

**THE
MIMM
REVOLUTION
A MANIFESTO BY RANDY GAGE**



THE MLM REVOLUTION

A Manifesto

Randy Gage

Warning:

This document expresses my own personal viewpoints. As such, it is blunt, controversial, and contains adult language.

The intent of this manifesto is to shake people up, challenge their core beliefs, and provoke serious critical thinking.

We need to initiate a bold, daring and creative dialogue about the future, and what we will be doing to create a better one.

If you are easily offended by this kind of thing, you should read no further.

If you are up for starting a revolution, and helping our profession to breakthrough to the highest levels of success, read on...

- Randy Gage

Do You Want the Red Pill or the Blue Pill?

Maybe it happened when DHL announced that it was no longer going to deliver packages in the U.S. and eliminated the jobs of thousands. It could have been when governments around the world began taking the taxes they coerced from their citizens, and used them to prop up mismanaged banks, insurance companies, car manufacturers and other private businesses.

Perhaps it clicked when the airline executives could segue into bankruptcy and then segue out after slashing their pension plans obligations. Or maybe it took place with the steady revelations of company after company, cooking their books to rip off investors and workers, while enriching their crooked executives.

One thing is certain...

Around the world, people began to wake up, snap out of their corporate comas and think again. They began to question the morality of the standard business model, rethink their priorities, and wonder if their governments really could provide for their golden years.

The really savvy people went yet further, moving from analytical thought, back to dreaming again. They rediscovered the dreams they had as a child—and realized they didn't have to give them up just because they had grown up now.

They asked themselves what their dream job would look like. And the answers that came back *were not*.

- Shift supervisor at Burger King;
- Bureaucrat at the drivers license agency;
- Line foreman at the auto assembly plant;
- Mid-level manager in a large corporation; or,
- Clerk in the insurance field.

Not exactly shocking. But what was perhaps really surprising was that the answer to the perfect job question did not come back as being a:

- Doctor, attorney or accountant;
- Corporate VP or executive; or,
- Traditional business owner.

Because for once people (at least some of them) stopped thinking about a dream job, and started thinking about a DREAM LIFE – knowing that in reality, the two are inseparable.

The People Who Get This...

You can make a fortune, but if you have to sacrifice your kids, relationships, or health for it , what's the point? You can afford lots of things, but where's the joy if there is no one to enjoy them with? When is the last time you saw a hearse pulling a U-Haul trailer behind it?

There is a select and growing group of people who get this...

Others discovered that going through the motions of a monotonous job, simply because it requires only 40 hours a week is not going to bring true happiness either. They understand that the drudgery of work with no meaning

doesn't open the doorway to satisfaction in the free time they have left. So this group gets it too.

So who is this bright group that understands the new reality of today's world?

They come from many occupations and backgrounds, and all age groups. Some are Mensa members, some are high school dropouts; some are both.

Many have sought refuge from the deceit, politics, and soul-killing inertia of the corporate world. Others have fled the mediocrity of blue-collar labor, seeking to add some adventure to their lives. Still others were entrepreneurs who woke up one morning (or couldn't sleep one night), and realized that they didn't own their businesses – their businesses owned them.

If you ask the people in this select group what a dream life looks like, they will tell you it is a mélange of work and recreation, contribution and challenge, spiritual reflection and intellectual stimulation.

The MLM Movement...

This group of people found their way to Network Marketing. But you won't find us wearing corny buttons, accosting people on the street corner, or driving around with magnetic signs on our automobiles. If we did, we'd probably wear buttons that said, "Fuck the recession now. Ask me how."

We didn't join an industry; we joined a profession. And we didn't do it just to get rich. (Although many of us, myself included, initially showed up seeking wealth.) The people

who become network marketing professionals appreciate the wealth we can create, but as we understand more about the business, our consciousness expands to a much bigger picture.

Yes they will tell you that prosperity is important to happiness. But they aren't the type to sit on the sofa watching *The Secret* 47 times, wondering when their Lamborghini is going to roar up into their driveway by itself.

And they have a broader view of prosperity than most. You will never hear them utter statements like, "It's just money," or "They're only things," because they know that money and material things are the lubrication of life. They realize it's pretty hard to feel prosperous if you can't pay the rent, make your car payment, or buy groceries for your family.

But they don't make the mistake many do by thinking that prosperity is about only money either. They know that true prosperity includes good health, loving relationships, and a spiritual side to life. When they speak of living a life of abundance, they mean doing so in all areas.

The real draw for most of the people in this group is the ultimate product they sell: Freedom. The freedom from lack, the freedom to really live, a life of meaning, significance and abundance—in color and out loud.

So Who Are These People?

There are some common traits you'll find in all the members of the group:

Everyone in the group is a dreamer. They stopped buying the gloom and doom of the masses, and reconnected to the vision of greatness we all once had for ourselves.

If Morpheus were to offer them the red pill or the blue pill, they would always choose the trip down the rabbit hole, rather than the safety of the Matrix. Because they know that in the new reality, the safe choice is where the real risk is. Those who choose being “safe” become the worker drones in the collective. The people who are willing to take what the herd would perceive as risks, are the ones who reap the reward of a life worth living.

Everyone in the group is a critical thinker. They reject herd thinking and practice discernment. They are curious by nature, and open to challenging their most deeply held foundational beliefs. They are not cynics, but they *are* skeptical of conventional wisdom, they question authority, and they want to know the reasoning behind a premise. They know that any beliefs they have that serve them will survive a healthy skepticism, and any beliefs that don’t stand up under scrutiny need to be replaced.

Everyone in this group is a worker. They don’t look for the free lunches and get-rich schemes. Far from running away from work, they get up, throw the sheets off the bed and actually look forward to work! Being a network marketing professional means welcoming challenge, growth, adventure, and helping others while helping oneself. So they love what they do, and don’t need a weekend, a six-pack and ten DVDs to escape from their “job.” They have discovered how to balance work and life and bring meaning to both.

Everyone in this group is a leader. They weren't born a leader. Nobody appointed them to the position, and they couldn't care less about titles, hierarchy, or conformity. They are called to lead from the small still voice in their soul.

They lead because they have belief. Belief in a better way, belief in contributing to others and a belief that prosperity is everyone's birthright. And they know that conviction comes with a responsibility to share that belief with the larger community.

Complete History of the Universe... (Abridged Edition)

This movement started more than 50 years ago, when Network Marketing was in its infancy. This small but dedicated group of people were bold enough to try something never attempted in business before. It was a whole new paradigm of how to make a living—and a life.

Most struggled mightily, and faced disrespect, derision and ridicule. Many gave up. But others took their place. And for decade after decade, this group grew, consistently expanding the reach of the profession, introducing new products that never could have made it in the traditional distribution channel.

The old model of distribution faced serious challenges. The business model of ship something from Europe to the U.S. by boat, truck it across the country to a wholesaler, who sent it to a rack jobber, who sold it to a retail outlet, that stored it in a warehouse, and then moved it to a store, where the consumer could finally purchase it—began to break down.

The advent of things like the Internet, overnight shipping, and toll free phone lines made the old model obsolete. Legacy retail chains that had dominated the landscape for decades, sought bankruptcy protection or disappeared completely.

Network marketing companies recognized the new world of commerce and prospered...

A company could manufacture a product and ship it direct to its distributors, without all of the inefficient parasites in the middle. These distributors consumed the products themselves, and used conversational viral marketing to spread the word among their friends and acquaintances.

Although it faced some attacks from the media and later government regulators, Network Marketing and its sister companies in the Direct Selling arena continued to develop, and now does well in excess of \$120 billion dollars a year in sales around the world. It has gained tremendous acceptance globally, being featured in mainstream business and financial publications such as *SUCCESS*, *Forbes*, *Fortune*, and *USA Today*.

The Dark Side...

But it wasn't all positive growth without challenges. First ignorant regulators in the government had to come to understand the distinction between legitimate Network Marketing and illegal Ponzi schemes and pyramids. After some legal challenges were resolved, Network Marketing was established to be legal and legitimate companies no longer had to fear unfair persecution.

The next challenge, and one that still continues in a minor way today, are attacks from unsophisticated reporters in the media. Some of these attacks stem from ignorance, others from jealousy. These are not really an issue for the people in the group we've been discussing, because they practice discernment and question premises. But these attacks probably do prevent people still trapped in herd thinking from breaking out and discovering the dream life they could be living.

The biggest threat, however, comes from within the business itself...

As with any endeavor promising lucrative rewards, it didn't take long for the bottom feeders, scam artists, and others with questionable motives to latch onto the next big thing.

Buyers clubs, chain letters and illegal pyramids did everything they could to position themselves as legitimate network marketing companies. Many distributors without the benefits of perspective and experience fell prey to these.

It's important that those of us in the profession know the difference. To do this, we must understand how the business is conducted, and the conceptual design of compensation plans.

Network Marketing is a new paradigm in distribution, replacing the dated and defunct old model with all of the parasites in the middle. But for this to work, there must actually be something being distributed—other than bonuses through the comp plan. Please know that gifting clubs, recipes, postage stamps and the other items of questionable value do not meet this criteria.

As far as the comp plans themselves, the key issue is whether they compensate participants merely for introducing others to the program, or for the sale of actual goods or services to the end consumer.

If the plan focuses on rewarding participants for recruiting—this is considered a pyramid in most countries. If the commission structure is geared on product/service sales to the end consumer—it passes the first phase of the test.

The second analysis is made on the actual operation of the program. Regardless of how the compensation plan is designed, regulators look at what the distributors actually spend their time doing. If the emphasis of the program is on recruiting rather than product or service sales—it can still be determined to be a pyramid.

In the United States where Network Marketing began, only a few states actually have statutes that specifically define and regulate Multi-Level Marketing, although most do have anti-pyramid laws. There are no comprehensive defining laws on the national level here, nor are there in many other countries.

In the States, federal regulation comes primarily from administrative and judicial decisions that are the result of lawsuits put forth by private parties and the Federal Trade Commission (FTC).

Piecing together these decisions gives you an idea of the elements that define a legitimate Multi-Level Marketing program. From an anti-pyramid standpoint, the most important determination in state statutes is whether the money participants earn is contingent upon recruiting others

into the program. That's why "the airplane game," "catch the cash" and chain letters are illegal.

From a federal standpoint, the determination level is slightly different. While Canada has passed national anti-pyramid legislation, most countries have not. This is changing, however. Many European and Asian countries, as well as other countries around the world, have been victimized recently by large-scale pyramid schemes, which is causing many to adopt legislation.

Here in the U.S., most Network Marketing companies have developed their programs based upon the case law of federal court decisions and, more frequently, the decisions of the FTC.

The most cited decision used to define pyramid schemes is the FTC's ruling *In the Matter of Koscot Interplanetary, Inc.* (86 F.T.C. 1106, 1180 -1975)

In that decision, the FTC held that "entrepreneurial chains" are characterized by "the payment by participants of money to the company in return for which they [the participants] receive (1) the right to sell a product, and (2) the right to receive in return for recruiting other participants into the program rewards which are unrelated to sale of the product to ultimate users."

The key here are the words, "rewards which are unrelated to sale of the product to ultimate users." This means that participants make money from things other than selling products personally, or from overrides on products sold by their people. If they're making money for these other things, such as signing up recruits, or selling sales aids, that activity is likely to be found illegal.

A perfect example here is a travel deal that's all the rage right now. They are facing serious legal challenges, and getting a great deal of negative publicity. They're playing the aggrieved party and acting like they are being unfairly prosecuted. But if you look at the actual annual report that they publish, you can see that most of their sales—and most of the commissions paid out to their distributors—come from selling their marketing websites to the distributors themselves, not actually selling travel. This “mining the miners” rap is one of the biggest challenges in perception we legitimate network marketers face right now.

Another area we need to address is the so-called “gifting” clubs. Their whole argument is that they don't need products, because the participants in the program voluntarily give “gifts” of money to the sponsorship line. Gifting programs are nothing more than knockoffs of chain letters and we need to come down on them hard.

And how many times will people keep trying to bring back the discount clubs, which tout products or services that are of questionable value? These have been tried again and again and never worked yet. The marketplace doesn't support them, and regulators slam them because the discounts they promote are no more valuable than those available to anyone who simply shops around, or is a member of organizations like AAA and AARP.

The product or service must be a legitimate one that people would buy at the retail price on the open market. (If no one would likely buy the product or service without participating in the compensation plan, you are looking at a pyramid.)

If you are counting on the lure of the business opportunity to so excite your prospect that he will not notice he is

overpaying for your product, you will be greatly disappointed. A strong retail base of happy customers (who are not distributors) is one of the best indicators of a strong company.

Another option to beware of is the so-called Buyer's Clubs. These programs advertise "no selling required" and stress signing up everyone to buy wholesale. The FTC and attorneys general take a very dim view of such closed marketing systems, considering them pyramids. Here's why:

You can start a wholesale club, just like Sam Walton did, and it's perfectly legal. But take a wholesale club and put a multi-level commission structure on it, and it becomes illegal in most cases, because the product retailing option is simply not there. This system is only a closed club of wholesale buyers, and thus illegal. Since everyone is a member, there's no one to sell to. If all we had to do was shop to earn, everybody would be doing it. But it's not that simple.

But it's not frigging rocket science either...

Come on guys, it's not that hard to know what's right and what's wrong. At the end of the day, you should be able to take the compensation plan out of the equation. If the actual product or service provides a value equal to or greater than the price charged, you have something to work with. If you were not in the pay structure and you wouldn't be buying that product at that price anyway, get out.

Overall however, MLM has continued to develop and grow, and become a viable and powerful force of commerce in the world today. And the future looks bright, for strong and powerful advances. But to do this, we need to take stock of where we are at, and create a vision of where we want to go.

That's the aim of this manifesto: to simply to get us all to take a step back, inventory where we really are, and envision where we would like to be ten, 20 and 30 years from now.

So what have we done right?

A lot. The following things come to mind:

We've introduced a large number of products to the general public that would never have stood a chance in the traditional distribution system. Products like pycnogenol, oral chelation, enzymes, antioxidant juices and gels, and other products that need the conversational marketing that Network Marketing does best. These products have help millions of people and even saved and extended lives.

Companies like Amway and Shaklee were promoting concentrated products with green packaging, decades before these ideas reached popular consciousness. Network Marketing also led the field with more all natural products, long before they were trendy.

We've changed negative perceptions about the business. The amount of positive media coverage MLM has received in the last decade is staggering. Many major mainstream financial publications now recognize Network Marketing for the powerful opportunity it has become. This has allowed us to achieve the next thing:

We've helped countless people to control their destiny, create financial freedom, and live their dreams. People of all ages, and from all walks of life have been able to

create cash flow machines producing substantial incomes. Many people—like me—have been able to move from poverty to wealth. We've been able to manifest the lifestyles we promote: driving the free bonus cars, winning the free trips, and having the time for the people and causes that are important to us. We've proven that's it's not hype—the dream is real.

We have produced serious financial relief to millions of struggling people. This is much bigger in the grand scheme of things than the huge incomes many of us leaders have been blessed with. I'm afraid we have become jaded. If someone isn't pulling in at least \$30K or \$40k a month, we almost look on that as a failure.

Yet we know that 80 or 90 percent of the bankruptcies today could be averted with a mere \$300 or \$400 a month in income.

Personally I have tens of thousands of distributors in places like Russia, Ukraine, Singapore, Nigeria and other places where \$500 or \$1,000 a month makes a HUGE difference in their standard of living. And given the current economic meltdown, you can argue that this would also still make a huge difference to millions of people in the U.S., the U.K., and other developed nations.

In today's difficult economy, Network Marketing is providing a lifeline of financial security to millions. Most companies are paying out somewhere between 30 to 50 percent of their sales into their compensation plans. That means commissions of at least \$40 BILLION are being paid out annually to distributors around the world.

This money is buying groceries, funding schools, providing medicine, supporting charities, making car payments, and keeping mortgages current. Take that money out of the economy and it would create a huge vacuum and cause great hardship.

The Dark Side of the Force...

Okay, so we've done a lot of things right. We've also screwed up a lot of things, hurt people, and damaged the profession. And unfortunately some of these things that should have ended years ago are still happening today. We can start with:

The Five Deadly Lies of Network Marketing...

These are five basic assumptions I see getting general acceptance in the MLM space and creating serious problems. They've been repeated so often that people actually start to believe them. But they are just as untrue today as they always were. Let's look at them:

#1) Everyone can do this.

They can't. Network Marketing is perfect for everybody. Everybody is not perfect for Network Marketing. You need to have the mindset of an entrepreneur, not an employee.

It took me a long time to figure this out. I was particularly upset with myself for my inability to get my family members involved in my business. It took a while, but I came to understand that many of my relatives were frightened to death of the idea of earning

what they were actually worth, being in charge of their day, and not having someone to instruct them on what to do and guarantee a paycheck every Friday.

There was nothing wrong with the opportunity or the way I was presenting it. It just offered no allure to them. It's like trying to offer a hamburger to a vegetarian. The sooner you come to grips with this, the faster you can improve your recruiting efforts.

Instead of futilely beating up prospects who aren't really prospects, and beating yourself up for not getting the results you're seeking, you learn to recognize when someone isn't hardwired as an entrepreneur and move on to more promising pastures. It makes you much more productive and keeps you from losing your sanity.

#2) The Celebrity Lead Magnet.

I've lost count how many times I have seen this play out in the last 20 years. A company hires a famous spokesperson, the spokesperson joins as a distributor, or actually starts up their own company.

All the other distributors are gaga over the massive effect this will have on recruiting. Usually this leads to major media campaigns inciting people to lock in a spot early, because of the steady stream of new people who will be joining the company, based upon the halo effect of this celebrity. In the worst cases, this gets promoted with television commercials and lead generation co-ops are created. Thousands of leads pour in. But what happens at the end of the day?

The celebrity doesn't understand a damn thing about how the business is conducted, and is usually doesn't even attempt to do the work it takes. In fact, the spokesperson has most likely been duped into believing that others will work the leads brought in by his or her "name," and that a nice residual income will be the result.

This doesn't follow the formula for creating wealth in the business and is antithetical to the process of duplication. The last time this worked successfully in the business is never.

#3) The Urban Legends.

We can lump a few of these together—stories that just never seem to die, no matter how many times they are discredited.

First and foremost is the story that Donald Trump appeared on a late night talk show and said that if he lost everything and had to start all over again, he would join Network Marketing. I have met literally hundreds of people who swear they were watching the night he said it. Only problem is—he never did.

What makes this story so funny is that some people insisted they saw him make this statement to Johnny Carson. Later others swore they saw him say to Jay Leno. Still others were adamant he said it to David Letterman. They've all heard this crap so many times they actually convinced themselves they saw it.

This kind of delusional behavior won't move our profession forward. On the somewhat positive side

(maybe), the Donald will pretty much whore his name out on anything, and he is a spokesperson now for a network marketing company. So if you want to quote his endorsement, at least get it right.

Another big lie is that the majority of millionaires were created by Network Marketing. Not even close. Real estate outpaces us by about 20 times, even in this troubled economy. And I'm sure manufacturing, high tech, and a few other things outpace us as well.

If you want to show credibility from a solid source, get the books:

- *The Next Millionaires and The New Wellness Revolution: How to Make a Fortune in the Next Trillion Dollar Industry* both by Paul Zane Pilzer,
- *Rich Dad Poor Dad* by Robert Kiyosaki; and,
- *Start Late, Finish Rich* by David Bach.

The other urban legend that never seems to die is that Network Marketing is taught at Harvard and Stanford business schools and other leading universities. Total bullshit.

Network Marketing is not taught at Harvard, Stanford, Yale or almost anywhere else. There was (and may still be) a continuing education program taught by Dr. Charles King, a marketing professor at the University of Illinois at Chicago. People took the course, thinking it would mean they were "certified," and that would give them credibility with prospects. But that's a pretty silly idea, since that never convinced a prospect to join.

In practical application the program basically generated leads for consulting clients for Dr. King and Tim Sales.

Now there was nothing wrong with the course, and it's always good to learn. And both Charles and Tim are good guys. But let's not make it out like Harvard is teaching MLM; they're not.

#4) The “Quick and Easy Way to Get Rich” Mentality.

For years we've been promoting the business as a five- or six-hour-a-week plan. Sad to admit, but I used to spout this one too. I heard it, I believed it, and then I repeated it.

But after you have some experience, and do some critical thinking, you realize that it never works this way. Ever.

What's real?

You can start the business part-time, with whatever business or job you're doing now. In fact, that's the best and most duplicable way for everyone to begin. But the business can't be successfully launched in five or six hours a week. It takes a minimum of ten, and 15 is even better.

In five hours a week you can't get enough traction to sustain anything serious. When you first begin, your focus should be on acquiring new customers and distributors. And when you get them signed up, they need support. Even if you do sign up a couple superstars – your inability to help them early on will likely cause them to drop out. So you need to be there during this crucial time.

Ten to 15 hours a week gives you enough time to participate in a weekly leadership training session, conduct a home meeting or two, attend an opportunity meeting, and work with your new people.

Now once someone commits to the weekly hours, getting to a position of success is a two- to four-year plan. (My friend Mark Yarnell suggests it's a five-year plan, and he's one of the brightest minds in the business.) No one is making huge money after only a few months unless he or she got a special placement deal, rolled over a group from another company, or are a freak of nature.

Now in the interest of disclosure, when I returned to the business three years ago, I made some serious money very quickly, with no deals and no one rolling over.

But I've been around the biz for about 20 years, I had already developed the necessary skill sets, and I worked the business 40 or 50 hours a week. For me to suggest that this will happen for the average person would not only be ridiculous, and it would be unethical.

However, anyone on my team has the real opportunity to earn what I do, or even more. But it just stands to reason that it will take most of them a little longer to build up the critical mass that I did. Although I would be delighted to be proven wrong on this – until that happens it would be wrong to suggest otherwise.

Truthfully, the people who build great success in two years are amazing achievers—and they are the exception to the rule. As I mentioned earlier, we get jaded with the large incomes we earn in this business.

For example, a beginning Diamond in my program pulls in about \$40,000 a month. Yet we have people that take three or four years to get there and they think they're an abject failure!

There are jobs and businesses that take ten or 20 years to get to \$40,000 a *year*. Even if it takes someone four (or five) years to get to a \$10,000 or \$15,000 a month bonus check – that's a huge accomplishment and dramatically better than what most people are likely to earn in any other endeavor.

And to accomplish this in Network Marketing requires no degrees, nor credentials, nor a large initial investment. It's a two- to four-year plan, and a damn good one!

But I think the biggest lie in MLM...

#5) Selling Big Business Results with Small Business Tactics.

This stems from our failure to educate people between the small business retailer model, and the big business duplication model. And this is a pandemic in our business.

How many idiots do we have going around putting "Millionaire looking for apprentice" flyers on windshields in shopping center parking lots? How many clueless neophytes are running around placing yard signs at intersections, thinking this is going to build them a \$50K-a-month bonus check?

Now there are certainly millionaires looking for apprentices (I'm one and probably many of you reading this are too), and lots of us make \$50K a month or multiples of that. But we didn't get there by wearing cheesy buttons, handing out flyers at the mall, or driving around with magnetic signs on our Lamborghinis.

That doesn't mean that there is anything wrong with people who build with buttons, bumper stickers or flyers...

If your main interest is to get your own products paid for, or to earn a few hundred or few thousand dollars a month, these tactics will work. But they won't create strong duplication or produce massive bonus checks.

So let's not recruit on the basis of free cars, award trips, and large incomes—and then teach people that these peddler tactics are going to produce them. They're not. Not now. Not ever.

Okay, as long as I'm ranting, we may as well go to the next issue, something else that is killing us...

The 7 Most Deceptive MLM Recruiting Practices...

#1) The Spillover Syndrome

This started back in the day with Matrix programs, and has gotten totally out of control with the explosion of Binary compensation plans. Because these plan offer the potential of having someone in the sponsorship line placing people in your group, this has led to a lot of unfulfilled promises.

Look at the biz opportunity rags and see how many people are advertising to “build your downline for you.” This starts people shopping around with different sponsors, looking for who is going to place the most people under them. Some enrollers are making specific promises to do this.

A recipe for a very bad outcome...

This has created a strong entitlement mentality in the business. Instead of talking to prospects, people are calling up their sponsorship line, and asking them why no one new has been placed under them today. It’s really gotten out of hand.

We have to make it clear to new recruits that they must build their group, and any spillover they do receive is a surprise gift from the gods. We need to make sure people know that this is *their* business and *they*—not their sponsor nor their network—are responsible to build it.

#2) The Rollover Ruse

In this situation, you have people flaunting their bonus checks, bragging about how fast they got so big. But of course they neglect to mention that they simply rolled over a large team from another program they were in.

This deception is not only unethical, it creates false hopes and impossible expectations for the new distributor. The irony is that such big talk almost always backfires, because these false expectations cause a lot of people to drop out. Why don’t we just be honest and

present what is normal, reasonable, and possible? It's still the best deal around. We don't need to juice it up.

#3) The Generic Training Bait and Switch

How often have we seen this crap? A "generic" trainer comes to town offering a seminar. You go with some of your team. Then a few days afterward, everyone gets a note from the trainer saying, "So many of you asked about what program I work, I thought I would share..."

I know another trainer who just goes around putting on seminars so that he can steal people during the lunch breaks. Worst of all, he's a complete MLM junkie, so he's in literally dozens of programs. He joins a new company, then pushes it to all of the other junkies in his group. So he rockets up the ranks in the new deal.

Of course all of the old distributors in the new company notice his fast growth and want to know his secret. He hawks his book and CDs to these people, adding them to his database. Then he starts prospecting them into his other deals.

He's often terminated from many of these companies, but he doesn't care, because he's not really building a solid network. For him, it's all about selling his tools, and using that platform to steal distributors from others. He's been doing this for more than 20 years. You would think that his reputation would be so bad that he couldn't operate any more, but this isn't the case. There's always a new company opening and thousands of first timers who don't know any better. We have to run these kinds of people out of the business.

#4) The Delusional Pay Plan Promise

I've seen ads promising 60 percent, 70 percent and even 86 percent payouts in compensation plans. And it's true, these plans will pay *up to* 86 percent. But of course no one has ever actually earned that and never will.

The plans are built with breakage. This breakage is the bonuses people don't actually qualify for and rolls up to the company founders or goes into a slush fund somewhere.

I remember doing a seminar for company owners and executives one year at the Direct Selling Association. A company president asked me whether I didn't want my people to have the highest paying pay plan in the business. I replied that I would prefer that I had the highest paid people in the business. Big difference.

Like I've said numerous times already, we have something very special with MLM. We don't need to go through all of this hyperbole about pay plans. The economics of the business pretty much dictate that we all have about 50 cents on the dollar to devote to the compensation plan. Let's build plans that pay out as much of that as possible and compete on the facts, not delusional numbers that have no basis in reality.

And by the way, I am okay with all of us competing with each other. Coke wants market share and Pepsi would like to take it away from them, and RC Cola wants them both. That's free market competition, and as long as we compete with integrity, there's nothing wrong with that. But it is pretty foolish for us to spend all of our

time trying to convert people back and forth, from one MLM to another, when there are 5.9 billion people that aren't in the profession yet!

#5) The Secret “Sweetheart” Deal

About three months ago, I started seeing postings on all the social networking sites from one of the MLM junkies I have known through the years. He was in another launch and was advertising for 20 leaders who would qualify for \$20,000 guarantees. A few days later he posted a notice that all the top slots had been filled, but now there were a few mid-level positions available paying \$5,000 a month.

Last month all that talk has stopped, because he's in yet another deal. Probably his 75th or maybe even 100th in the 15 years I've known him.

Which means there is another gullible new company owner, that pissed away a couple hundred thousand bucks to get this guy and his cronies to launch his new company, and now they've moved on to the next hot deal. And, of course, there are probably hundreds of little people who jumped on board, getting no deals, thinking they were riding the next big wave.

This happens so often it is unconscionable. There is a large group of these whores selling themselves to the highest bidder, flitting from deal to deal every six months. In some markets such as Australia for example, this is an epidemic. Every six months a new company opens there, waving around deals. The same cast of sorry characters jumps from the old to the new, and nothing permanent is ever built.

Many people who run legitimate companies see flaky start ups poaching people away with sweetheart deals, and think that they need to offer similar deals in order to compete.

Big mistake.

For the most part, the people attracted by these deals are mercenaries, with no loyalty to the company, products, or even their own team. And as soon as the payouts stop and they have to survive on their own business building efforts, they're shopping for their next deal.

Of course in the meantime, they are pulling in gullible distributors by waving around their bonus checks and bragging on their earnings. But the average person has no shot at those incomes, unless they get the same sweetheart deal. Which they won't.

People building reputable companies have to understand that real leaders can't be bought. On the surface, it looks like you are at an unfair advantage, because start up deals are able to steal away some of your people. But if you will resist the urge to compete in kind, you'll see these deals are usually gone within a year or two. The deals eventually run out and the people that got them are right behind.

And people who want to really be leaders have to understand that leadership requires integrity. You need to be able to look a prospect in the eye and promise them they have the same opportunity you had.

I can't begin to tell you how many deals I've been offered over the years. People have promised me such carrots as:

- Placing me at the top of the pay plan, with everyone going underneath me;
- Guaranteeing me \$50,000 a month for the first year;
- Flying my top ten prospects first class to corporate headquarters; and,
- Paying all my travel, phone and postage expenses.

One deal even offered me a suitcase with \$100,000 cash in unmarked bills!

I won't lie; I've been tempted. But I always knew that the most important asset I would ever possess was my good name and reputation, so I never took a deal. And that's the smartest decision I ever made.

Now I don't count other people's money and I won't say there is never a place for this. I've seen cases when a company went out of business, and its leaders were left without a home. Their income had dried up instantly and they didn't have any resources set aside. (I could rant for a long time on this subject, but will save that for another manifesto!) Based upon a distributor's track record, a company may choose to guarantee them a certain income while this person regroups and rebuilds.

My only comments on this would be to the companies: Make sure that the person you're giving the guarantee to has actually built something real and isn't one of the many whores out there ripping you off. And if you're a

distributor who finds yourself in circumstances like this, don't mislead prospects about your income.

Another big challenge is the issue of inventory front-loading. As you now know, products have to be reaching the end consumer. But there should be no large up-front investment required.

If someone tells you to buy a huge quantity of inventory to qualify for a certain level, you are being front-loaded. Legitimate companies will never want you to purchase more products than you can use and/or resell in a month or two.

Technically, in a front-loading situation, everyone is compensated solely for the sale of products. In reality, this is a subterfuge. The emphasis is not on the sale of products to the actual consumer, but rather on recruiting new distributors—with the goal of “loading” them with as much inventory as possible. It's quite improbable that the average distributor would be able to use or resell these products or services in a reasonable time. Because of this, the courts have consistently held that these types of transactions are actually a “headhunting” or “recruiting” bonus, and thus constitute a pyramid.

And while these criteria are not embodied in a comprehensive statute, they are generally used because complying with these three criteria does protect the public from the dangers posed by pyramids. They are:

#6) The “on track for” fairy tale

This one is a golden chestnut, used again and again, both by companies and distributors. For companies it’s usually the line: “We’re the fastest growing network marketing company in the world.”

They do \$400 their first month. Month two they do \$4,000, so they are “growing at a 1,000 percent growth rate.” Then of course the next month when they do \$18,000 or \$42,000, or \$61,000, they’re “growing at a 127,478 percent rate,” and thus the fastest growing MLM in the world. A slug company like Nu Skin probably only grew only a couple percentage points last year and only did a measly \$1.1 billion in sales!

With distributors, the same logic applies. Their first month they made \$10. Month two they made a hundred. So since they’re growing at ten percent a month, they’re “on track to earn more than \$100,000 this year.” (Sigh.)

#7) “We Build Your Downline for You!”

Okay there’s a part of me that thinks that anyone stupid enough to believe this deserves what they get. Did it never occur to these rocket scientists that if someone was going to build their group for them, they wouldn’t really be necessary?

But we need to do better.

Of course some of this comes from the promises of the Binary and Matrix plans that we discussed earlier. But

it also often comes a lot from the places selling leads and offering advertising co-ops.

Mainstream business publications would never accept an advertisement from someone promising a guaranteed return of investment or a guaranteed profit from a franchise. Why can't our trade rags show some balls and decline to accept advertising that is blatantly misleading and harmful to the profession?

How Serious Money Earners Earn Money...

Well, it happened again today. I got a message from a friend I haven't heard from in a couple years who wants to catch up. So I call him back and what does he really want? To ask me if I want to join his new MLM program. (Sigh.)

And you have to wonder...will these people ever learn?

I often ask these people if they don't remember that I am already in a Network Marketing company—the same one they were in and never did anything with. Inevitably they ask if I'm still in it.

“Um, yeah,” I reply. “I made about \$150,000 last month, so I'm kind of satisfied with it.”

Then they usually sheepishly ask if I would give them the names and phone numbers of my friends, family and employees who could buy their products. (Double sigh.)

It's much like the calls I get at my office. They tell Lornette that they have an urgent consulting or training project, and must speak to me right away. I call them back, only to hear something like, “Hi Randy, my name is so-and-so. We met a

few years ago at the MLMIA convention. (I've never been to an MLMIA Convention.) I'm working with XYZ Company, and I just wanted to touch base with you and blah, blah, blah..."

And it's always the same. The "consulting project" or "business venture" they want me to evaluate, actually means they want me to sign up as a distributor on their front level.

Others will often say they are returning my call, or are old friends of mine from school. (Like I'd have any!) Often they tell some other outright lie to get past Lornette. They're worse than the damned toner and light bulb salesmen. They just don't get it.

Badgering prospects...

The people who make at least \$25,000 a month in Network Marketing on a consistent basis never do such silly stuff. They never use dishonest or duplicitous means to reach people. They don't Spam people over the Internet and they're not cold calling some idiots on a business opportunity list. They don't alienate everyone they know, and they aren't chasing "skinny rabbits." They are talking to qualified prospects, and getting quality appointments to make quality presentations.

Most people think marketing is selling—and selling as getting the dumb prospect to buy something he doesn't need. So they devote their career to learning NLP, selling methods, and manipulative techniques to coerce prospects into buying things they don't want or need. Anthony Robbins and a legion of little Tony wannabes have created an entire cottage industry teaching people to do this. Many MLMers have jumped into the fray, bringing these and other high-pressure sales techniques into Network Marketing.

These are the jackasses who call during your dinner hour, opening with lines like, “Hi Jim you don’t know me – and it’s just a shot in the dark – but I’ve heard you’re a sharp individual and I think you could qualify as an associate in a business I’m expanding.” (Scream)

A different approach...

I have no interest in trying to sell something to someone who doesn’t want it, and I bet you don’t either. Network Marketing done right is based on a simple - yet quite profound philosophy:

We’re looking for people...who are looking for what we offer.

Put into more specific terms this means: *Our job is to identify qualified prospects, then put our marketing message in front of them. We give them enough information so they can make the right decision for them.*

If that means they join your opportunity or buy your product, great. If it means they don’t, that’s great too. Your job is not to *sell* your opportunity or products to those who don’t need or desire them. It is to find the people who may *want* what you have and give them enough information so they can decide if getting it from you is a fair exchange of value.

Sorting, not Selling...

Network Marketing is much more a sorting process, than it is a selling process. It is this fundamental difference in philosophy that separates me from the multitudes of sales trainers, marketing “gurus” and book authors out there. I am

not here to manipulate or trick people into buying something they don't want, or can't afford. There's no integrity in that.

One of the big challenges we face is that so few MLM company executives understand the true nature of our business, or the distinction between selling and marketing. So at every convention they bring in sales trainers who teach NLP, the three-foot rule, and hard closing techniques. If I have discovered anything in the business it is this:

The harder you close someone – the less he or she will duplicate.

I'm a horrible salesman and have no desire to be a better one. I do take great pride, however, in being a great marketer.

The essence of our business is presenting our marketing message in the best, most effective manner possible—to qualified prospects. We give them enough information to make the best decision for them.

So where do we go from here?

We've already talked about a lot of things we can do to further the advancement of our profession and help us all. We must lead by example and eliminate the deceptive recruiting practices and the continuing lies. We have to police ourselves.

When you see a duplicitous ad, write to the editor and let him know you'll stop buying that publication if it continues to print garbage that demeans the profession. When you see people promoting a money game as a legitimate MLM

program call them on it. And if they don't stop, YOU file a complaint with the regulators.

There are still a few companies out there front-loading new people with \$50,000, \$100,000 or even \$200,000 worth of products when they join. These companies operate below the radar. We need to put them back on the radar.

We've got to stop all of the miracle-cure product claims. How many people are still selling their lotions and potions with pitches like, "Legally I can't say this cures cancer. But I heard about a lady in New Jersey who was dying of cancer before she tried this product and...."

That stuff is killing us in the media and creating grist for the regulators who don't like us to begin with.

And a special note to the ladies...

Please step up and walk into your greatness. Conventional wisdom says that our industry is 80 percent women. Not true at all. When the DIRECT SELLING and PARTY PLAN companies are included, yes women make up the majority of the work force. But if you look at the true network marketing companies, it's a man's world. We've got Hispanics, we've got Asians, and we've got Blacks. But we don't have many women at the top of the pay plans.

Notice I didn't say that we need to offer more opportunities to women. They're already there. Ladies you need to seize them.

We need to take back the Internet from the crazies. I love Web 2.0 and the whole social networking scene. It's really great for the introverts like me who aren't very comfortable in

large social settings. And it's a wonderful way to meet people, network and fellowship all over the world.

But the MLM morons are making some of these sites like Facebook, MySpace, and Twitter the equivalent of the Spam onslaught we went through a few years back.

Does every posting about your cat's diarrhea have to have the link to your replicating website? Must every person that lost a loved one and receives a condolence message from you also have to be the lucky recipient of your recruiting pitch? Do you really think anyone in the world—even your mother—wants to get 24 tweets a day from you?

We need to all stop fighting over one slice of the pie, and work together to make the pie bigger. One of the seminal moments in Network Marketing was the development of *Upline Magazine*, and the generic, profession-wide events they conducted.

For the first time ever, top leaders from different companies really did mastermind and brainstorm together in a meaningful way. People began to take real pride in the profession and work to develop their skill sets. Powerful relationships cemented.

Tom “Big Al” Schreiter and Art Jonak do a good job of this with their annual MLM cruise. It's now been going out now for 20 years and has become something of an institution.

And since the demise of *Upline*, Art has taken up the slack with his series of Mastermind seminars. He's created a safe place where people can study and learn together, and bring their key people, without worrying about someone else trying to sponsor them. We all need to support these kinds of

events, and develop more of them. Get the details about the Mastermind seminars at: www.mastermindevent.com

After a five-year absence, I agreed to conduct my Mega-MLM event and it was a great success. This was a higher-level event, really geared to million-dollar producers and people who wanted to join that group.

The group we had was amazing. It was a creative high just working with them all weekend. They pretty much demanded another event, so they could bring their people back. So that's been set up now. You can read all about my **Mega-MLM event**, and get registered to attend at: www.mega-mlm.com

Other Recommended Resources:

There are a couple publications that have also stepped into the breach, and are committed to growing the profession and providing great content. You should be subscribing to both of them, if you aren't already.

The first is **Networking Times**. This is a print publication that comes out bi-monthly. It's packed with case studies, best practices, interviews and inspiration each month. The publisher offers print copies in the US and Canada, and offer an e-version for international markets. You can get a subscription here:

www.networkingtimes.com/link/subscribe/

The second one is **The Network Marketing Magazine**. It's an electronic publication, that comes out monthly. The publishers are just revamping their whole concept and I believe they will be offering the magazine free in 2009, and concentrating on building a large community of professional network marketers. For details go to:
www.thenetworkmarketingmagazine.com/Free2009Revolution

Get a subscription to both of these, because they will keep you motivated, build your belief, and help you develop your skills.

I've also created a **free generic six-week e-course** to hone your skill sets and get better at what you do. Go to www.FreeMLMEcourse.com and sign up.

Spread the message...

As I said in the beginning, I don't expect you to agree with everything I've said here. I just wanted to start the dialogue, and get us all working together in a Mastermind to make the profession better.

If you know people who need to be involved, please send them to www.GageManifesto.com to get this document.

Now that you've read this, please go to the MLM Success Blog at www.networkmarketingtimes.com/blog/ and check in with YOUR thoughts, comments and insights. We need to create a robust discussion among the stakeholders. Look for the post "**Start the Revolution**"

Also, you can network, brainstorm and fellowship with other success-minded people by going to Facebook.com and searching for the **MLM Mastery** in the Facebook group I formed. The direct link is:

www.facebook.com/home.php#/group.php?gid=94453710695

In conclusion...

For most of us reading this, there has never been a moment in our lifetime when the world was in such dire shape. And there has never been a better opportunity for each of us to help. The world needs a revolution, and we can be the ones to lead it.

As I mentioned on the download site, 2009 and 2010 can be the golden era of Network Marketing. But to attain that goal, we have to get better. Better individually and as a profession. That is my wish for this manifesto—to start the process. If I've learned anything about the business it is this:

You don't grow your network. You grow your people—and they grow your group.

And if we want to grow our people, we must be the example and grow ourselves. My hope is that you'll join me on this journey of challenge, adventure, and empowerment.

Long Live the Revolution!

- Randy Gage

www.GageManifesto.com
www.NetworkMarketingTimes.com

