

A Network Marketing Business Versus a Bank Savings Program

What would you have to put in a savings account at a 5% annual interest rate to earn \$100 per month? You'd have to have \$24,000 in the bank!!

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Ever thought what you'd have to put in a savings account at a 5% annual interest rate to earn \$100 per month? You'd have to have \$24,000 in the bank!!

That's right . . . no kidding.

If you purchased \$700 in products and start-up supplies, \$100 per month in product, and then spent an additional \$150 per month for training, voice mail services, advertising, leads, and other marketing costs in building your business -- how much would this total?

This would add up to \$3,700 spent during your first year in business. Let's say for simplification that in your first year that all this totaled \$4,000 due to other costs, sales taxes, etc. Really it is less, because \$1,900 of it is for products that you would use personally or resell.

Also, some of your \$4,000 may be tax deductible as business expenses. And because you're in business for yourself, you may even have other business expenses to deduct too. These additional annual tax savings could offset the \$4,000 you've spent. But, let's use \$4,000 to keep it as easy as possible here.

Here's the good news.

Now, let's say after a year in business you are now making \$100 per month residual income. And let's say you did not make any retail sales, or make any wholesale product bonuses. In other words, you didn't make any money until your 13th month in the business.

What is the annual return on your \$4,000 investment if you're making \$100 per month? That's a 30% annual return. That's 500% more than a bank would pay you if you put \$4,000 in the bank.

Now, let's say you put five hours a week into your business and you consistently worked 50 weeks of the year. That would be 250 hours. How much is your time worth, what value do you place on it?

Let's say you place \$15 per hour on your time. How much investment would that be for your first year? That's \$3,750 total.

Now add the \$4,000 to this and you've got \$7,750 all together.

Now, what is the annual return on investment on this if you're making \$100 per month residual income? That's 15.5% annual return, a little over 200% more than what a bank would pay.

Now, let's say two years have gone by and you've now got \$300 per month coming in and you've invested a total of \$15,500 in time and money... what is the return? That's 23.2% annual return.

Now, let's say three years have gone by and you're now making \$800 per month and you've invested a total of \$23,250... that's an annual return of 41.2%.

And it just keeps growing!

Now, let's say four years have gone by and you're now making \$1,500 per month and you've invested a total of \$31,000... that's an annual return of 58%.

Now, let's say five years have gone by and you're now making \$3,000 per month and you've invested a total of \$38,500... that's an annual return of 93.5%.

Here are your annual residual income totals:

Year 1 - \$1,200 residual

Year 2 - \$3,600 residual

Year 3 - \$9,600 residual

Year 4 - \$18,000 residual

Year 5 - \$36,000 residual

But, what's been your total return on investment through the end of year five? Your cumulative total return is \$68,400 and you've invested a total of \$38,500. So, your total return by the end of year five would be 178%. Better than any other investment I know about.

But, I can just hear you asking: "What about my principal... if I put the money I invested in my business over five years in the bank... I'd still have the principal amount plus interest."

Okay, let's analyze this.

First of all, the sweat-equity we valued at \$15 per hour, five hours a week, 50 weeks a year... you cannot put that in the bank. So, if you put \$4,000 a year in the bank for five years let's see what you would have at 5% interest.

Year 1 - \$4,000 + \$200 interest
Year 2 - \$8,200 + \$410 interest
Year 3 - \$12,610 + \$630.50 interest
Year 4 - \$17,240.50 + \$862.03 interest
Year 5 - \$22,102.53 + \$1,105.13 interest

At the end of five years you've made \$3,207.66 interest and you'd have a total of \$23,207.66 you'd have in a bank account, earning you about \$97 per month after five years!!

But, let's look at your Network Marketing Business.

At the end of five years you've made \$68,400 and you have a \$3,000 per month residual income. And you've got a business that has an asset value of \$720,000... that's what you'd need in the bank to have a \$3,000 per month income. Pretty amazing isn't it?

Could you sell that business for \$720,000? I don't know why you'd want to, but it's possible.

Now, consider that you've spent \$38,500 in time and money over a five-year period and you have a \$720,000 asset -- what's your return? That's a 1,870% return.

Not too bad.

Why do you think I'm in this business? Pretty good business to be in, don't you think?

Now, if your distributors were making only \$20 per month, that's \$240 per year. What would they have to have in the bank to make that amount? They'd have to invest \$4,800... now why would anyone quit and throw away a \$4,800 asset?

When we're signing people up into network marketing, it's our job to help them as much as possible. And we do that by educating and teaching them why they would want to make a \$4,000 per year and a five-year commitment to their business.



Tom "Big Al" Schreiter is the author of many books and audio trainings on how to recruit more distributors.

36 years of experience of testing exactly what to say and do to get prospects to join.

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