The 5 Pillars for Success
Mentoring for Free
Richard Dennis interviews Michael Dlouhy

Michael Dlouhy: Ok, well I've got the top of the hour, we'll go ahead and get the call started.

It is my thrill and privilege to be with you here tonight. This is Michael Dlouhy in Brooksville, Florida. The training call we are going to be doing tonight is for Mentoring for Free, and it is called ***The 5 Pillars for Success.***

And one thing I can tell you guys, when we wrote the ebook, ***Success in 10 Steps***, we shared with you guys that in a two year period we had joined over 100 network marketing companies to figure out why some companies make it, why some companies don't make it, and everything in between. And what we learned was that most of the time it was because of greed and ego, either the company or with the distributors. Greed and ego.

But what we found was that business models drive the behavior in the field. There is nothing you can do about that. And then we did consulting for network marketing companies where we actually went on the inside and looked at the things that were happening on the inside to give them advice on what to do to improve the company. And of course, that was to improve that business model we are talking about.

And what we learned through that process was that you've got to have these 5 pillars in place to have success. If you've got a company that has those, I can just about guarantee you success. But if you only have 1 of the 5 pillars or 2 of the 5 pillars, the chances of you having success is zilch—it is not going to happen.

So my question is, "Is that your fault?" And what we are about here at Mentoring for Free is to teach you why your lack of success has not been your fault. It's just that simple.

So with that I'll go ahead and turn the call over to my good friend, Richard Dennis. Richard Dennis is not only our business partner in Mentoring for Free, Richard is very well known in the Industry for doing mail order campaigns and created some great marketing pieces like the *Dead Doctors Don't Lie* tape, and I know there was probably about 20-some companies that used the *Dead Doctors Don't Lie* tape to sell millions and millions of dollars worth of a mineral toddy a few years back.

But anyway, Richard has a great way of getting some more information out and everything. So Richard with that, I'll go ahead and turn the call over to you my friend.

Richard Dennis: Thanks very much Michael.

You know I've been thinking the last couple of days about some of the things we've covered on this call and some of the things that companies do that just make your jaw drop at how they could twist things, basically in order for the company to make more money and the rest to make less money. You mentioned a minute ago talking about how business models drive the behavior in the field. Business models also drive the behavior in the company.

Michael Dlouhy: Oh absolutely.

Richard Dennis: One thing I was thinking of as I was going over some of our past calls, one thing we haven't touched on in a while, and this is one that made my jaw drop. And you and I were talking a year or 18 months ago, and one of the phenomena that I had noticed over the last 10 or 15 years in network marketing was that a lot of the old-time companies would spin off a new company. And this new company, in general, would be like a one-product company. And I was looking at, and there's just been so many times I've seen that happen, I guarantee there is a bunch of people on this call tonight who are in some spin off company from an old-time company, because there is so many of them. And I was thinking about that and somehow the subject came up when you and I were talking, and all of a sudden I was enlightened as to why they do this, how it actually works and what is the great incentive for them to spin off a whole new company with a single product. And I thought we might start there tonight, Michael, because to me it's really interesting how they twist things. So if you would, Michael, tell us about that one.

Richard Dennis: Absolutely Richard. Let's give some examples here. Let's say a company is 10, 15, 20 years old and they've got some products, maybe 10, 15, 20, 30, 40, 50, 100, 200, 300, 400 products. OK? And they've got an old-style compensation plan; I'm talking an old archaic compensation plan. And now they've found themselves with a bunch of "me-too products". You can go get them at Wal-Mart for about a fifth the cost of what they've got them in their network marketing company for.

So they find themselves in a situation where they are flat-lined. They have no growth. Nothing is happening, it's actually going the other way.

So they come up with the bright idea, they find a single product, and then they go launch a second company out of the first company; and here's why they do it. It's a way to rip off all the existing old distributors that built the original company. And here's what they do. They go out and create a different compensation plan that is a patterned compensation plan; nobody's ever done this one before. And so they have enough smoke and mirrors with the plan that people don't ever calculate and figure that they are only going to pay out about probably 20% of the percentages that they are talking about; because you have to have too many levels and balance too many legs or you got too many things going on there. But at any rate, what they do, Richard, is let's say I was your sponsor in that company and I have long-since retired and I'm living the good life and everything, but you're still actively working.

They don't come and approach me about joining the new company, they go to you. And then they go to your people in your group that are working—the people that are working. So they then now launch the new company off the backs of the existing distributor base and harvest the best of the best of the best, telling them—what they would do is bring you in Richard and then say, "Well, you know Richard, you're in Michael's downline in Company A, but when we launch Company B, you're going to be in the upline and when Michael comes over here, he'll be in your downline."

So they go through the whole organization and they do that and they harvest, steal, rob from the people that built the company, the original company, and they get their people in and get them going and before the retired person ever knows about it, all of a sudden their check in the first company is gone. It is literally gone; I mean it's history. It's history.

Now what a couple of those companies have done, Richard, that's kind of amazing; once they have cannibalized the original company, they turn around and sell the original company data base to another network marketing company and they merge them, because that company may have an existing name or something like that that has name recognition so companies will buy that. And that's another great way to sell the data base for a couple hundred thousand, maybe half a million dollars to sell off the data base.

Well, they have already got the good people in the new company, and they, of course, just block those names and emails and contact information out so nobody can get a hold of them—just all the people who weren't doing anything anyway. So it's just a real great way to launch a company.

Now all of a sudden they say, "Look at the growth we had in this company. It is the fastest growing company in the history of network marketing." But here's my question for you, Richard, if they did it once, do you think they would do it again?

Richard Dennis: Well, we know the answer to that.

Michael Dlouhy: Absolutely. So doesn't that bring us to **Pillar 1—Company Management Experience with Integrity**? Absolutely, it boils down to that company management experience.

I've got a gentleman that I've known for quite some time, he lives right here in Florida. He sent me an email recently about this brand new company and he wants me to look at the new company; and I asked him, "Well, send me your contract, your policies and procedures."

And so I went in there and I took a look at the thing, and here's what is so interesting, Richard. They've got 20 pages in their policies and procedures. OK? And I do a search on "removal", and in 3.1, basically what they are saying 3.1.6, they can "reject any renewal". And I'm thinking, "Hmm?" So on the yearly date, they can reject it.

Then I go down and search some more. Now think about this, Richard, you've got 20 pages so in the very beginning 3.1.6, they are telling you that they can reject any renewal on the anniversary date. So you kind of skip over that one. But then almost at the end of the document, it's almost at the end of the document, Richard, it's down in 12.5, and I'll pull it up here so I can read this to you: "The company may elect to not renew a distributor's agreement upon its anniversary date."

Well, they told you twice, didn't they, Richard?

Richard Dennis: Yeah, they did.

Michael Dlouhy: They told you twice.

Richard Dennis: And what most of these guys are thinking … Anyone who reads it (which is probably 3% of the people joining the company) are thinking, "Well, that's the standard legal thing, they've got to put it in there."

Michael Dlouhy: Yes. Yeah, well if that's the case, Richard, (I have had people tell me that—especially company owners) and then I say, "Well if that's the case, then it would be in every contract. If it is standard, if that is the law, if that is whatever, every network marketing company would have that wording in there."

No. It is not.

So my question to these people, Richard, is if you had no intention of using it, why is it in there? Why is it in there?

So think about it for a second. Here's another thing, Richard, that these so-called network marketing companies have done. OK? They are launching this brand new company, and this is the most intriguing thing I've seen happen. And they'll say, "Hey, it is free to join, it is free to join, get your spot now, get your spot now! And we are going to prelaunch, prelaunch, prelaunch, prelaunch!"

And they know they are going to never do anything, Richard. They are never going to have a company. What they are doing is they are blowing a bunch of smoke to get a bunch of people's names, email addresses, mailing addresses. They are getting them all in this thing for free. And now what they have done, Richard, is they have built a database, then they turn around and sell that data base to usually about 6 other network marketing companies as "hot prospects". And then you've got people that actually go out and buy downline genealogies of network marketing companies from these so-called companies that were never a company; and all they were was just a front to build a database of other people. It is nothing more than list harvesting. That is all it is.

Richard Dennis: And the other thing, of course, and I know a lot of the guys on this call realize this; but if you take a look at Google and other search engines and look at what is searched for, "network marketing leads, MLM leads, good leads, multi-level business leads", any combination of those—those are the most searched items in the whole world of network marketing and MLM. So people are looking for leads.

Michael Dlouhy: Oh absolutely, Richard. And here's what they do, is they then turn around and sell the data base of the downline genealogy, they sell this to about 10 of those companies that you are talking about for $10,000-$15,000 a pop; and they've made $150,000--$200,000 in just a few months of just building a list. Building a list.

So I've just got to say something, Richard, if you're in a situation where your company is changing again, my point is do you think they are ever going to change that? Do you think they are ever going to not do that? They did it once, they are going to do it again. They are going to do it again, and they'll do it again and again and again.

So, Richard, I think that brings up a very good point of company management experience with integrity. Let's not downplay the importance, Richard, of when I say that I really truly believe in my heart for you to understand. In other words, in my profession I used to be a carpenter, a framing carpenter. I can, Richard, conventionally frame a roof—take a frame and square and lay out the pitches and build a roof. OK? That's what I can do. I can build stairs. I've built spiral staircases. Boy that's kind of complicated, right? So if I hire a carpenter, if I already know how to build stairs and I hire a carpenter and I say "Hey, go lay out those stairs over there". And they measure the height and they divide it by the run that they've got and they come up with how many steps. They need 17 steps going up, 6-1/8 each step or whatever happens to be the calculation, I know hey –this person knows what they are doing. But don't I have a good respect for that carpenter, because I've done it, I've built it, so I know the quality of having that good carpenter on the job?

It's the same thing when it comes to network marketing. If you've never built it, if you've never laid out a set of stairs, you have no respect for that person that can, Richard. So when your president of your company, when they've built it and built a huge organization successfully and maintained that organization; then they've got the qualifications to run a network marketing company.

Now here's the next thing. When they have, they respect you. When the owners of the company, Richard, have run a network marketing company, built a downline, OK, they respect you and me. When they do respect you and me, guess what their policies and procedures are very short. They are very short. OK? They don't have a lot of legal jargon because they know what they are doing. But the less experience the owners of the company have, the larger the policies and procedures. The smallest policies that I've ever read for a network marketing company are 3 pages. The largest I've read, Richard, is 101 pages.

One that is a very well-known company out there (if I said the name probably most people on this call have heard of the company), 68 pages. 68 pages. Now I can promise you 100%, Richard Dennis, that the owners of that company, the ones that are signing the checks, they do not know how to spell "MLM". They are the ones that have the renewal. In other words, they cannot renew your contract at the anniversary date.

Now I know, Richard, you're going to say, "Well, gosh, I'm sure they wouldn't do that?"

Well, I know a friend of mine who is the president of a network marketing company in England in the UK. He built a downline in a company for about 11 or 12 years. Richard, he was burnt out. He just didn't want to do the meetings anymore, he didn't want to do the training. He just wanted to retire and live off of what he had built.

So he told the company he was retiring and he actually took a job running a company. So the company (very well-known company there, a 35-year-old publically-traded giant in the Industry), they didn't like the idea that this guy had retired. So 3 months go by, he gets his check, he gets his check, he gets his check. On the fourth month, Richard, he don't get a check.

He called them up and he said, "Uh, is there something wrong with the mail? What's going on, I didn't get a check?"

They said, "Oh, oh, there's nothing wrong with the mail. We decided to not renew your contract."

He said, "What!"

"Well, it's 12.5 non-renewal. On your anniversary date we can opt to not renew your contract, and we decided you'd retired, no sense paying you anymore. You retired."

So he goes and gets an attorney, spent a fortune suing these guys. Guess what? It's contract law. He didn't win. He just spent a lot of money on an attorney.

So, wow! Well that makes you stop and think, doesn't it, Richard?

Richard Dennis: Yeah, if you're not planning to make any money in this business, it doesn't matter what the policies and procedures say; but if you're planning on actually building a business, boy!—why put yourself behind the 8-ball like that?

Michael Dlouhy: Yeah, why wouldn't you read the contract?

Now in the beginning if he had told them, "I don't like this non-renewal clause", maybe for his contract, maybe they would have waived that for him? I don't know? Maybe they would have? I can guarantee you something, I'll bet he wishes he had it. Twelve years of his life--*POOF*, gone! Gone! And he was told that he would be able to walk away and retire.

So Pillar 1—Company Management Experience with Integrity.

Richard Dennis: You know, something else I think we should point out there, Michael, because it really reinforces that point you made before about how important it is to have someone who has actually built it. You know, the one thing that goes on I know, with these companies is, when someone retires (and again this is someone running the company that doesn't have the MLM experience), they look at that money going out. And that's the promise of MLM, you can retire and the money will keep coming in. And they look at those checks going out and they just get angry. Those checks are going out and the person is not doing any work, they get angry; so they look for a way to get that money back.

Someone who has built MLM and knows how it works and came up through the ranks, they understand that's how it works. And the dream of MLM is to build it and then be able to retire. It's a totally different situation than these Fortune-500 guys who are looking at the bottom line for them and the company and that's it.

Michael Dlouhy: Richard, let me give you another example of this. Let me give you a perfect example.

I've been dealing with a regular Fortune-500 style company. They are where I get my T-shirts with my team name on them, I get my awards for my conventions, things like that. You know they've got all kinds of things, like pencils with your corporate name on them. You can get all kinds of stuff there. They've been there, gosh, oh 25 years that I know of. Well, the father, the guy that owns the company—he's been running that company, and I go in there the other day to place an order for some lapel pins and stuff that I'm ordering, and I'm talking with this guy, Jim. I've dealt with Jim for, gosh, 15 years; and he's a nice guy. And I noticed, Richard, that he acted a little bit strange. And I was thinking, so I said, "Jim what's wrong?"

He said, "Nothing."

I said, "Gosh! You're just not that bubbly self that I've been dealing with."

"Well", he said, "the owner of the company is going to retire."

I said, "Oh good! About time he retires."

He said, "Yeah, but his son is going to take it over."

I said, "Really? Gosh, I didn't know he had sons old enough."

He said, "Well, he's 19."

Richard Dennis: (laughter) OK?!?

Michael Dlouhy: I said, "Well, I've never seen him in here."

He said, "Oh no, he's never been in here. He's down at the junior college right now getting an 'AA' degree or a 'BA' degree for business management."

I said, "Oh! Now I know why you're upset."

Now, what chance does this company have of having a 19-year-old kid that has never been on the loading dock, has never taken an order and not spelled, you know has bad hand writing and you cannot make out what the form says, and they misspelled the name. See, he hasn't done that; he hasn't been through from the front to the back.

See, when you've built it, and I'm sitting there stunned and amazed that the dad has built an amazing business. And sure, he wants to retire. I don't blame him; but the kid should have been working since he was in grade school on the loading dock, taking orders, working in the business, learning the business. He's down at the junior college taking a degree? Oh boy! No wonder Jim was so upset when I was in there the other day; because he's probably got another, you know, 8 years or so before he can retire. And he's been there a long time, so the guy's got to be thinking, "Man, this isn't going to be good! This 19-year-old kid is going to be signing my check. Oh no!"

Richard Dennis: OK, so in our business, Michael, of network marketing, what is the best way, how can people check up to find out the company management experience and have these people come up through the ranks, and all of the others, and the policies and procedures? What do they need to do to determine whether they are dealing with company management who do have integrity and experience?

Michael Dlouhy: There are two things that you can do that are very simple, of course.

The first thing you want to do is go onto Google and do a search on the president of the company's name. See who he is, see what he has built, who he is. You know?

There's a guy that I met recently on the MLM cruise, he's an attorney and got bored being an attorney and bought an MLM company. Oh boy! This is going to be good. Huh? See, he didn't even know what MLM was, but he thought it would be fun owning an MLM company. Uh oh! Can you see this being a problem? It's kind of like that 19-year-old going to the jrunior college getting a degree in business.

So go on Google and do a search.

The other thing you want to do is go on ebay and find out how much of the product that's being sold there is from the company you're looking to join.

Oh boy! There's a company out there that sells some ladies products. (I don't want to say what kind of ladies products.) And these ladies products you buy retail for about right at $300. The same product, you see thousands of those on ebay for $30.

Now let's say you're in there, and you're trying to sell it for $290 and somebody is smart enough to go on ebay and they find the exact same thing for $30?

Richard Dennis: Boy, there goes your credibility.

Michael Dlouhy: Boy, I'm telling you! I'm telling ya!

Just put the product name in and do a search on ebay and all of a sudden you'll see thousands of that out there. And here's how they get away with it. Now the network marketing company says "You can't sell your product on ebay." Well, no, not if you're a distributor; but it's pretty hard for them to terminate when you've already quit, or your sister is the one selling it that's not the distributor, and you're still the distributor because they front-end loaded you with so many products—you've got to sell the stuff on ebay to try to get enough money to buy groceries for the week or pay the credit card bill that you put all that stuff on.

Hmm?

Richard Dennis: You know, it's not just ebay either. I know that we saw recently an example of a couple of companies where you can go to Sam's Club and Costco and you see their primary product on the shelves there at Sam's Club and Costco.

You know, if they're supporting the distributors, that's just under-cutting the distributors.

Michael Dlouhy: Oh yeah.

Richard Dennis: There's just no way you can compete if Sam's Club and Costco are selling the same products you are.

Michael Dlouhy: Oh absolutely. And at about a fifth the price.

Richard Dennis: Right.

Michael Dlouhy: At about a fifth the price. That's the hurt part. You know, when somebody's paying $15 for it and you're trying to sell it for $50, that's hard.

Richard Dennis: This isn't a knock-off name, this is the same name-brand product.

Michael Dlouhy: The same manufacturer that makes it for them is making it for Sam's and Costco. Yeah. All you've got to do is read the label. And the manufacturer is the same manufacturer that makes it for the other company.

So company management experience with integrity. Gosh, how hard is that to do a little bit of homework?

Read the policies and procedures. Hands down, no question. Do some homework on these company owners and find out.

The other thing, Richard, is Pillar 2. And people glaze over this, Richard, they really do kind of just glaze over this. ***Pillar 2-Timing in the Company and Timing in the Industry***. OK?

Don't miss this one. This is a big one. This is a biggie. This is a biggie!

You don't ever want to be in a start-up company. Sorry guys, sorry! If it's a good opportunity it will be 10 times better in 2 years when it lasted the test of time. No question.

If 99.99% of the companies don't make it 2 years, are you that big of a gambler? And I tell people, "Hey, when this thing has made it 2 years, call me back." I've never had one person call me back, Richard. I tell them put it in your day planner. Man, if this thing is still running after 2 years, call me back. I haven't gotten a call back, Richard???

Richard Dennis: They are on their 16th company in that 2-year time.

Michael Dlouhy: Oh, is that what the problem is?

So timing in the company and then timing in the Industry. Let me give you a perfect example of this. Man, this is just perfect.

OK! There's a company out there that's bankrupt, so I can talk about them. They are called Excel Telecommunications. They had a stair-step breakaway compensation plan. OK? Now in the USA, the Federal Government deregulated long distance. See they had a monopoly. We had the 3 Big Bell's and they were the only place you could get long distance, so the Federal Government said, "You guys have a monopoly, you have to open it up."

So what happened was, is they have a lot of time. Let's say you've got the 3 Big Bell's. So Big Bell #1 and Big Bell #3 both sell in the same areas, but they never crossed those lines. So now Excel came along and became a "reseller" of long distance. They are not the company. They are a "reseller".

OK. So they came in. And let's say we were paying, Richard, back in those days I know we used to have $800-$1200 phone bills, and we were paying like $.42 a minute for long distance. I mean, it was crazy!

Ok. So we go and let's say they bought the time for $.10, and they sold it for $.30; but if you and your mom were both on the same service, you got it for $.15. Now imagine, Richard, you're paying $.42 and if you and your mom are on the same thing you can both talk for $.15. Now your mom is telling all of her sisters and aunts and uncles and cousins, "Get a hold of Richard, you've got to get on this phone service. We're going to drop it from $.40 to $.15!"

So now Excel had a $.05 margin of profit.

OK. So timing in the company, timing in the Industry.

Now look at the timing in the company. The people that joined that company in the very beginning didn't make it 2 years; because when you sold product you couldn't get it hooked up. Let's say you're Big Bell #1 and Big Bell #3, and Big Bell #1 has had your mom's account for 48 years. She said, "I ain't givin' it to Bell #3!" So they just wouldn't switch them.

So it took Excel taking them to court, suing them to get the government to make them switch.

So once that happened, all of a sudden, (it was about 2 years of litigation and stuff) and now the service starts getting switched. So now after they were 2 years old was the time to build and build big. Because now, Richard, non-network marketers were taking the product to the end consumer. They were non-network marketers. Your mom was calling up her sister, her best friend from grade school and said, “Get a hold of Richard, you’ve got to get on this service so we can talk for $.15 a minute!” Everybody was talking for $.42, right? Man, it exploded like wild fire.

What happened? Time. Time happened. All of a sudden other companies got in on it. All of a sudden you had 20, 30 different resellers and all they are, are resellers. They buy the time wholesale and they sell it retail.

Here’s the problem, right now today, Richard, if you tried to call me up and sell me long distance, I’d laugh in your face because I don’t pay anything for it. In other words, I have a flat rate. My high-speed DSL, my local service, my long distance service; I can call anywhere in the world—it’s one flat price. I can be on these conference calls for 50 hours a week, it don’t matter. I pay one flat price. I don’t have a per-minute charge.

I had a guy call me up and he said, “Yeah, but it’s only a $.01 a minute!”

“So! I don’t pay anything!”

So my point behind saying that is there are no margins left for them to pay profits on. So now you see the long distance companies trying to sell power; they are trying to sell vitamins, they are trying to sell dishwashers; anything else that they can sell to try to fill the void because there are no margins left.

So timing in the company, timing in the Industry, Richard, is critical!

The number one biggest thing that I see people make mistakes, Richard, is they think they have to like the product. They’ve got to be in love with the product. Eew Man! They’ve got to be in love with the product. It blows my mind. Here’s where you have to be so careful.

Let me give you an example. Gosh, 2 years ago, maybe 22 months ago, I get a phone call from a guy that has got brand new technology, brand new technology. “Oh my gosh, this is the way email is going to be done from now on!”

And I said, “Here’s the problem with technology. It costs money today, and in a year it will be half the cost, in a year-and-a-half it will be free.” Richard, it will be free. So when you are trying to sell technology services, be very careful. It is volitile! What you were paying $50 a month for a year ago is free today. That same product, I can go on Yahoo and get it for free, and it’s actually higher quality than this guy is selling. It’s amazing, absolutely amazing!

So timing in the company, timing in the Industry is Pillar 2.

Richard Dennis: Before you go on to the next one, let me throw something in here, Michael. Two things actually. You know you talk about how things change over time. I can remember when I was a kid, my mother worked for IBM. She would take me to her office in Hammond, Indiana and it was a huge office; and they had one computer that took up the entire office. And I don’t know how many square feet, but it was just huge! And today, you’ve got more power in your laptop than they had in that whole computer taking up the whole office back then.

Michael Dlouhy: Yup. Timing in the company, timing in the Industry.

So Richard, if you were trying to sell those computers that take up a whole room, wow—that isn't going to happen.

Richard Dennis: Yeah, this is not a good time for it.

One other thing, back in 1991 I read a book, and the book talked about something I'd never heard of before called colloidal minerals. It sounded interesting to me. And so I bought some and I bought them from an MLM company. And I diddled around for a while and I finally decided to do the business in 1993; and still nobody had heard of colloidal minerals before. And over the next few years, everybody and their brother heard of colloidal minerals. Every MLM company over the next few years adopted a new product with colloidal minerals. But I was in there at the beginning of that thing, when there was only one MLM company that had it.

And it is so important to look around and make your best educated guess as to what's going to happen as far as the timing goes. Is this good timing or is this not?; because if the timing is right for you, it doesn't matter what you do. You're just sitting pretty if you've got the timing right, and if the timing is wrong, it also doesn't matter what you do. You've got no chance.

Michael Dlouhy: Yup. No question.

So don't skim over timing in the company and timing in the Industry. Don't do it, I'm tell you don't do it.

And that bring us up to ***Pillar 3—Remarkable Product***.

Now you have to have a remarkable product. Don't get me wrong, you've got to. But, how about if you're selling a product that only has a one-time sale? Where is the money made then in this opportunity? If's made recruiting other people.

Oh boy! If you're in a situation where you sell a product one time, it lasts forever. Hello! How many of them do you need? At least a car wears out once in a while.

You know there are products out there that people sell that it's "lifetime". So what that is is new sales, new sales, new sales, new sales all the time. New sales, new sales.

So the product has got to be remarkable, and the thing that amazes me about this topic right here, Richard, is I talk to so many people; and they tell me, "Oh, I *love* this product!" But they are broke and they can't get anybody else to buy the product.

See I want to find a product that everybody is screaming they want, and then fall in love with that product. Does that make sense?

Richard Dennis: Oh yes.

Michael Dlouhy: Fall in love with that product. Huh? Boy, this is simple. Fall in love with that product and you are going to do OK. You're going to do fine.

Now here's the biggest mistake I see people make, and the ones that make this biggest mistake, and that's the Green personalities, Richard. They have to believe in the product. They have got to research the product. You know, you might have a product, let's say it helps people get rid of their diabetes. Richard, you don't have to have diabetes to sell the product, right?

You might have a product, let's say it is women's skincare. Maybe it's makeup, maybe its lipstick. Guess what, Richard, you don't have to be a woman and using lipstick to sell millions of dollars worth of lipstick to people that wear it.

Just last week, I talked with a guy, and this is so comical. He wanted a power bar. He is a trainer, a physical trainer, he lives in Poland I think. And he's got these trainings where you go physically and work out and do all this stuff. And he wants to offer a power bar, a snack, and a drink that you can mix. So he gets the power bar, loves them and says the price of these is half as expensive as everything else he's priced. "But I can't stand the taste of that vanilla!"

And I said, "Well, whose taking this stuff, you or your customers?"

"Oh, well, I've got to have something my customer will love."

And it's like, *WOW*! You see, Richard, you get away from those kind of people quick, because they are never ever going to make it. Never. They don't get it! You sell what people want. Does it have to be a good product? Absolutely! And here's the point, I don't believe there's a network marketing company out there that has bad products, do they Richard?

Richard Dennis: No, it's pretty standard in this Industry to have really good products.

Michael Dlouhy: Well you've got to have good products; otherwise nobody would buy them. So you've got to have good products. So that's a given!

But is it a product that people will buy if there was not a compensation plan attached? There is the litmus test, Richard. There's the litmus test. Will people spend that money, that price whatever it is, if there was not a business opportunity attached?

Richard Dennis: Considering how many companies there are, the answer for that is no.

Michael Dlouhy: Isn't that amazing?

There's a company right now, Richard, that is going through all kinds of scrutiny and they are just getting tore up and beat up. And you know what my feeling on that is "What goes around comes around"; because several years ago, gosh about 4 years ago, this same publically-traded company terminated 23 of their top distributors. The vice-president of that company knew that they were going to be terminated, bought a bunch of stock in the company. He goes out after the termination of the distributors, the stock in that company slammed through the roof—huge growth spurt; this guy capitalized on that, sold his stock, retired from that company, quit from that company, and went and started his own network marketing company.

Now that network marketing company, they are always saying, "Our company is full of integrity. Man, we are full of integrity." And you know what I think about that, Richard, when you've got to tell somebody you've got integrity, be careful. Be careful.

But the reason I tell you that is, the company now again, it's 4 years later and of course they are back flat-lined again because their top people aren't building the program anymore.

So, now the company has decided their products are too expensive. Well, gosh, everybody's been telling them that. They are about 130% over the other company products in the Industry. OK? To make $10,000 a month in that company, and we're going to be going into comp plans here, in that company you used to have to have 3,500 distributors in your organization. OK? The company did not tell the shareholders the company just dropped the price of the products in half. What they were selling for $180 they are selling for $90.

Richard Dennis: Wow!

Michael Dlouhy: How many distributors do you need now?

Richard Dennis: 7,000?

Michael Dlouhy: Better double it. Better double it.

But anyway, they are having a lot of problems because, why?--because the owners of the company, the guys that are running this company, don't know how to spell "M-L-M". They don't know how to spell it. They've never built anything. These idiots are high-fiving themselves on Friday afternoon looking at all the volume, "Look at what we did, look at what we built!" They didn't do nothin'. The distributors did it. And how did they thank them? They terminate their top people. Ooo, not good!

Richard Dennis: The other thing is you see a price cut like that, you know you and I and everybody on this phone line tonight knows all these raw material, food prices, all that stuff—it's going up; and for them to cut price like that just says …

Michael Dlouhy: "We've been ripping you off for a long time!"

Richard Dennis: "We've been ripping you off for a long time." Exactly.

Michael Dlouhy: "We've been ripping you off for a long time." Mm, mm, mmm!

Richard Dennis: "And now we're going to rip you off a little less."

Michael Dlouhy: Yup. And that company, I happen to have the P&P here I just pulled up, and I'm reading it here. It says, "The company may elect to not renew a distributor's agreement upon it's anniversary date." Isn't that so sweet?

Richard Dennis: We heard that some place before.

Michael Dlouhy: Isn't that amazing? Well, it's in theirs'. I just pulled it up and read it to you. I read it right off of their P&P.

So company management experience with integrity; timing in the company, timing in the Industry; a product line that is remarkable—got to have a remarkable product line, no question about it. But don't think that you've got to be a woman in order to sell the woman's hormone product, and you're a guy. Nope, nope. Don't go there

Pillar 4—Compenation Plans

And Pillar 4, Richard, is my pet peeve. Compensation plans. You have got to have a compensation plan that pays the part-timer person.

Here's the problem with most compensation plans. Let's say every plan out there, let's just say they pay out 50%, so if they charge $1 they pay $.50 in commissions. So you've got $.50; and how do you divide the $.50? How do you divide that? Well, most plans take 5% and pay it to the lowest levels of the people, that's the widest area of the pay plan, that is the average people. Then they pay 15% to the middle-ranking people, and they pay 35% to the top distributors, the top .03 percent.

Now, those companies brag, "How we've got all these multi-gazillionaires", making gazillions of dollars a minute off the backs of 99.7% of the rest of the people.

Mm, mm, mm!

There is something wrong with that equation. So when somebody is telling me that "Old So-and-So is making all this money"; that tells me, "Well, nobody else is!" That just tells me that nobody else is.

Why is that so important, Richard? When you build an organization, about 75% of your team will be product users only. They will never build the business. And those are the people that never make a dime. They don't make a dime. They don't do enough volume to qualify for a check, so they don't ever qualify for any money. It goes to the top ranking people.

But here's what happens. You've got to love this one. The company that has the 68 pages of policies and procedures, it's a stair-step breakaway compensation plan. OK? The top guys that have been retired for so many years, their checks were shrinking. So they went to the company and said, "Hey, the 5 of us, we make up 90% of this company; and by gosh we need to change this!" so what they did; is to qualify for the next level, it used to be let's say $25,000 in monthly volume to qualify for this one level in the plan. They raised that to $40,000. It's called "raising the bar".

So what in fact they did, is those people have to work longer and harder, the ones that were getting the 15%, so now they can't get up into that top part of the pay plan because they can't get their volume up to those levels. So now they took some of the 15% away, about 5% of it, and gave it to the top 1%-ers. Isn't that slick? It's called stealing from the poor and giving to the rich.

So here's what I tell people. They say, "What kind of comp plan do you like, Michael?" I like a compensation plan that you can have the least amount of people to make the most amount of money. How simple is that? Is that simple enough?

Richard Dennis: Yup, that works.

Michael Dlouhy: That works.

So what I tell people is, they'll me about the percentage and this and that, an we've got a superstar space commander bonus that pays out on the 3rd, 6th, 9th and 12th level every other full moon; and we've got a lifestyle bonus and a travel bonus and a car bonus and a train-the-trainer bonus and all this junk … that nobody qualifies for. Nobody gets it except the top .03% of the people. OK?

So, it's real simple to go through the mathematic equation. This is not smoke and mirrors, this is a calculator. I can't do it in my head; but a calculator, a calculator. OK? And crunch the numbers and see how much volume of business it takes to generate off the percentages and you can then divide that and come up with how many distributors you need in a pay plan to make $10,000 a month?

I had a guy tell me, Richard, (he's in an Aussie Two-Up) and they just rolled out a brand new product. Of course, they call it a product; of course it's not a product, it's a lie. But they came out with another thin that they charge you $35,000 for, and the distributor makes $25,000. So you could make $25,000 a month, Richard, if you just sell one of those.

Richard Dennis: Neat!

Michael Dlouhy: Pretty cool!

Richard Dennis: Yeah!

Michael Dlouhy: What's the residual on that?

Richard Dennis: I would think you could probably round it off to $0.

Michael Dlouhy: Yeah, it would be a big "$0"! A big $0.

So compensation plan, you've got to study and figure out the compensation plan.

Richard, here's what blows my mind. If you were going to go take a job as a carpenter or as a landscaper, or as a doctor, or a secretary; would you not ask them how much money you were going to make?

Richard Dennis: Yeah.

Michael Dlouhy: Wouldn't you ask them, "How many hours do I have to work for this money?"

Richard Dennis: Sure.

Michael Dlouhy: Wouldn't you want to look at your employment contract with the company?

Richard Dennis: Oh yeah, absolutely.

Michael Dlouhy: Yeah, you want to see all that, right?

So you'd want to know, "Am I working 40 hours for the $500, or am I working 80 hours for $500? If I'm working 80 hours I'm making half as much money as I would working 40 hours", right?

Richard Dennis: Yes, true.

Michael Dlouhy: Ohhh! OK!

So why don't people ever crunch the numbers and figure out how many people they need in their business?

There's a company out there that they are selling websites and all kinds of other junk. And you make $1 a person. And the guys said, "Oooo! It's so easy to get the people to buy these websites!"

And I said, "Oh really?"

"Oh yeah, everybody needs them!"

And they're not ".com", Richard. Now anybody with a brain in internet marketing knows you cannot market websites that are not ".com". Do you think the rest of the world out there, Richard, thinks of ".gov" and ".biz" and ".this" and ".net" and all that? Or is it ".com"?

Richard Dennis: Yeah, not too much. It's ".com".

Michael Dlouhy: Not too much.

So now you're making a whole whopping $1 a person. You need 10,000 people in this puppy to make $10,000 a month. The attrition rate on the website deal is almost like 95%.

Richard Dennis: Isn't that an amazing contrast—in one, you get one person you make $25,000; and the other you need 10,000 people to make $10,000.

Michael Dlouhy: Exactly. And the attrition rate in the one that you're making the $1 a person, they are falling out faster than you can put them in.

Richard Dennis: Yeah.

Michael Dlouhy: You can't keep it in place. You can't keep it in place!

So that compensation plan, Guys if you haven't crunched the numbers on the compensation plan--Shame, shame, shame, shame, shame on you. Shame. You wouldn't do it in the regular world? You'd know.

Pillar 5—Proven duplicatable system

That bring us up to Pillar 5. And Richard, this one we probably spend the least amount of time, but we need to spend a lot of time on this.

If you're in a company and your upline says these words to you?—run, quit and get away from them. If they tell you to buy leads; if they tell you to make a list of your friends and family, neighbors, people you've known since kindergarten (and you, of course are 60 now—you're going to remember all those people in kindergarten). Everybody knows at least 1000 people. Get the phone book out. A—start with A. Attorneys--how many attorneys do you know? D—Doctors; how many doctors do you know?

You know, that stuff?

It doesn't duplicate, Richard. You've got to have a proven system that duplicates when you quit. And I learned this lesson, Richard, first hand, school of hard knocks. I was building a business about 17 or 18 years ago. I was doing 5 business presentations a week, Richard. I was doing 3 in hotels or in restaurants, and 2 in homes. So 5 business presentations a week. If 18 new guests came, 23 joined. The 18 that were there said, "We're all in", and they would call their mom, their dad, their friend, their family, their buddy from high school … "Give me your credit card number, we got to get you in this tonight!" And boom—they joined, and they joined, and they joined, and they joined, and they joined.

And guess what? When Michael took a vacation, the business didn't grow; and I kept looking at that and thinking, "What is wrong with this thing?" See, it was about me. It was about me. And it hit me the one night I did a presentation, and this lady came up to me (I was in my 40's then and she was probably in her 60's), and she came up to me and she says, "Michael, that was the most amazing presentation I've ever heard. Man, I understand everything!"

And I'm sitting there thinking, "Man, I'm good! I am so good! Man oh man, I'm good."

And then she said the network marketing words that will kill you, "I could never do that."

And I thought, “You idiot!” It was all about me. Man, was I good. Richard, I was polished. Man I could explain it really good. If you heard it, you got it, you’re in. But I wasn’t duplicatable, was I? Mm, mm, mm!

You’ve got to have a duplicatable system that keeps on duplicating when you hang up the six shooters. You see, the Mentoring for Free System is exactly that. We teach you how to advertise ***Success in 10 Steps, Color to Success, 5 Pillars, Powerful Network Secrets, MLM Letter***. We teach you how to generate your own traffic, teach you how to fish rather than giving you a fish. Simple.

Now, when I go on vacation, you know what? It doesn’t matter. It doesn’t matter. There’s people there doing the calls, getting the ebook downloads. The business is going on, working around the clock.

But here’s the secret, you’ve got to teach your team skills. Skills, skills, skills! When you dialed into this call here tonight, if you listened to the recording on the front end of this call, it said “Your lack of success is not your fault.” I can prove that 100% to anybody on this call. Get a hold of the person that put you on the call and do a coaching call. The only thing I request of you, read the ebook, ***Success in 10 Steps***, listen to 4 training calls. Listen to *Colors*, listen to *5 Pillars*, listen to the *Business Model* and listen to *Compensation Plans*. Listen to those 4 things. Those are going to answer most of your questions, but then let me explain it to you exactly one-on-one. I don’t charge anything for those calls, Richard. They’re free. I do them all the time; because I love to help people get it that it’s not their fault. They are not a loser, they just didn’t know. Richard, they just didn’t know the cards were stacked against them.

Let me share with you some word pictures that will help you understand how this works. Let’s say, Richard, you wanted to build a beautiful two-story wood-frame home. I’m talking wood floors, cellar, wood porch, conventional frame roof, wood walls, wood ceilings, it’s a wood house. And you’re going to need to build that and had to hire people. Would you run an ad for computer programmers, ballet dancers or carpenters?

Richard Dennis: I think it would be carpenters.

Michael Dlouhy: Carpenters. Well, wait a minute, you could be a computer guy … No, no, you’ve got to have carpenters.

So most people spend their time trying to convert ballet dancers and computer programmers into carpenters. Quit doing that. We need carpenters to build the houses, leave them alone. We need ballet dancers to do ballet. Leave them alone. There is an entire industry that makes ballet shoes and tutus for the ballet dancers. You’re messing with their world, leave those people alone. Leave them alone. Only look for carpenters.

Now, what Mentoring for Free does, every person that downloads the ebook is a carpenter. They already believe in carpentry. They already know how to build the set of stairs. They need some extra skills. You don’t have to convince the ballet dancer to be a carpenter, just find the carpenters.; and the carpenters are the ones that want to build the business. They want to build the business with you. See?

That's what Mentoring for Free does. It is a proven duplicatable system that will keep duplicating when you quit. Plain and simple.

Richard, we've only got a couple of minutes here before the top of the hour. Is there anything else that you wanted to add or ask or anything?

Richard Dennis: Just one thing that I think we should emphasize here, and you've kind of said it, but … When people see the heavy hitters and the checks that they make and the money that they make, and then you struggle in building your business and you sit back—and you don't know it's not your fault. You think, "I'm really messed up, because there are other people making all this money, and I'm sitting here 'what the heck is wrong with me'? I know what they're doing, they tell me what they're doing. Why can't I make that money?"

Michael Dlouhy: Richard, it's because they've been lied to. 90% of the heavy hitters in these companies got a deal. 90% of them. They never built it. They got a deal. The company goes in there and the company builds volume, and they are going to stick it somewhere, so they're building a power leg in the company and they give these heavy hitters a leg already built. So all the heavy hitter has to do is build one leg. And you now, you've got to build two. And by the way, you've got to balance both of them too.

90% of those people got a deal. They got a deal.

Richard Dennis: Yes, so don't take a loss when you haven't been able to build it, because you're not comparing yourself to someone who built it either.

Michael Dlouhy: Absolutely.

Richard Dennis: Yeah, we are at the top of the hour here, Michael. Great fun tonight. The 5 pillars, it's so critical for people to know this information to be able to make their own evaluation of any company they are looking at or any company they belong to before they really build something and have it taken away from them (speaking from personal experience).

Anyway, as I say, great information. Do you want to go ahead and introduce the next call?

Michael Dlouhy: Yeah, Richard, I want to thank everybody for being on this call and if you'd like to ask any questions, the next call is coming up in 30 minutes at 10:30 p.m. EST. Jump on there at about 25 after, jump in there 5 minutes early, ask some questions if you'd like. On here, this call is too crowded, too packed. If we opened the call, it would be too noisy.

But it is called the Coaches Corner Call. We've been doing that call for about 7 years, and we've got people on that call that they are not even in network marketing. It's a mastermind group. It's a great place to brainstorm ideas. We are reading Joe Vitale's ***Spiritual Marketing*** chapter 3. We started a brand new chapter this week in chapter 3. But anyway, jump on that call if you like.

Richard, that will conclude this call and we'll see you guys in 30 minutes.

Richard Dennis: Good night everybody.