

Why Melaleuca is NOT an MLM Company

If you would like to learn more about how MLM companies work and why Melaleuca is not an MLM please take the time to review the following information. I realize that many people are confused about the difference between MLM's and what they are. Educate yourself about how they work and then decide if you would rather be MLM or Consumer Direct Marketing?

Low Initial Investment

Many MLM companies require an initial investment of several hundred dollars up front. Companies with Binary Compensation Plans are especially troublesome because they require that you purchase multiple "Business Centers" (USANA, Synergy International, etc...).

Front End Loading

A favorite trick of many MLM's is to Front-End Load their new distributors with an inventory of several hundred to several thousand dollars with the promise that if they sell this inventory at a 40% markup or more they will make X amount of dollars quickly. (Equinox, NSA, Juice Plus, etc...).

Inventory Loading Over Time!

This is a cardinal sin of almost all MLM's. Monthly purchasing requirements are often too high and therefore all of the product is not being consumed. They get around the law because they tell their distributors "What you don't use, sell!" Many others have advancement volume requirements or a qualification period in which you personally buy more and your group volume increases. In these qualification periods, pressure is applied because if you don't meet the requirements in the allotted time, you must start all over. This makes the distributors operate their business from a "fear of loss" and therefore they will often buy any volume that they fall short on during the qualification period. (NuSkin and others are famous for this!)

Order Taking

If your a Distributor, you obviously take orders from your retail customers.

Delivering Products

In many MLM's people buy through you and it is your responsibility to get the product to your customers. (Morinda, Xango and many others!)

Collecting Sales Tax

If a Distributor retails products, they must collect the sales tax.

Paying Sales Tax on Retail Sales

If a Distributor retails products, they must collect the sales tax and they pay the sales tax on all of their retail sales.

Billing and Collections

If a Distributor sells products to people they often find themselves chasing checks and collecting money on bad checks. (Virtually every MLM)

Breakoff from another MLM

Virtually every MLM is a break-off of another MLM. Examples: NuSkin from Cambridge Diet, Morinda from Natures Sunshine. Quixtar from Amway. Xango from Morinda, etc...

Changed Name

Many MLM's when their name and reputation become severely damaged change names in-order to survive. Examples: NuSkin to IDN, Big Planet, Pharmanex. Rexall to Unicity. Amway to Quixtar. Images to Neways. Etc...

Kicked out of Countries

Many MLM's have been kicked out of several countries. Examples: NuSkin out of Korea. NSA out of Australia. Equinox out of every country, etc...

Publicity or Privately Held

Many MLM's and their owners can't wait to go public. This makes them an immediate fortune. When these MLM's go public they lose a measure of control. There are only 2 reasons for a company to go public. 1. They need the money. 2. The owners get greedy. Otherwise, why give up control.

Competitively Priced Products

Many MLM's have products that are outrageously priced and therefore they have low re-order rates. In fact, many times the only reason why products are being purchased is to collect a check and the products often go unused. Examples: Morinda sells a different tasting juice that retails for as much as \$40 to \$50 a bottle. Distributors usually buy it buy the case). (! NuSkin/P harmanex - They have become more creative and you can now buy "feed the children" packs that get donated to 3rd world countries. In this way they have avoided loading up their own garages and storage units.)

Buy line to check volume at the last moment

Virtually all MLM's have a buy line that their distributors can either call or check online to see what their volume is on the last day of the month. Although these companies say they are opposed to inventory loading, they constantly allow their Distributors to buy hundreds and even thousands of dollars in product on the last day of the month to make up for volume shortages and ensure bonuses. (NuSkin/Pharmanex, Morinda, Usana, Quixtar, etc...)

Comprnsation Plan Allows you to Buy Volume

Some MLM's have even included this practice within their published compensation plans.

Compensation Plan Allows you to Load Up those in your Group

Virtually all MLM's give their Distributors to load up their new recruits with products. This either happens at the time of enrollment or during a qualification period or when buying multiple "Business Centers". (Usana, Synergy International, NuSkin, Morinda, etc...)

60 Day 100% Refund Policy

Many MLM's only offer a 30 day guarantee on their products and many others only offer a 90% or less refund policy.

Monthly Autoship

Many MLM's, especially 1 or few product companies ship their products on an automatic autoship for a certain price, usually \$150 to \$200 per month. Therefore, people do not choose their own products. (Morinda, Xango, etc...)

Get Paid from Very 1st Customer in your Business

Many customers do not pay you on your customers (or they pay only a partial commission) unless you "match volume" on your "strong or weak leg" or until you have met a certain group volume requirement. (Usana, Synergy International, etc...)

Pay Sales Tax on the Wholesale Price or Retail

All Distributors in MLM companies pay sales tax on the retail price, even if they purchase products from the company at wholesale. This is because there is an intent to re-sell at least some of the products. Otherwise, why call them Distributors?

Infinity Bonus

Many MLM's tout an "INFINITY BONUS"! Not only is this deceptive, but it is flat out dishonest. No company can pay to infinity! They are taking money from the many to give it to the few. The cream rises to the top.

Upload Bonuses Rollup to Other

Most MLM's reward those at the top buy paying them money on the unpaid bonuses not achieved by others. This rewards the few for the negative efforts of others. This is a BIG money maker in many MLM's. (NuSkin and many others top this list).

Positive Growth in Every Country

Many MLM's tout how many countries they are doing business in. Most MLM's mismanage growth and overextend themselves and if the truth be told are only growing in some countries and going backwards in others. Many MLM's go international out of desperation because they either go shut down or sales have dramatically declined and going international or changing their name was their only choice. (NuSkin, Neways, Usana, Morinda, Amway, Herbalife, Enrich, Natures Sunshine, etc...)

Necessity Products

Many MLM's offer products that are above and beyond the normal budget of consumers. Their products are not "necessity items". Therefore, people must spend additional money beyond their budget in-order to participate in the company. (Morinda, Xango, Equinox, NSA, etc...)

Profit from Marketing & Business Tools

One of the biggest money makers by top Distributors and Organizations is to sell books, tapes, seminars to their downline and to others in the company. In many cases, the top Distributors make more money holding "rallies" they charge for and selling books and tapes than they make on the products of the company. (Amway, Quixtar, NuS! kin, Usa na, etc...)

Retail Products

The fact that MLM's teach their people to retail products is a major difference.

Low Personal Production Requirement

In many MLM's people are often required to purchase more products each month than they can use or they are required to spend \$150 to \$250 or more each month and sell what they don't use.

Guru and Idol Worship

Many MLM's hire celebrities and top athletes to use and endorse their products and pay them millions. In addition, they tout "Big Check Wavers", Wealth Lifestyles and others ridiculous notions instead of teaching sound principles of developing a solid business based on enrolling real customers who really use the products.

NOTE:

Disclaimer: There are many others. This is simply a guide and is the personal opinion of Chris Sorensen. If you want to investigate these MLM's yourself, please feel free. No one compares to Melaleuca or even shows up on the same map. If you look at consistency of growth, re-order rate, cancellation rate, and use the above factors as the criteria, NO ONE ELSE COMPARES! Do your due diligence. The truth shall set you free