opportunity. Many Network Marketing opportunities would like the world to think they are still just a good old direct selling opportunity ... a culture of non-competitive slow or no growth. It is not illegal or immoral to recruit ethically. In fact, it is imperative to growth. Some companies even go so "fraudulently" far as to claim they are not Network Marketing companies when every one of their sales leaders knows they are ... ergo, how they get paid. That bakes a lack of integrity right into the culture.



MISTAKE 09

CREATING A MATERIALISTIC CULTURE

Creating a culture of money, houses, cars, bling, fake stage checks, and "We're Number One" chants. We are the fastest, we are the best, we make more millionaires, our products are the best ... blah, blah, blah. This is just about the worst culture imaginable and inexcusable in today's marketplace. Run for the exits. It's surprising how many companies still either foster this or allow it. Watch out, it is the number one hot button issue for the FTC.



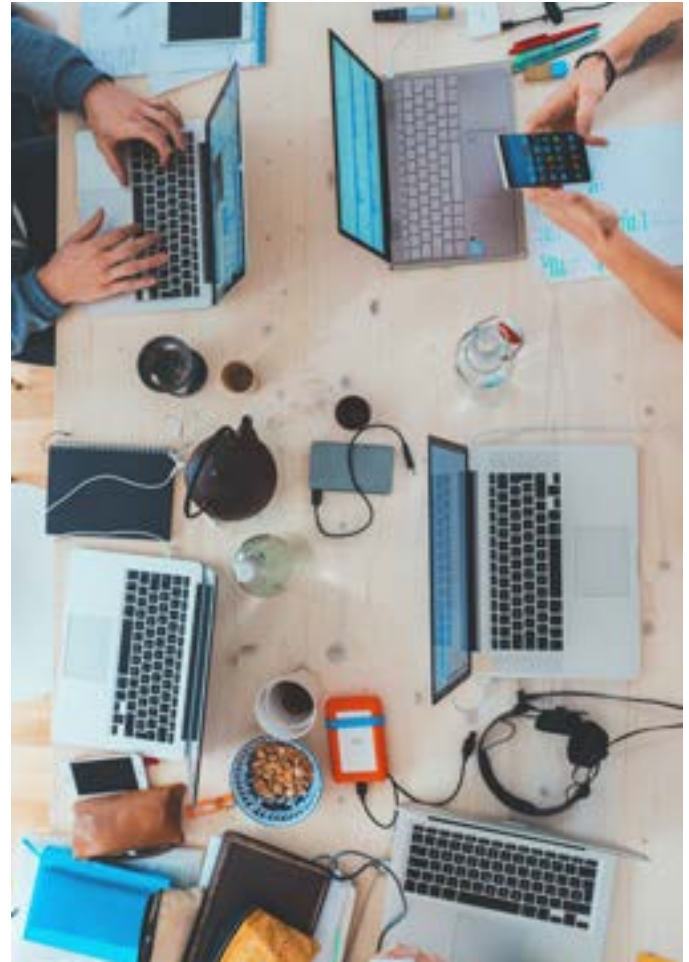


MISTAKE 10

LOW OWNERSHIP LONGEVITY

Ownership that does not bleed longevity and who are only in it for the money ... a pure and simple business investment. These owners will bail at the first sign of trouble and will also be looking to bail at the first big run-up of sales to maximize their profits. 25 years ago, if I was at a CEO retreat with other Network Marketing company owners, 90% of them would be people who built their own companies as sales leaders from the ground up. Today, it's just the opposite ... 90% of the CEOs are employees who did not build it and the ownership is nowhere to be found. Everything rises and falls on ownership believing in the business model ... as in forever. Which of these people have launched an MLM company and either failed or bailed? Which of the following people have launched an MLM company and either failed or bailed: Zig Ziglar, William Shatner (Captain Kirk), United Sciences, Jerry Falwell of the 700Club, Ted Turner's son, and Donald Trump.

Answer: All of them.





MISTAKE

11

OVERSHARING

Telling the sales force what your sales and recruiting numbers are to motivate them. If the company is public it has to. If it is private it does not. Here is the mistake. I tell the sales force what the goal is. I tell them The Great News ... sales are up ... we hit our goal. I keep telling them this as the sales increase. Every month or quarter is good news. I train them to expect to know. They are excited. Everything is great ... because we are playing the short game. However, if I am in it for a 50-100 year business plan, what I KNOW is sales some months, quarters, and years are going to be down ... maybe way down. Why? Because we are a business run and driven by people. Our marketplace is people. Every company that has been in business for more than 20 years has had major downturns. And, when the sales force knows about the downturn ... when they know sales are down, recruiting is down and incomes are down ... they slow down and their reaction perpetuates the downturn. Once you start telling them the good news you cannot stop gracefully. You are either forced to tell them the bad news, go dark, or lie. You would be shocked how many private companies just lie. Explain to your field why you do not share this information and teach them to focus on their own sales and recruiting.



MISTAKE

12

EXPANSION FOR THE WRONG REASONS

International expansion to force sales growth. Every market you open will cost you millions in capital and more critically millions in human capital. If your products, retention, recruiting, tools, operations, and IT are all working beautifully then open a market. One your sales leaders are dying to open. Opening an international market when your operations are not excellent and your marketing is not creating growth in the United States is a desperate attempt to prop up a system that is flawed. Plus, once you open it you cannot unopen it ... without major backlash. Also, once you open it, the C-level suite is going to spend a lot of time and energy on planes, exhausted, not with their families, and soon burned out. Hold off as long as you can - and then some.

MY STORY

I grew up on a cattle ranch and row crop farm in central California. My parents were well educated: Stanford and Mills College for Women, respectively. I barely graduated high school. I just was not interested. (Oh, and I came from a broken home so it's their fault.)

Like most farm-town-high-school-almost-dropouts, I went to work at the local chicken plant. Others went to the Ragu spaghetti sauce factory, and others stayed working on the farms. I actually liked the Foster Farms—the largest poultry processing plant in the world. I had big plans to run the place.

After four years of what I thought was a well-planned 40-year career, Foster Farms did something foolish. They changed their policy and only allowed people with a 4-year college degree the opportunity to advance in management. My 40-year career came to a screeching halt.

About the same time, the high school buddy who got me the job at Foster Farms called to invite me to an "opportunity" meeting. It was 1977. In Network Marketing timelines, that is the equivalent of the Stone Age.

After three weeks of telling him NO in a variety of loud ways, I finally just "took a look." I found myself intrigued, then enrolled, then trying to recruit everyone at the chicken plant (full time), then fired.

So there I was: a total introvert with very little self-esteem and zero aptitude for sales. A full-time Network Marketing dude. As you might expect, I failed pretty miserably.

Two years into it, I was living halfway across the country on my sister's couch and borrowing her car (I was on repossession number two). I had no money, no income, no car, no home, no credit cards that worked, and everyone on my small team had quit.

Four years later, I was living in my beautiful lakefront custom home in Altamonte

Springs, driving a special edition Lincoln Mark V and a brand new Porsche 928. I had 30,000 sales reps on my Network Marketing team, and I was earning \$40,000 a month.

In today's dollars that would be about \$120,000 a month.

How I did it is for another story.

WHAT I'VE DONE SINCE

What I have done since is acquire one Network Marketing company that I owned for 30 years and launched another that I owned for 10 years. I sold them both in 2017 to a Billion dollar company.

I wrote *The Four Year Career*, the preeminent book on Why Network Marketing...and Why Not. And I wrote *Mach 2, The Art of Vision and Self Motivation*.

And I have been coaching company owners and sales leaders on how to do Network Marketing Ethically, Honorably and Authentically my whole career. You can learn more about my work at www.RichardBrooke.com.



NEXT STEPS

richardbrooke.com/coaching