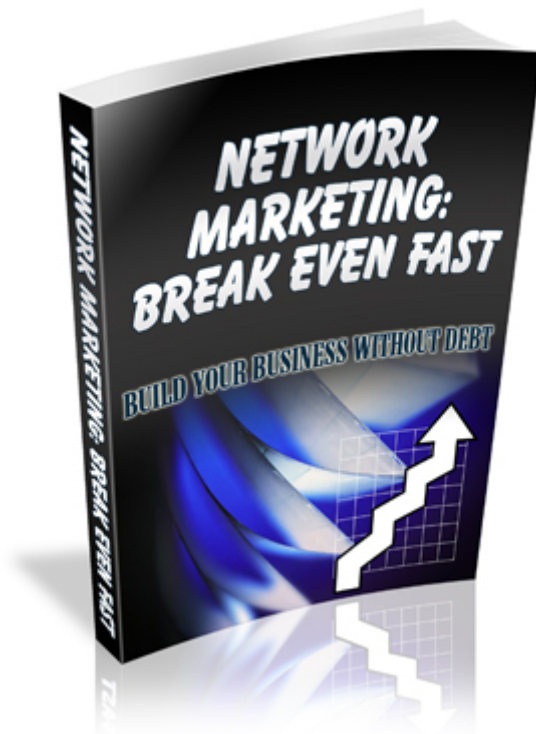


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# Introduction

*Dear Network Marketer,*

**Thank you for taking the time to read this book.**

This e-book is targeted at the general network marketing community. This book is a must read especially if you haven't break even in your business. After you finish this book, you will be able to:

- Understand the typical cash flow to building a network marketing business so you can plan your business long term
- Understand how the majority of people who fail in Network Marketing fail because of lack of cash flow to run their business in the short term
- Reduce overheads so you can break even faster
- Reinvest your profits wisely to power-up your business
- Duplicate these principles to your downline and let your company work for you

*"How sure are you that this book will work for my company?"* you ask? Well, the content here is:

**100% Generic yet applicable to any company you are in.** I realize that most companies have their own system, yet the ideas here are meant to **COMPLIMENT** and not contradict your training system as well as give you **IDEAS TO SUCCEED.**

**Straight forward and to the point.** People who purchase e-books usually want information **fast and straight forward.** I want my readers to **have a quick read and catch the main points fast** because I know that you have invested time reading this and I know your time is precious.

**Task Oriented.** Just follow the instructions. I have done all the work for you so you can **save time and effort.**

If all my readers can get just **one good idea** from the contents of this book, I feel I have accomplished my task. Do not just keep this information to yourself or your downline. Share them with your upline, sidelines and people who are in other network marketing businesses.

**THINK ABUNDANCE** and you will be well on your way to financial freedom!

**Here we go...**

*Note:*

*If you are familiar with the Network Marketing series you would have come across titles like Network Marketing: Survival or Network Marketing: Pitfalls. Debt Free is written as a stand alone book but the lessons learnt from those within the series will definitely help in further understanding the principles within this book to power up your business.*

# A Business Just Like Any Other

What is the purpose of starting a business? **To make profit.**

Most businesses spend more money than they make that's why they go belly up.

So why should network marketing be any different?

The common belief is that network marketing is a business that appreciates in value over time. In other words, if I have a group of 100 to 1,000 people under me buying the product and recruiting more, I'd be getting richer and richer! *But we all know that.*

It is not the pot of gold at the end of the rainbow. **It's SURVIVING the first 6 months to 2 years!**

It is common that most network marketers in a new industry typically go through a 6 months trial and error period, therefore, it is crucial to ensure that during those 6 training months, you manage your cash wisely so you can **learn and make money at the same time.**

Just like in normal business, most of them fail within their first 2 years of operation and struggle to make profit even if they do survive. The key to survival is **CASH FLOW.**

In other words, it can be summed up in this equation:

**Cash today, downline tomorrow.**

People in network marketing usually run out of cash flow normally after 3 months and they quit because they spend more as they build. But by breaking even as fast as possible, it gives tremendous mental strength to the distributor and he or she is less likely to drop out.

First, we must understand the mindset which is the most important starting point in getting by the first 3 months.

# The Mindset of a Business Builder

*(Don't proceed any further in this book until you ingrain these into your brain!)*

- **It takes TIME to build a successful business.** If you make ANY money in the first few months (even if it is just a few dollars) it is PERFECTLY NORMAL.
- It is MY BUSINESS. Not my upline's business or my downline's business. **Everything depends on ME putting effort to succeed.**
- **Invest in TOOLS that brings in revenue** (lead generators, viral e-books, generic information, etc). Don't buy books and tapes just for the sake of buying them.
- **Don't use your own money if possible.** Most successful businessmen use other people's money (borrowed money either from relatives or financial institutions) to build their business. **Remember that cash flow is more important than revenue.**
- Don't blow all your money on advertising that doesn't bring in cash flow as well. Direct response advertising is one of the most effective ways.
- **A smart businessman doesn't spread himself out too much.** Build the LOCAL market first. Never venture outstation unless you have a steady income. If you can't even take care of yourself, how can you take care of your downline far away from you?
- **Focus on solving other people's problems.** Don't recruit people just for the sake of recruiting them. Try and understand what problems they are going through first.
- **Enjoying the journey!** People who love their job always outperform those who do it grudgingly. If your prospect sees you doing your business so grudgingly, will they join you?

# Typical MLM cash flow

*Only for illustration purposes only*

## Typical Average American worker's annual salary

Hour	\$19.13
Day	\$153.04
Month	\$3,316.25
Year	\$39,795

## Expenses:

Joining Fee	\$50 - \$5,000
Auto-ship	\$5 - \$500
Petrol	\$300
Training Material	\$200 - \$500
Meetings and Rallies	\$50 - \$8,000
Phone Bill	\$100 - \$500
Leads	\$200 - \$500
Miscellaneous	\$200 - \$500

Depending on the network marketing company, do you see how typical it is for an average builder to spend somewhere between \$1,000 to \$16,000 as a STARTING INVESTMENT? You can estimate how much you have to make in the long run then only will you break even. But let us see how we can minimize these overheads to generate more cash flow.

# What is Your Profit Margin?

One of the key strategies to generate more cash flow is relating to your COMPENSATION PLAN.

Different plans may differ from company to company. Some companies may boast of their high payout. They will say something like this:

*Our company is the best because we pay out 75% of our commission to all the distributors! It is like saying for every \$100 sale; \$75 is paid back to our people. You will never fail with this company!*

I urge you to make intelligent financial decisions and NOT emotional decisions because responding to emotional appeal can cause a lot of heartaches in the future.

I can't cover all the mechanics on plans, but it is better to refer to the book series called *Show me The Plan!* Where I will explain more in depth about marketing plan mechanics. But for the purpose of this topic, I will list down some principles (marketing plan related) to follow.

- Don't look at the total payout of the company; look at the first 2 levels of payout: How much you get for recruiting someone, and how much you get if THEY recruit someone. It is no point dreaming how much you make as a 'Rainbow Diamond Leader' if you can't even succeed at the lower levels
- Examine how much you have to spend to RECRUIT someone. Some companies require you to either pay for their training program first, or require you to accompany them into the training session (and you have to pay your own way)
- If you have little cash flow but wish to join a company that requires a large inventory investment but high profit margin, make sure those products can be used to SPONSOR your downline so you can recuperate as much cash as possible
- Can you afford the auto-ship?

# Downline: An Asset or Liability?

What is the income you are expecting from your business? Do you know that you have to invest time and money in your downlines? Yes, it is true that you make money when your downline joins you or makes a sale, but most of the time, to build a long term business; **you have to invest heavily in their education.**

Network Marketing is a business of duplication and although many people will pay the price to build their network, you must be very selective of whom you spend your time with. You can't possibly be everything to everyone and you must select who are the people that you are going places with!

It makes sense because the time you spend with one means time where you could either be developing another or recruiting a new distributor. Furthermore, you have to drive out of your house to see them or accompany them in training and counseling sessions.

Are you prepared to pay the price for 'this guy'?

Most of the time many people quit network marketing is not because they can't recruit, but because they spend too much time with a recruit thinking they can change a duck into an eagle. You quack with ducks but soar with eagles, if I am not mistaken. So if you spend too much time with a duck that quacks a lot but doesn't do anything else, you have no choice but to leave him behind if you need to soar with the eagles (or else you will be like the 'duck' as well).

**The key point to remember is this:**

**If you are doing 99% of the work in your network while the rest is doing 1%: START FINDING NEW DOWNLINES, They will spend less of your money (and free up your time to make more).**

In the next few chapters, I will show you how by erasing some of the expenditures on Network Marketing, you and all your downlines can save time and money (so your downlines will not quit easily due to lack of cash flow and your business will survive better in the earlier stages).

# Eliminating the Burden

Here is a step by step instruction to ways you can tackle the expenditure above.

## Joining fee and auto-ship:

Instead of going out to start looking for people to join your opportunity, one of the fastest ways to ensure cash flow is to **LIQUIDATE your products!**

See that stash of products lying around your house? (Your health supplements, skin care or water filters, etc) A lot of people leave their stocks lying around the house while going on a recruitment spree forgetting that once you sell off all your stocks, you will break even on your investment!

If you are wondering whether to keep those products so you can try them yourself, don't worry. There is more where that came from. If you work hard to eliminate your investment costs, you can always purchase more products from the company later on and those products will most likely contribute to your sales volume as well.

The key is to get your WARM MARKET started on the products, and not pitch the opportunity to them straight away! If you try a good product at the supermarket, I am sure you will tell them all about it. Why should you treat your network marketing products any different? Are you afraid to talk to your uncle bob because your products are from a network marketing company?

Once you get your family and friends started on the products (It doesn't cost you that much considering that those are money set aside for your business whether you sell or give them away), **once they see results from it, they will start promoting the products to the people around them!**

Don't you see how by using your inventory when you first started off, you can potentially create runaway word of mouth giving you free warm leads offline? The best thing of all, you can choose from those groups of product users who can be a good business builder because of their trust in the product, you can get them in easily.

Doing so will also eliminate your costs when it comes to auto-ship. When people are actively consuming the product, all your downline will be on auto-ship and you will not be afraid of them canceling their auto-ship because it is taken care off by their warm market demand.

## Training Materials

If you want to be successful in network marketing, you must invest in yourself. No I don't mean investing in stuff that goes below your neck because there is a tendency for network marketers to eat a lot during group gatherings (and grow sideways!):

### **It is investing in what's above your neck which is your mind!**

Serious network marketers will always invest their hard-earned money in two things.

- Leads
- Training Materials to upgrade themselves like books and tapes

Since we know that people will be spending money on the second category, why not make a profit from it to fund your business?

One of the ways is to obtain training materials is to join free membership sites that provide free e-books or training material to help you expand your knowledge. These low cost, methods will help you tremendously instead of spending your much needed funds for surviving in your business on expensive hard-cover books that will cost \$50-\$300.

One website I highly recommend to generate leads online for free is Mike Dillard's Magnetic Sponsoring 10 days boot camp.

Click on this link to view his material:

<http://10days.magneticsponsoringonline.com>

**This boot camp offers a training system especially tailored for network marketers. The best thing about it is that it is FREE and 100% generic and works with any company.**

His website comes with a built in lead capture system which will allow you to build relationships with your prospects as well as generate additional cash flow for your downline. You can promote this system down your genealogy chart so that everybody will benefit from the cash flow.

## Phone Bills

As soon as your network begins to grow, you must consider switching to a phone plan that provides low-cost or unlimited access to all sub-lines. This is a great way to save on phone bills when calling your downline. Some telephone companies offer unique phone plans that give you a referral fee or even an overriding percentage over your referee's or your network's bill.

Other ways to cut down on phone bills is to go online to coordinate team meetings over the internet. Tools like *Skype* are useful to do long distance opportunity meetings and counseling sessions with your upline.

## Petrol

If you find yourself burning too much petrol when prospecting, then you must consider **QUALIFYING your leads**. Not everyone who gets into your group will be a '**CLASS A**' networker. It is wise to focus on recruiting people who have qualities to succeed in any business. **Opportunities do not make someone rich; hard work and persistence does.**

If you are prospecting someone who is indecisive, lazy and complains constantly, it is better to keep him or her in the back burner and focus on other people (follow up with them on your spare time). You don't want to find yourself driving miles just to talk to someone and after two hours (or a few months later) you find out that they are not interested or they are not the person you are looking for.

A very good way to qualify what type of prospect you are dealing with is to ask him or her questions about their self-development. If you find that they have no energy in their words, or are not doing anything to improve themselves then you can very well save lots of time and petrol.

## Leads

You don't have to spend a fortune on leads. Here are some suggestions on how to get leads for free.

- Switching to a line of work that allows you flexible time and involves servicing instead of moving to a sales oriented line. Why is this so is because a servicing oriented line allows you to build rapport for free with your prospects and they will generally have good feelings towards you contrary to a sales line where the same customers you are selling your product will wind up being the same prospects for your business (Don't confuse them by selling many things).

- Other network marketing companies. Join their Opportunity talks or rallies. You will get to know many like minded people here and there and they will be more than happy to be your friend because they want to get you into their opportunity. You can sort and filter which are the people you want in your network later on. If your convincing power is very good, you might bring over an entire network of distributors over.
- Attend highly motivational seminars (e.g. Anthony Robbins), you will meet a lot of people here and they will be so highly motivated or fired-up, you will have more chances to recruit them (they are so fired-up they believe they can conquer the world or realize their dreams). Furthermore, they are most likely the ones who will 'go all the way' if you successfully recruit them.

# Front-End: Consistent Stream of Income

A lot of network marketers make a very big mistake in their business. They don't develop multiple streams of incomes and they rely only on making money through one source which is the company they are in. What do I mean?

Let's say I am with XYZ Company. I feel that XYZ Company has the best reputation in the world, the best product, the best marketing plan, has helped millions of people in the world with the product and opportunity (you get the idea). Because I am so engrossed with my company, I refuse to engage other streams of income like buying or endorsing the other products of other companies. Some even go as far as to learn only within their own network marketing community only.

Let me emphasize once again. **Network Marketing is a BUSINESS.** You must be receptive to new ideas and constantly learn (even from other network marketing companies!)

As a businessman, you must be savvy enough to adapt to situations and do **WHATEVER IT TAKES** (as long as it is ethical) to get the job done.

This means that your thinking must be flexible enough to come out with ideas that accomplish the following steps:

- Generate endless leads so you will have a large name list
- Create consistent Cash Flow to stay alive in Network Marketing
- Recruit downline and train them to execute all these steps

How do we accomplish the following steps?

- (1) Adopt the mindset of abundance. Help other people to get what they want and next time, they will definitely help you get what you want. Go all out to help others and don't be stingy or calculative.
- (2) Focus on developing a customer base by **servicing them through the product**. Focus on solving their problems with the product. Even if you have to spend time to build the rapport with the customer, remember that when the customer sees fantastic results from your product, they will sell for you willingly. A satisfied customer's testimonial is very powerful. Repeat sales from the satisfied customer (and the people around them) will ensure a consistent cash flow.
- (3) **BARTER TRADE your company's product with networkers from OTHER companies!** If I have loads of stock from my company (either through purchasing in bulk or from my auto-ship), chances are, there are networkers in other companies are more than willing to trade with you since they have loads of stock also. With new types of stock in your hand, you are able to tap into other markets and build rapport with them so you can introduce them to your main opportunity. (If my company only sells cosmetics and no supplements, I can find a networker in the supplement like and exchange products to tap the supplement market.)
- (4) Join affiliate programs online that generate cash flow if you are Internet savvy. Find affiliate programs that let you participate for a very low cost or free. Remember the principle that you want to generate cash flow and help other people solve their problems. This puts you in a position to once again, build rapport with your potential prospects and generates you leads. Viral marketing using e-books or e-mail is a good way to divert traffic to your affiliate programs and they cost very little.
- (5) Give away free information on network marketing (there are lots of free or low cost e-books or viral marketing tools around the net) or write free articles on your products and post them to your friends, associates or families. For example: If you are in the health industry, write (or interview an expert) an article about general health issues or health supplements that will give your potential prospects awareness on their health and when they are curious they will ask you for more information. You can share your product with them afterwards.

# Developing Your Own Turn-Key System

**Network Marketing is a business for yourself *but not by yourself.***

Although there no hard and fast rule or any magic formula that I can suggest, because any system you decide to create will differ from company to company, you can develop your own turn-key system within your organization.

What this means is this kind of system is designed with the team in mind where you and all your downline all **FOLLOW THE SAME SYSTEM** as a general outline. Everybody needs to head in the same direction as a team and a single minded focus on achieving the team objective is crucial.

Here are some guidelines I can suggest to you:

- Hold local training sessions besides the company's training sessions online or offline with all your team members
- Educate all the team members about proper cash flow guidelines when building the business. Give everyone free material to review.
- Everyone decide how much effort must be put in, for example, a weekly or monthly target volume to achieve.
- Training sessions on how to use online systems that generate leads or using affiliate websites (if your company sponsors one). You may even work together to create your own team website.
- Buddy system to minimize prospecting costs (like driving to the meetings together or prospecting together)
- Brainstorming ideas on other ways to save costs (for example: joining a phone plan together as mentioned above)

The key point to remember is this:

**Everyone must focus on following the same system in your team!**

It is crucial for duplication. Can you imagine 100 people all going in their own direction? It smells like a recipe for disaster.

The ultimate goal is to train a team of independent, cash generating downlines who are **MAKING MONEY** and helping their downlines to do the same.

Because in the end of the day, how good your turn-key system turns out reflects heavily on you through the success of your downlines.

What is the point of sponsoring 10-20 people, and the next week there is only 1 or 2 left in the business? If attrition is very high in your network, it is even more so to create a system for your downline.

# Summary and Conclusion

Let me make a summary of all the principles in this book.

- (1) Cash flow is more important than revenue
- (2) Cash today means more leads, more posture, more education and hence: MORE DOWNLINE
- (3) Expenses can be minimized. Spend only on what you really need for your business
- (4) Make sure your downline succeed. When you help them make money, they will help YOU make money!

The journey to success may be long and hard, but always remember that it is not WHEN you finish the network marketing race, **it is how you get there by helping others along the way, join you at the finish line.** Never finish the network marketing race alone without your downline.

**Good luck, and see you at the top!**

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