



## **MY MILLIONAIRE FRIENDS GROUP COACHING CALL #4 Membership-Based Networks and Direct Selling**

Participants in this teleclass are Sheri McConnell (SM); and various Audience Members (AM).

SM: Hello and welcome! This is Sheri McConnell, founder and president of My Millionaire Friends dot com. And today we are here on, let's see – I believe our third, no, our fourth coaching call. And the topic is Millionaire Models. And we're actually covering the last two of the six millionaire models today and that would be Networks – or membership-based businesses – and then Direct Selling which would also include the franchises and a lot of the different direct selling networks that exist out there. And I'll definitely be differentiating the two here today with you and telling you a lot about these models. As much as I can get into one hour of time.

Anyone who needs more information or would like to download a free class on membership businesses – let me go ahead and turn the beeps off – and we have the chimes turned off now. Now if you would – what I'm going to do is go ahead and put this on lecture mode and then I will take it off the end of the call for questions. So you don't need to push star 6 on your end. Hold on one second. Okay. So everyone is muted. We are now on lecture mode. And I will take it off again at the end of the call so make sure you write your questions down. Also, also if you've been to the download page at the Member Log-In page, I want to remind you of the tools there that you can use during these calls. So there's the Aha! Sheets where you can write down some strategies and different things that you want to remember from these teleseminars. You can also download the transcript of the calls. We should have two more up later today. They are just sitting here on my desk, waiting for me to look over them and send them back to the virtual assistant for PDF and posting. So they are coming.

And some of the other tools that are on there to keep you focused. Just so everyone knows, if you're in the live class, the twelve-week class, we are shipping out your first box of stuff here. Everyone should be going out on Monday. We are waiting for a few last pieces to come in from the vendors. And then you're going to get a lot of stuff. And so what I want to kind of tell you right away because I am throwing in extra books, more than you expect, I'm putting in *Think and Grow Rich* and I'm also putting in *The Four Hour Work Week*. What I just want to preface all of that stuff with is don't be overwhelmed.

Some of these tools I wanted to put into your permanent library because they are so important. And out of the four books I'm sending you this month,



I think I would want you to read *The Four Hour Work Week* first. And he has a different business model and so I really don't want you so much to pay attention to is business models but I do want you to pay attention to his strategies, his 80/20 rules, all of the time management stuff and ways to run your businesses efficiently. Because that is going to help you leverage that triangle so wonderfully. And then pick any of the other books that resonate with you and read those next. And of course you have all these transcripts and CDs you'll be getting also.

But I would have you read that first. I think it's going to serve you the best going forward and it's a whole different way of thinking. A lot of people end up changing their mindsets immediately after reading that book. Okay! So that is coming next week and let's dig right into the information here.

So let's talk about membership-based businesses. Obviously, this is one of my favorites, being that I own a number of companies with this model. So let's talk about what are some of the benefits of creating a professional association or group or international/global networking group, whatever you end up calling it over and above – what are the benefits over and above normal business development strategies, such as just normal membership communities?

And so the way that I teach it over at Create Your Group dot com is all about leverage. It's all about that leveraging triangle which you've heard me speak about. So the first thing you're going to have with a membership-based business, the way that I teach it, is the immediate platform. You're going to have immediate leverage to get things done, those things being joint ventures, marketing, free publicity. You'll be able to make things happen. You might not know how to because you haven't learned the leadership role and you haven't learned how to maybe sell yourself yet? But you have the model. And the model will serve you as soon as you develop those skills. So a lot of what I'm working with people on is their mindsets because that's more of the issues that they are struggling with and not so much working the business model. The business model doesn't fail.

So again, you're going to have the immediate platform. You're instantly going to be considered the go-to person in that niche or market because you are the president and founder of the association or the group that is serving that market. And again, free publicity. So what I mean by free publicity because this sometimes confuses people, you know, do you just ask people for free publicity? I don't ask for it. People give it to me because they want to get to my groups of people. They want to get behind the gate, because I'm the gatekeeper and they want to get their product and or their service to all of my members.



And so a few examples of that at the NAWW, the National Association of Women Writers – one would be back in 2001, I believe, which is a long time ago. It seems like so long ago. Maybe it was early years, I can't remember exactly when it was. But *Writer's Digest* had this Web site contest and they were voting on the top ten Web site. And as you can imagine they do this list of 100 Web sites every year but this one was the top ten which was even better, right? Much better. And so I submitted the National Association of Women Writers' Web site at that time. It doesn't look anything like it does today and we were chosen as one of those top ten.

And what I can tell you is there were so many amazing people in the writing community with Web sites which were much better than mine at the time. But the reason I know that we got selected is because they knew that we would give free publicity to *Writer's Digest* when we went and told of all our members of this great, you know, thing that had happened. We were the top ten Web site at *Writer's Digest*. We would then in turn send a lot of customers their way.

So that's an example of the types of free publicity that happened to me over and over again. I was listed on their Web site as the top ten and in their huge circulation, because this is an industry magazine, I got lots of new members coming that way who had never heard about me or the brand. We were a brand new company. So that's a huge thing that would not happen to a company if it were not a membership-based business like I was.

Another example is, I believe this was last year, maybe the year before but I think it was last year. Time really flies lately. If you go to [www.ezinearticles.com](http://www.ezinearticles.com), over there Christopher Knight did a blog entry and pulled me out as one of his examples as a great writer and writing great articles and so on and so forth. And I have a whole entire blog entry there and a lot of people responded to it. And I know that he did that – again, I haven't asked these people point-blank if they did this – but being in the business of running Internet companies long enough I know that he again did that because I'm the gatekeeper to all of these people that can use his service there. So by mentioning me, I turn around and say, you know, they chose me, that I was this great example, even though I'm no more of a better writer – excuse my English – than most of the people there. Again, it was free publicity because he's a good business person and he's thinking about the win-win for both of us.

So these are just a few examples and for people in the Create Your Group Blueprint and Toolkit, when I did the seven interviews there with the other membership-based business companies, that was one of the questions I asked them and I did include lots of examples there of the free publicity that they might have received because of them owning these membership-based



businesses. Because when I interviewed all of these people, I wanted to see if what I had discovered about this business model was happening for other people too or was it just me and was I just so lucky.

And what I found when I did all those interviews was exactly what I thought, that you have an amazing amount of leverage with your marketing and your joint venturing and so many other things in the business model that businesses have to do anyway to thrive but you're just going to get better results. So it was really, really cool to interview them and hear their stories of the same types of things happening.

Okay. So number 2. What core elements do you need to consider when creating a professional association or group of some kind? And these are – the things that I found to be the most important and the first being the name. The name needs to sound really big. It may sound really general but it's so important. So the attraction that you get with a global or national or international name is so completely different than what the amount of business you will attract to your Web site based on if the name is regional or if the name is just really creative but yet doesn't say what it is.

The second piece to that is you want to have key words right in the name—women writers, web entrepreneurs... And there's a lot that goes into that. When we talk about the Internet and a lot of search engine key word counting if you will that happens with these spiders. So you want the actual target market you serve to be in your name and you also want when people are writing "national association of women writers" when you go to Google and you put quotes around that, you're going to see how many times people have typed that in on the Internet. So any time now when someone comes and types in the words "women writers" and they've never even heard of that company, they go to one of these links out on Google or any of the other search engines because we put those key words in the name. So the name is a huge core element in running a membership-based business and creating it and the amount of success that you'll have.

Number two. This is a perfect business model for serving your ideal customers. And you really have to be passionate about it. So much of the success and the success that I've had and also the people that I've worked with, my mentors, but also my coachees – the people who are more successful, I mean more passionate, excuse me, about those that they are serving are more successful. And there's a couple of reasons why.

First, you're just going to be a happier person if you enjoy and you actually are motivated and have fun and get excited about the next person and their book because you love books or you love marketing on the Internet. Your job is fun when you are doing something you love. But secondly, you can get



into your customer's head when you share the same passion. And getting into your customer's head is so important to your success because you need to understand how to talk to them in your marketing, how to write copy to them. Copy is what is on your Web site. It's what is in your email. It's what is in every marketing material, anything that comes in front of their face. What you say to them. All of that passion needs to come out in all the ways that you communicate with them. So it's definitely a core element. And you read any of the entrepreneurial-type magazines or you watch *The Big Idea*, passion comes up. It's just one of the core elements in entrepreneurship in general. Definitely in this membership-based business model, it definitely is.

And then the last core element that I want to point out today and there's many, many more. Obviously, we can only get to so much in 30 minutes. Is understanding systems and how systems interrelate. We're actually going to be covering systems in detail later on in the My Millionaire Friend's program. I'm definitely going to go into that in more detail. But when you see everything in a systematic way, and you see how your customers come in to your company through a funnel or through that first interaction with you at a conference, and you see from a big, a higher-level view of every person you meet just plugs into this system of activities that is happening in your company, you don't get as panicky about trying to get each person you meet to join. You actually have a much easier time by just plugging them into the system and letting the systems do the work for you. And again, you're able to be more passionate and serve them and have a lot more fun because you have these systems working for you.

So some of those systems would be to automate a technology that they use on your Web site. Some of the classes, if you're doing teleseminars – the products and services. A book is a system in one way in that people can read your book and then go to your Web site and then get on your free newsletter from the book. People can read your book and then go to a larger priced program or service. So the book in itself, the product can be a system. So there are so many ways to think about systems and we'll definitely be covering more of that piece later on in the class.

Okay. So what are some the key accountabilities as the leader and founder of a membership-based business or a network? And the second part I want to cover is what are some of the professional experts that you might need on your team if you're starting a group like this up? So one of the things is as far as you being a leader and a founder of the association, you are the face of the association. You are the key asset and the visionary of this company. So an example of myself growing into that role and also working with so many people over at Create Your Group doing the same type of thing is not putting yourself in the forefront of the company but pulling yourself a little back and allowing your members and allowing your team, your virtual team



or the volunteer team, however you set it up, allowing them to be key people in your company.

Having said that, you really have to be the leader. I just interviewed someone this morning to have him on over at the Association of Web Entrepreneurs. He has a new book out on leadership. And what I'm finding is as I'm coaching all of my clients, the leadership piece is so important. Getting comfortable with your leverage and the leadership role that you have when you start this company and I just find this business model expects you to be a leader more so than some of the other types of models out there. It really pushes you up there and when people come to talk to you they expect you to act a certain way and will make judgments on how large the company is and how successful it is based on your role and how it you are performing that role.

So what I have learned is being that key person and that visionary, I had to learn to take care of myself and delegate what I could to be an effective leader. We'll be talking about team building in the next two coaching calls, building and then running the teams. So for instance, one of the things I struggled with was in the early years, we had regional groups up in the Dallas area and I was running one of the regional groups and a couple of regional reps were running the other two because Dallas/Fort Worth is a pretty large area. You can drive an hour easily just to get to the next city.

And at one point, I was spending ten hours a month running this regional group and I couldn't focus on all of these members that were spread across the US and Canada. I couldn't focus on my national activities so part of my growth process was stepping down from my regional role and saying, "If you want this regional group to continue, one of you needs to step up here in this group and become the regional representative in my area."

And that was really hard to do because I was in start-up and I really felt that so much of starting that group and I got to know the women. But I really could see that the national company, the international company was suffering because I wasn't in the role that I needed to be in to grow the company to the next step. It was sort of kind of a painful decision in that I wasn't used to making decisions like that. Especially when my members didn't want me to make the decisions but I finally just had to do it. I explained it to them. And that was just one of those growth things that you have to do.

So again, you're going to have some accountabilities as the leader and founder of this group. But you're going to have so much leverage and so much ability to make things happen with this company. It's a very, very powerful business model. Some of the people that you're going to need on



your team. A CPA, of course. Virtual assistants. And you're going to be hiring people that play at what is for painful for you to do. And these are people that are so talented at the things that they do that they are good at it—that they play at it when they do it.

So I definitely have people on my virtual team who play at the transcribing, who play at the graphic creating and the Web site building, so on and so far. So it makes perfect sense that those things that are very painful for me, I hand off to them and they get them done so much better than I ever would. So the other pieces, is the marketing piece.

This is where I'm coaching with a lot of people right now. And they, when they do something in the marketing area and it doesn't work right away, their first thing to do is go back and tweak the program. Restructure the program. Or redo the Web site. Or, you know, go back up and think that "It's not working." And it's not that it's not working most of the time. Most of the time, is you need to stop messing with it and you need to spend all of your time marketing.

In start-up, the first year, you need to spend 85% of your time doing marketing activities. And marketing activities as I define them is anything that brings you a new lead. That gets you and your company in front of a person who doesn't know about you. Whereas if they do know about you, they plug into my system. So that's speaking, that's your newsletter, that's any kind of teleseminar, that's postcard mail-outs. That's anything and everything that brings you a new lead. And we definitely talk about that also in the Blueprint and Toolkit over there and we'll be talking about some of that in some other areas in this class also.

So, next – how do you determine if you should have a virtual or a physical presence and what are the benefits and disadvantages of both when you are talking about this large network that you are building? So what I can tell you, is I have different business models. I mean, different type of membership organizations. The National Association of Women Writers. We have virtual and we have physical there. And then over at the Association of Web Entrepreneurs, it makes perfect sense that we would have virtual groups there because it's an online company and we cater to those people building online businesses.

So virtual, definitely. Some of the pros of that is that they are cost-effective. They eliminate many of the barriers of access for your customers. Meaning that they don't have to travel. That's a huge barrier for a lot of people. And secondly the time is the hugest barrier. Child care. For me, if I can do something virtual, I'm going to more than likely be able to do it. If you require me to drive across town and get child care, most of the time, it's just



not a good return on my investment. So definitely virtuals have lots of pros to them. They are also cost-effective to deliver as I mentioned.

But the reason we have the physical presence over at the National Association of Women Writers and this really depends on your target markets that you're serving. Is because that is part of their need. That's what they want. They want to get face-to-face with each other. To network with each other and to read each other writings and to do critiques and different things like that.

So what I can tell you, going back to one of those core elements is that you are the leader of the company. So don't feel like just because your members have a certain type of need in your network, that you or the national membership has to be the person serving that need. So what you do is you set up a structure and you set up a system – again, that word system – to serve those people.

So for instance, at the National Association of Women Writers, we set up the regional representative program. So we let the members fill that need themselves. We give them the system to plug into and the support but it's not our responsibility to physically create these chapters and to, you know, hunt these people down and try to do that. That's something that I put back to the members to let them do themselves.

And so in one those places of the leadership role, you can delegate even back to your members to get some of the things that they need done. And again, the success of the company sometimes depends on the quality of the members coming in. What I can tell you is that pricing is really important in that area and the types of people that you can attract and what they'll be able to do for you as a company and for the other members.

Okay, I'm going to take a quick drink. So one of the questions I get in this membership-based business model, is how do I recommend finding and attracting members to join the company? And that's usually one of the biggest questions I get. About five more minutes on this topic and then I'll move on to the next section. But – so speaking, some of my best customer relationships are those people I meet in person and start that relationship with face-to-face. Teleseminars is another one. And then what I can tell people that I do still to this day and when people are struggling to get visitors and struggling to grow their companies, I have them focus on building that list. I have them return back to the marketing, stop tweaking everything, their products and services and what they are delivering, and their Web site. I just have them stop. I have them focus on developing more leads. And I say you're out, I mean anyway that you can come in contact with them and if you're sitting in your office chair and you are talking on the



phone, that can be a really high pay-off activity, more so than driving across town to a 30-person networking event.

So as you begin to network more, think about your ROI, your return on investment on your time. And so what I do now, is I attend the conferences that have the highest attendance—500 at least, all the way up to around 2000 people. And so am I going to get to meet everybody there? No. But I can certainly meet a lot of people over the two or three days that I attend those types of conferences. And there's just a much higher return of leverage and usually traveling – we all need that little break for traveling to get out of the office and do different things too.

So I find those are a really high return of because so many people are there at once. And those are the types of things that I attend now, just based on the numbers. Purely on the numbers. I find that a high return on investment. So in the first couple of years, I got excited every time someone joined my list. Notice I didn't say every time someone joined the company. Because even back then, I knew if I got them on the list, then I got to choose when I contacted them from then on. I got to choose when I got to market to them. But until you get them on the list, you don't get to make that choice. You are totally dependent on when they come to you.

Once you get them on the list, it's so much easier to sell to them or to serve them or to start relationships and get them to plug into that free resource, so on and so forth. So still to this day I focus on the list. A couple of examples of pages, targeted pages, that I send people to is [www.nawwfreereport.com](http://www.nawwfreereport.com). And then we also have one at [www.awefreereport.com](http://www.awefreereport.com). And you do want to put www in front of those. So again, [www.nawwfreereport.com](http://www.nawwfreereport.com) and then the other one is [www.awefreereport.com](http://www.awefreereport.com). And what you will see when you get there is a one choice for the people there. They get to sign up for the list if they want what I'm giving them there. And your goal with a page like that is to make everything so irresistible that it's a no-brainer of course for them to get on your list.

So I use that when I do teleseminars. I use that when I speak in person. I have those printed out and I just pass those out in the room. And then I give out a prize and it can be anywhere from a \$40-something dollar CD program all the way up to a \$250 writing home study course. So it depends on the size of the room. The size of the gift I'm giving. Because I want more people to obviously pass up their forms and give me their email. They just write their email in right there. And I just mention that they will be getting their confirmation email.

So you do get a lot of new sign-ups that way. I'm always focusing on building the list because then the new people turn into customers. And in a



membership-based business because of the automatic renewals and again the technology systems that we have, it's a huge deal when you add on one new customer because you have to think about the value of the customer for the long-term. So it's an amazing business model after you get going after the first couple of years. And the technology that we have now that I didn't have back then to let me stay in touch with the people who come onto my list that let me easily help them renew. People don't have to put stamps on anything anymore. We have online banking. There's so much that makes these companies so much easier to run, so much more efficient not only for me to run – which is a high ROI again. But it just makes it so much easier for your customers to actually pay for your products and services and get them rather quickly. And everybody loves to get stuff quickly these days. So that's a huge key.

Let me go ahead. I have one more piece that I want to end this section with. And so, what are some of the key steps that I would recommend that you take if you wanted to start to think about establishing your own professional group? Networking group or association or a global group of some kind. What would I have you do and what process would you go through? So I'd have you ask yourself again if you're passionate enough to serve that niche. And the second question I would ask you to really consider is do you want to be a leader? And if you do want to be a leader, do you have the skills necessary to step into that role? It's okay if you don't. But know that that's one of the things that will completely determine the success of this company.

And then another question is: What do you feel strongly about? What do you do well? Those are going to be key pieces also in the types of people that you attract. And membership companies are kind of a different type of model in that you don't want you to be too far in the front of the company. That actually makes the company look smaller. You do kind of want to be in the background as the business owner to a point. But at the same time, so much of the growth of the company depends on everything you do, who you are bringing in and who your experts are and so on and so forth.

But if you look at both of those Web sites that I have for membership-based companies, the [www.aweconnect.com](http://www.aweconnect.com) and then [www.naww.org](http://www.naww.org), what you'll see there is the blog is the front page and we're always focusing on the members. So you really want your members to be out in the front of what's going on with those companies. You really want your experts to be out in the front of what's going on with the companies. And that – I mean, it encourages the growth in those people to do what they are joining for in the first place, which is usually to network, but it also makes it look a lot bigger if you have one person who is the visionary of the company and then every membership benefit is related back to a service that she offers, he or she offers, or her book. And the whole benefits package is for her books or



something like that. It's not well-rounded so people will eventually get sick of that one person and they really want the benefits to change every year. They want the benefits to be tangible. And they really want this networking group to be about all of the people in it, the entire network.

And so in the next section that I'm going to cover, we'll talk a little bit more about networks. Let me see if anyone has any questions real quick. Okay! If you have a question, feel free to ask.

AM: Sheri, I have a question. Concerning getting experts to work with a network, do you provide them with a comparable or a product that gives them or attracts them to you?

SM: No. Usually the networks are going to partner with you solely based on –

AM: The membership?

SM: -- that they get to pass through the door, the gate –

AM: Okay.

SM: And get to your membership. There's just so much exposure for them. A lot of it's credibility too. It's great for an expert to be an expert for the Association of Web Entrepreneurs. I just got another person this morning that is inquiring about how to become an expert at the Association of Web Entrepreneurs. So what happens is you will, what I coach people to do is to really be pretty strict with your gatekeeping. You know, you don't just give the key to everyone because if their Web sites don't look like they need to look, if you haven't heard them speak yet. I made a big mistake a couple of times of not actually having a phone call with an expert. And then you get on there and their voice is so raspy and just awful, it's just not a good person to do a teleseminar with? Just painful to listen to!

AM: All right.

SM: Just like a smoker or something. And sorry if you all smoke on the call but – you really have to be a gatekeeper to who you are bringing on in all different ways. So it is a big deal when you let someone be one of your experts. And it's a big deal to them. So there are some pieces to that as far as the joint venturing. I just did a full class on this over in – and it's in the coaching program over at Create Your Group in one of those CDs.

But some of the pieces on the joint venturing is making it really easy. I get these joint venture relationships that are like four page contracts and they



want me to send out residual checks and dadadadada. And we don't do things like that on the Internet. So some people are really doing things pretty old school as far as the way we used to do things in business before this very fast-paced automated Internet world came about. And they are really stuck to that because I guess they are just stuck on the way we do things in the corporate world. Because I used to work in the corporate world. And that's not – you know – it's really kind of, you know, plug into a program that's going to teach you how to do those joint ventures. There's so many of those types of programs out there and keep – just a few things. Making it easy. Sending very simple emails telling them what you're doing, what's in it for them. Your first few lines will be the credibility piece.

AM: Um-hmm.

SM: You know, you're the founder and president of this association and this is what you're doing and this is what you want. This is your proposed date you are doing it on. Here's what you need from them. And really, I can get complete events planned in like two emails. A third just finalizing the missing pieces that they might not have sent me. But I usually do all my experts at once so I'll send one email to like five experts for a particular event. So you can really do these things quite fast. It's fun doing the joint ventures. Does that help a little bit?

AM: Yes, it does. Very much so.

SM: So I did have some keys to the membership-based business and I really want to throw these in here as the last piece of the call and then I'm going to jump over to networks real quick. I want to spend a good 25 minutes on that section. There are six keys that I came up with for running a membership-based business. And these are things that I might have mentioned already in some ways but I wanted to just kind of sum up this piece of the call with you.

First of all, you must offer tangibles that your target market will pay for. And so what that is is physical products of some kind. And what that does is it keeps their renewal rates high. Number two. And I mentioned this, that at the first, you want to choose their name carefully with those two criteria I talked about. Number three, you must have a brand that's easy to share and easy for the members to plug into. And also, if you choose to have any kind of regional representative or whatever you want to call them, you want them to be able to plug into that brand. So that again goes back to the naming piece.

Number four, must always focus on the bottom line and constantly do a ROI on everything. So constantly run the return on your investment on



everything you do, your time and your money and the expertise. You're thinking about the expertise when you bring an expert on. Of that image will be for your members and what they will learn. Did you just do a class on this same topic two months ago? So again, it's that ROI for your members also. That's part of your leadership role.

Number five, you must understand your role as the gatekeeper being the president and the founder. So your gatekeeping is there to gather all of the knowledge that these people join your association for, or your group, I'm just using the word "association" to mean group. That's why they join. Because they don't want to go out and find this all on their own. It's much more efficient for them to pay a fee and have you do that for them.

So that's one role of the gatekeeper. The second role again is the quality. You're also weaning out the bad qualities. So that's one reason they pay that fee. If you can actually communicate these things in your copy, in your membership benefits. Some people don't understand. They forget why they need to join an association other than the networking piece, which most people get.

And then last, you must look at everything you do in a membership-based business as systems. And I touched on that also. And not only looking at everything as a system but – and you'll get this big time when you read Timothy Ferriss' book, *The Four Hour Week*, you're always looking at the systems that you can either create new ones to be more efficient or you're going to be improving the systems that you have. And then one big thing I got out of this book when I read it is you get rid of systems that really don't have a purpose anymore. That you might have created when you were brain dead or you created for a company two years ago but it just doesn't fit anymore.

So some of those systems that we will talk about later on in this course is the customer service systems, the time management systems. My favorite area – the technology systems. Promotion and lead generation. One of the most important set of systems, that's how your business thrives. And then how your business makes more money is the product and service development systems. So there's a real lot of new information that I think many of you are going to enjoy when we cover that part of this course on the systems. Okay, one more question while I pull out the information for the next half of the class.

AM: Can you specifically talk about the qualities of networking? Like, do you provide time when they interconnect on the phone calls, meeting in person, just email?



SM: So, with different companies we're doing different things so again it depends on what they want there in the target market you're serving. Over at the National Association of Women Writers, we do a lot of different categories. If you didn't hear that because of the beep, we do a lot of different categories where you can post news or you can post different requests that you want from other members, interviews, you know, any of that kind of stuff. Members can post on the blog as much as they want, which is a huge deal because that is a great way for you to communicate.

We're interviewing members in the newsletter every week. So that gets that member featured and we ask them, what I love, is these really great five questions. And one's about "What ignites your soul?" and it's just depends on your target market what you're doing with them. A little bit different over at the Association of Web Entrepreneurs. We have some Facebook groups that we just started. One trend that we saw here in the last few years and I believe that this happened because so much social networking came available to us, and blogging technology really took off. But the trend that we saw at the Association of Web Entrepreneurs was that people stopped using forums.

People just, I mean, back when I started the National Association of Women Writers, our yahoo groups were just going crazy. People were on and posting on those things all the time. But what we gradually started to see was that the forums and the discussion groups, online forums and discussion groups that you would have to log into and do all those different things to get into those, the access to those required a number of steps. People stopped doing that. They couldn't remember their passwords. They just got more and more busy with all these emails that were coming at them and with the blogging that came about and things like Facebook and all these other more visual and more technological robust systems coming up, people started doing the social networking more.

So what we predict is that the forums and that type of stuff will go away completely and everybody's going to be doing all their networking on the social networking platforms and the blogging platforms. And we've already done away with all our forums. We did a test on them for six months and we moved from another system to the forums and then we got rid of the forums and moved to Facebook groups because we were seeing that trend. Your members will tell you what they want and they are using. And if they are not using it, then they don't want it. Because the things that they do love, they use a lot. So they will actually tell you what they want by what they are purchasing and what they are logging into and downloading... they will tell you by their actions if they actually need that benefit anymore.



So again, that goes back to the leadership role and you kind of paying attention to what they are doing and getting on the phone and also paying attention to what other companies are struggling with. And that's definitely an indication of a series of behaviors across the Internet. To me, it's kind of fun. I saw that all of the people on the Internet are struggling to get people to participate in their forums. They're doing different point systems. They're doing contests and all these different things. That just isn't a high return on investment in any way whatever of your time as an owner of a company. You shouldn't force your customers to do things. You really want to focus your energy on the things your customers want to do. You shouldn't have to create contests and do those different things. Listen to your customers and they will tell you what they want more of and then focus on that.

So all that time you could spend on a forum, why not spend that on the actual books and tangible things that your customers want and will pay more for? So that's just kind of my little spiel on being a leader but also giving them what they want. And most people join these things, again, like your question said, is to network. And to get in touch with those other people. So the tangible networking, that in-person networking, they can do that in teleseminars. We do those monthly teleseminars at both of those associations. And then over at the National Association of Women Writers we always have, we're always looking for new regional reps to start physical groups in their area.

My experience with the physical groups and from networking with so many other large companies and associations is you are always going to have a lot of turnover. Because it is a volunteer job usually and people just go in and put their all in it and they quickly get burned out with all the work involved in it. So you want to support them, as quick, as well as you can. But then you also want to keep in mind there is a lot of turnover and you need to have a system that just supports the new people coming in and thanking the ones that go on and move to other things. Does that help a little bit?

AM: Yes. Thank you very much.

SM: You're welcome. Okay! So let's use the last 15, 20 minutes to talk about direct selling. And there's a wonderful association that I interviewed over at Create Your Group, the Direct Selling Women's Alliance is how they say it. I might be getting the acronym or the name of it mixed up a little bit. But if you go to [www.createyourgroup.com](http://www.createyourgroup.com) and you scroll down, you'll see the three founders there and two of them are a mother-daughter team and then there's a third lady. And their association is phenomenal. They support the entire direct selling industry.



And there's a lot of – what I can tell you is I sit here today because of being in my 20s and being able to plug into some amazing companies where I got to learn a lot more about business. And at that time in my life, I got to sell products and services, excuse me, that were really in line with that phase of my life. So for instance, I sold Discovery toys. I did the home parties. And I really enjoyed it. I had all these wonderful, amazing, educational intensive toys. If you've ever seen these toys, they are really focused on what the children learn and they are really high-quality toys.

And so I did that for a phase of my life when I had all those little kids in that stage. And then I sold Avon. So plugging into those different direct selling markets, I did want to, you know, spend 20 minutes at least in this program discussing if you don't have any prior business experience and you are new to being an entrepreneur and you are new to starting up your business but you know deep in your soul that being on your own and having this potential in front of you is something you want to learn more about, finding a passionate network or a franchise or one of these direct selling companies to plug into can be really smart.

And let me go ahead and put everybody on mute really quick. Okay. So first of all, let me talk about a lot of types of businesses that you can choose from in this area so it might further define what I mean by the network marketing or the direct selling companies. So some of the categories are cosmetics, skin care, beauty products. You know, that would be your Avon. There's a lot of educational toys. That would be like Discovery Toys. And then there's, there's so many companies because this is a hot business model of people just plugging into this and building companies with this same type of business model. So for instance, Advocare Vitamins, I don't know if you've heard of them but I get my vitamins from a company that's a direct selling company and I've been taking these vitamins for four years.

So there's just about every different industry out there. There's a model that really is using this direct selling marketing model. And one of the number one reasons again that I really recommend this type of business model if you don't have any experience is that the system of education that these companies usually have. And so what I mean by that is they have a lot of training that they do because they are training focused, they want the people plugging into these companies to be successful. When you're successful, they are successful.

And so it's different than you going out on your own and building a company from scratch. You don't have a team of people there that will be more successful if you're successful. So it can be a really amazing model to learn a lot of business skills and leadership skills that you need when you are in business on your own. I know that a lot of what I do as a natural way of



running my businesses and what I teach everybody when I'm coaching them comes from some of those things I picked up when I was, when I was plugging into those different types of network marketing companies.

So one of the other reasons I like is some of, again, if you haven't come from a place where you are able to learn those skills. When you plug in – for instance at Advocare—they actually have a whole entire program that is helping people pay off their debt. And what they realize is that when people manage their debt well they are going to be able to invest better, after the debt is paid off. They are going to be able to take money that they are either making from Advocare or from a corporate company or whatever their income stream is coming from. And if their debt is paid off, they are going to be more successful. And if they are more successful, they are going to be able to go out and be more successful direct sellers of their vitamins.

So it makes sense that they would teach the people there the skills they need to do that. So some of these skills that a lot of the network marketing companies teach – and what I would say when you are looking at a network marketing company to plug into if you do choose this millionaire model – is to really do your research. Make sure that what they are saying they are doing and what they are saying you will get from plugging into their programs is what you actually get. So do a little bit of research. Do your due diligence there. But with a lot of the network marketing companies, what you're going to get is an attitude of success. You'll be surrounding yourself with a lot of doers. They are going to be teaching you leadership skills and communication skills, people skills. You are going to have people there to support you so it's going to be a lot easier to overcome the personal fears and the doubts and the lack of confidence that you have when you are starting up a new business.

And then the fear of rejection. They are going to have classes there to help you be more successful in that area. And then again, money management skills. I gave you an example of how Advocare does that. Some of them teach investing skills and accountability skills. Again, time management and goal-setting is a huge one that I teach because every millionaire I've ever met really excels in those two areas. And then dressing for success is some of the company's, you know, really help work with people on their appearance. Some don't do that.

So just keep your eye out when you're looking for these different companies and what they offer and what you're drawn to. If you love jewelry, there's different companies out there for that. There's just so much out there. So much opportunity. And again, these companies really give you an edge in that there's a lot of branding and a lot of testing that's been done on the products and services that they have. That if you were to do this from



scratch, you won't have all of those pros there behind you. And what I can tell you from doing my companies from scratch is that, you know, I certainly have a lot of equity and I own these outright.

And what I learned really quickly when I was doing Avon, and maybe they've changed it since then, but you really don't get rich at doing Avon, you don't become a millionaire doing Avon. The people that are the millionaires are the people that own Avon. So being a business owner is the road to wealth. But again, I wanted to include this model in this program because I really know and hear this piece, I really know that you can't be successful at some of these other models if you don't have some of these skills.

And I think this is an excellent model to start with to get a lot of these skills and get revenues coming in and then take that cash. Take the cash flow that comes from this type of business and start to put it into your own business when you have the cash flow to do that. So it can be a great way for you to get started. If you're feeling like you're overwhelmed and there are just too many roadblocks to you getting started because you don't have a lot of the skills that I'm saying you need to have. So that is my reasoning with including this model.

Now, one of the things I wanted to include which is something really interesting I read lately was something called Metcalf's Law. And it's by a person named Robert Metcalf and he is one of the people credited for creating the Ethernet which is the Internet wiring that it goes through. But what his law states is that a network's economic value equals the number of users squared.

So again, I've talked about these networks and the membership-based business models being exponential as far as the amount of results that you will get with your growth. And Metcalf's Law, I love that. Because that's what I know to be true just from running this type of business model. But let me kind of break it down in simpler terms from my research. And what it is, in simpler terms is – for instance, if there exists just one telephone. And a single telephone really has no economic value by itself. But the moment there are two telephones, the economic value of the network is now squared. And if the economic value of the network would go from zero to two, which would be squared, so it would go from zero to four. If you add on a third phone, the economic value of the network is now nine.

Because these people can now network with each other. And it's much like you see at Facebook and a lot of the social networking coming out, LinkedIn. Your networking, it grows exponentially by the six degrees of networking there. So that what I know to be true with these networks is the economic value of the network goes up exponentially, not numerically. So you are not



just building these companies one person at a time. When these people go out and have their network and they tell other people about your company and what they're doing. Once you go uphill those first six months to a year of growing your company. But when you get to the top, all the growth is exponential.

And I say six months to a year. That was my experience from starting my first company. Was that the first six months, almost the entire first year were so painfully slow. But it got to a certain point that people starting joining and when they started joining, then we just had continuous growth as long as I always kept my marketing going. But it can be really slow in the beginning. So just know that you are growing this network. And once you get it growing, the growth is exponential.

I wanted also to point out that a franchise. We do consider that a network also. And it has some of those same pros as far as plugging into a brand that already exists, plug it into tested products and services. And if you don't know what a franchise is, it's a form of business network that's made up of multiple business owners working together. So you have a number of franchises that exist around the country.

I was watching Donny Deutsch last night on *The Big Idea* and he had on a lady, or a couple of ladies, and they had built these home networking parties where they bringing these clothes, their kids' used clothes, and they would sell them at these parties and then they would have to rent out, as it grew, they had to rent out huge locations to do these parties. And now they have 61 different franchises and I believe they did \$5 million last year is what they said.

And so again, plugging into the franchises and plugging into all the different opportunities that are out there. More than there ever were before, can be a great way to build lots of these skills. And the beauty of this network marketing is that it's made available to the average individual, people like you and me, and you have the power of that Law. You have the power of that exponential growth.

So I really hope that you really enjoyed the models that we're covering this week. You know, networks – when you're going into network marketing, they do have a low cost of entry and there are great training programs. And it's a little bit different than when you're building, you know, an association or a membership-based business that is all yours, that you own all the equity. You know, everything that I talked about in the first part of the call, that's you on your own. And if you're plugging into, you know, an expert like myself or something like that, then you definitely have a small team there to



support you but nothing like you would get if you plugged in to one of those other network marketing companies that we just talked about.

But again, you have some cons there. You're not going to own, you're not going to outright own the brand that you're doing there. There is definitely a potential, a glass ceiling of potential there. But it can be a great place to get started for the first few years and to generate a good amount of cash flow. And it may be just a comfortable business model for you. You may not want to run businesses without all that support.

So look into yourself. Look into what you feel as a leader. Look into the kind of cash flow that you have. And over at the Create Your Group, that program there and everything I teach there is \$1500. So it isn't a low barrier entry there. It has a huge return on investment when you think about what you can do with the company in a very short time. But it's not for everyone. Definitely it's time-intensive and you have to do a lot of work to build it and get it up and running. Some of these you can easily plug into and be in business within a very short time when you turn to the network marketing.

So I wanted to make sure you had a good overview of all these business models. Let me kind of end again with a summary of the network marketing primary benefits and kind of just round off the end of the call with that. And then I'll open it up for Q&A.

So, number one. There's a low entry cost to getting started in the network marketing business. Number two, you don't need any kind of formal education nor is a degree is required for most of the companies that you will be plugging into. The industries are usually open to everyone regardless of gender, age or race. Number four, the companies – usually, almost all of them – provide an established system that is already successful and that is available for you to use to build your business. And we talked about systems in the membership-based business model. So we know how important that piece is. I think that's one of the best reasons to plug into a network marketing business.

Number five, many of the companies will provide good education and training programs that will help you become successful. So that's also very important, if you are coming to this with a lot of skill deficits. Number six, there are mentors and successful people already in that business. So you have uplines and people who are really engaged in your success and helping you be successful. Because again, when you are successful in this model, so are they.

Number seven, you can start a network marketing business part time and build it while you keep your job which I think is a huge deal. I have a number



of coaching clients who are very, very stressed at how slow it is to build these companies from scratch. And just really stressing out on the money piece. And what I know to be true is one of the edges that I had in building my companies was that my husband was paying those bills in those first years. I did not have to stress out every time I took all the money from the company and put it back into the company to grow it more. And I know that was one reason that we were able to reach profits and pay me so quickly, within a few years. Reached being in the black in those companies. And it's because I didn't have to worry about the bills. I didn't have to stress. I was out there being successful because I was growing the companies and doing it in a way that was great for growth.

So what I know to be true is you're going to have to deal with your cash flow in some way. You have to pay the bills and if you're too stressed while you are building the company, you either need to be a real business person and take out loans or, you know, have that talk with your spouse and make sure they are signed on for the long haul because it's building a company. It's just like a child.

I did a blog entry about this. You don't get a payoff for a kiddo for like twenty years! And then some kiddos never pay off, right? So you have a lot to invest in this baby, this business of yours. And there's a lot of money to be spent and time invested upfront for the rewards later. And so know that.

Now the last point I wanted to make was that the networking marketing businesses and also many of the business models and we'll cover the tax pieces, again, I believe it's March 5 that we're having Garrett on for those of you in the live twelve-week class. And the last point, is there are many tax advantages available to business owners that aren't available to employees or those W2 people. And Loral covered that, our speaker in the first call when we were talking about cash machines. So that's definitely a benefit there, much so in the network marketing business model also.

So let me take it off Q&A real quick, I mean – excuse me – take it off lecture mode real quick. Okay! I am here and ready for your questions. You have about ten minutes.

AM: I have a question, Sheri?

SM: Yes.

AM: Could you talk a little bit about using some of these networks as multiple streams of income once the downlines have been built? I personally have several that support alternative healing and the things that I do as a business.



SM: So again, ask that question. I'm not understanding it.

AM: Okay. I have multiple MLM networks.

SM: That you're plugged into.

AM: That I'm plugged into. That I feel these products support my company in terms of delivering through my gateway a whole supply or a network package, not only to help them build income but to provide products and services.

SM: I mean, it's definitely the way you look at it. I look at that like the affiliate relationships that I offer. Where I'm recommending certain people and their products and services and I make money when I do that, when people go over there and spend money with them. It's similar to the same type of thing. I always think it's better to develop your own product. It's not just because you keep more of the profit.

AM: Right.

SM: But you're going to have to do the ROI. Sometimes, you are not ever going to be able to develop a product. Because we don't have the skill nor do we want to go out and develop that skill or that actual physical product. For instance, vitamins. So we would plug into something. And if we are going to plug into that company and refer business there anyway, it's so smart to be making residual income from that. Taking that income and putting it to other parts of your businesses.

AM: Right.

SM: So for instance, my affiliate relationships – when I run those reports on QuickBooks and I look at the numbers? All of the money I'm bringing in with affiliates are almost equal to the amount I pay out to my own affiliates. So when I look at that, I say "All my affiliate relationships are allowing me to turn around and promote my own companies because I pay all of my affiliate people money when they send business my way." So it's kind of one way –

AM: So they're mostly a relationship of affiliate rather than considering them multiple streams of income?

SM: The way that you're saying it, that's how I would consider it. I am very careful. I don't send a lot of solo emails for affiliates and even though I get the request. Any time I do a solo email, it's a higher return on



investment. Solo marketing, where it's not in a newsletter. It's a higher return on investment to stick to my own products and services. Now that's because I have lots of my own products and services. But in start-up sometimes, we don't have that and it's perfectly acceptable to generate cash flow from affiliates in the beginning until you have your own products and services.

AM: Okay. Thank you.

SM: But again, it's the payoff. So when I started looking at reports in the first few years and I saw that advertising was only bringing in like \$6,000 a year and that the NAWW was many, many times more than that – it was a no-brainer to get rid of advertising. Because I was sending people to other companies and not getting a very high return on investment for it. So again, that's kind of looking at your reports and really just analyzing what you're really doing.

And when you are sending money in one way, when you're saying yes to something, you're saying no to something else. And flip that. When you're saying no to something, you're saying yes to another thing. So it gets kind of crazy –

AM: Oh, I appreciate it! Because I think it's a mindset change in alternative healing to help people, always providing them the next thing where I'm learning from you the mindset of saying yes to the things that move me, integrate in greater expertise and greater and greater business. While still lovingly supporting those people.

SM: Correct. And again, you're the visionary of your company. So what you're doing is giving your customers the tools you think they need to be successful.

AM: Right.

SM: Again, you are that gatekeeper and you're being congruent with the quality that you're giving them. And sometimes you can't give them the product or service you need. An example of that is for a long time I was giving people over at Create Your Group, if they paid in one full payment, Melanie Benson Strick's Virtual Team Building Secrets. Because that one product, which is about \$300, did so much for me as a business owner. I really felt like they needed that there.

And I wasn't going to go out and be the expert and develop that particular product so it made perfect sense that I would – and I actually like to do things kind of different to stand out in the marketplace – so I just bought it



for them. And was sending that in their packages early on and including it in my product. So, of course the customers loved that. They got another product and they didn't even have to buy it.

AM: Well, I appreciate that because that's an intuitive knowing and innovative knowing of yours and I really relish that in our work here in this class because it's something I do and I see that it can be a system and a model.

SM: And being different is huge. I mean, Milana brought that up in the last call when she said she had never seen anybody send out books when a person speaks before.

AM: Right.

SM: Why haven't we seen that? Is that like the easiest thing to do? And books are not expensive. And so when I was developing My Millionaire Friends, I thought: What do I want? Well, I want the book, too! You know? It's just not hard to do some of these things and a lot of fun. Again, there needs to be some cash flow but that's why you start where you are at, you start the first company. And as you grow these things, you do have more cash flow to do other things more successfully.

AM: Thanks a lot.

SM: You're welcome! You're welcome. We have a few more minutes for about two more questions. I know there's a much larger group of people here! Feel free to ask! Well, we've gone through all six of the business models now. Does anyone have any questions on any of the business models that we've covered in the last three weeks? Nope. Okay. Well, thank you everyone so much for the questions today. And this is the last coaching call of the month.

And again – reminding you that we have some one-on-ones scheduled for tomorrow so get your coaching forms in. And then all of the boxes for January will start being shipped out next week. And I think that's about it. Don't get overwhelmed when you get all of your stuff. And again, plug back in next week when we start talking about teams and that's a huge and fun piece of building your companies and also how you learn so much. I've learned so much from my virtual team and all of the people that I get to partner with.

In the early years, what I can tell you – and I love this part of the course coming up – is that I really didn't get out of my office enough with the telephone. I didn't get out of my office enough and network. And I had the



small kids back then so it's understandable. But when I started to get out and really start networking people more and to get on that phone, my learning curve just grew so quickly. And you just pick up so many things that you plug back into your company as the visionary. And then you just pass that information back on to your members. For me, my members – because it's a membership-based business model.

And then they are successful. And it just creates these really loyal customers and again, revenue stream. Long-term revenue streams. Because these people go out there and do amazing things. Dotsie, I don't know if you're on the call? Dotsie Bregel, but she's one of those people that has just gone on to do such amazing things with her companies and it all started with a book, way, way back in the thought of a book that she was working on. And she has grown two large companies that get a lot of press and different things.

So it's very, very exciting to do what you do on the Internet because it can really exponentially change people's lives and it's just a really fun job and a really passionate thing to do, so. Take care, everyone! Have a wonderful day. And I look forward to coaching with many of you tomorrow. Bye!

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