

5 Reasons To Avoid MLM Companies

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MLM (Multi-Level Marketing) companies have been around for decades. However, their tactics and downsides have also stuck around. There is a good chance that many of you have already been approached by someone within these companies. Usually, when they approach you it starts off by them telling you that you're special in some sort. Although this may be true, the reason why they are saying it might not always be to your benefit. I'm going to share my personal experience working with an MLM company. Through this experience, there are a number of lessons I have learned. One of these lessons is to avoid Multi-Level Marketing companies.

Contents

1. False Promises

One major downside to working in an MLM company is that you are constantly being fed lies. If you're not the one being lied to then you're lying to someone else. The first company I was apart of focused on kids who were in high school/college. It started by bringing us to an "event" where they played the video and they had a speaker sharing his story. Sure the story was heartfelt but it was only like that to show that you can go from nothing to something. The guy also had a Mercedes Benz outside for all of us to see because he got it through this company. However, this was just a sales tactic to get us to sign up.



The presentation was filled with false promises where they would explain that you can be making thousands of dollars a month while doing nothing. Anyone who offers this kind of deal should be avoided at all costs. Seriously, avoid these types of conversations. A lot of kids (including me) bought into this fantasy of retiring your parents and having a Mercedes at 18 years old. Unless you win the lottery or have money passed down, you cannot make thousands of dollars a month with little to no effort.

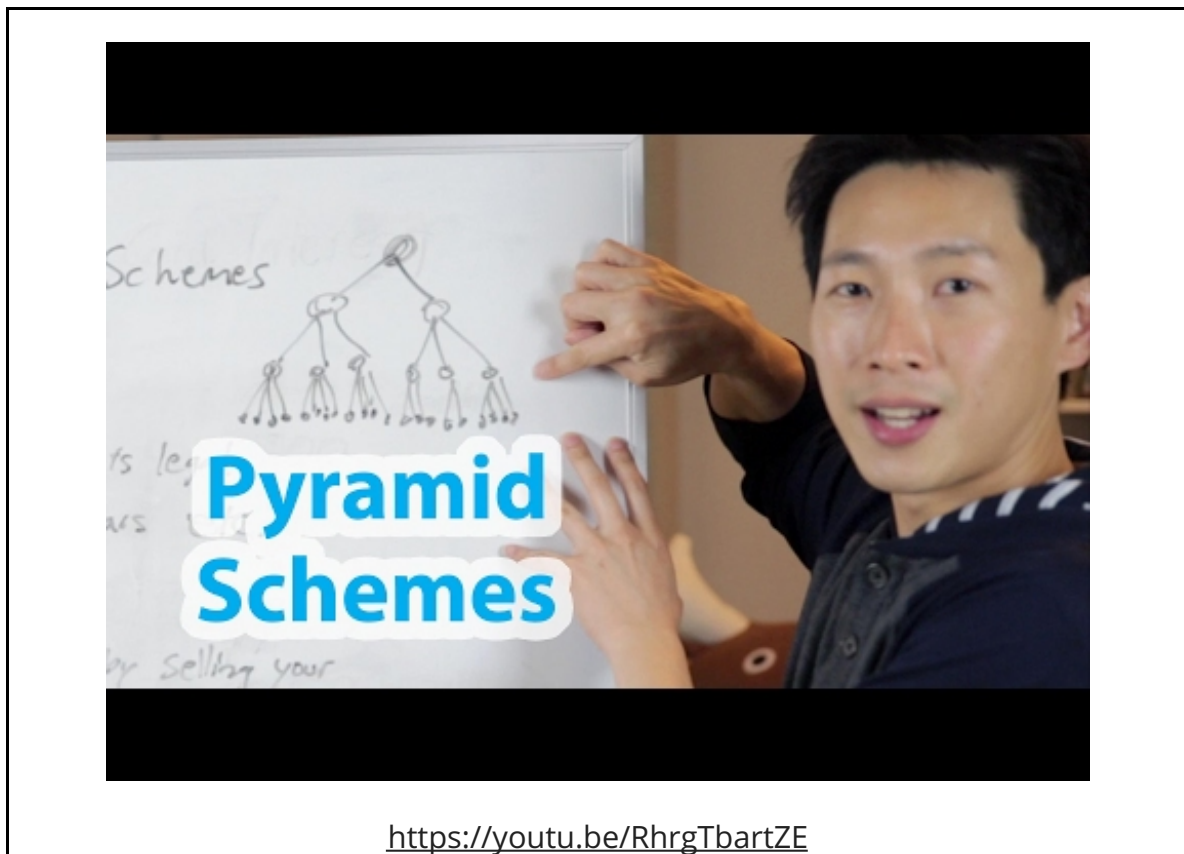
2. Waste Of Money

Being a part of one of these companies is usually a huge waste of money. There is most likely an initial buy-in and then a fee to keep you a part of the company as an ambassador. In the company I was apart of, that fee was \$150. To some that may not be a lot but to an unemployed 18-year-old, it was a substantial amount of money. However, I must mention that these companies work in a pyramid-like structure. Where the person at the top makes the most money while the people at the bottom make pennies. Therefore, if you're the first person in an area to do something, then you'll be making a lot of money.



This was the case for the company I joined. The company first came to the GTA around 2012 and no one had heard of it. By 2013 it was everywhere and the people who were in early made some money. However, the company later got shut down but that's a story for a different time. These companies are 100% commission based and you work through either selling a product or developing a team to sell a product. Some of you may be thinking "Christopher, how is that a bad thing?" It's bad because each person must make a team and then their people must make a team. Soon enough the people who got on late are now paying a monthly (and initial) fee while working in a highly saturated market.

3. Over-Exaggeration



These people were always over-exaggerating! There were levels to this company that signified the hierarchy. Starting from bronze all the way up to Executive. Each level had an estimated amount of earnings. However, the people I personally knew a few people who were at these respective levels and never made the quoted amount. Let's say someone at diamond level was supposed to be making \$2,000 CAD a month is actually making \$200 - \$400/m. Most people would avoid talking about this problem by making up excuses. The compensation was largely inflated just to get a younger, more susceptible demographic to take the bait. Above is a video by BeatTheBush explaining why you should avoid these companies!

4. Time Consuming

These MLM companies always bring up the concept of working part-time and still achieving the goal of financial freedom. However, this is usually not possible because like anything, this business needs a lot of time and dedication in order to flourish. Nothing is easy which is why if you were to work in an MLM company part-time, you would most likely not be successful.



These companies take a high level of commitment in order to be successful. However, if you're willing to put that much commitment into it, you're better off starting your own business. Expect to work a MINIMUM of 40 hours per week to see even a little bit of results. That's just the tip of the iceberg!

5. Lose Everything In An Instant

These companies are like a house of cards. One simple movement and the whole thing can come tumbling down! Since many of these MLM companies are borderline pyramid schemes, it's risky to invest everything you have. This is because if a company gets slapped with a lawsuit and is forced to close its doors, that status you had is now void. Of course, this can happen with any company but these companies have a higher risk because of their unethical practices.



You will hear many investors and businessmen advising you to avoid these companies and its for good reason. I have personally lived through and participated in multiple MLM companies and none of them value their down-line.

Summary

In conclusion, MLM companies are opportunities you should avoid because they provide false promises, are a waste of money, over-exaggerate, are time-consuming and you can lose everything in an instant. These companies have a dropout rate of approximately 95% the average cost is about \$25,000 per year and the average earnings are roughly \$2,500 per year. This means that if you were to do nothing at all, you'll be in a better position. Reference [The Balances MB](#) for more information on MLM success rates!