

# HOW TO FIRE YOUR BOSS

**SIMPLE METHODS**

**TO GET RICH,**

**FIRE YOUR BOSS**

**RETIRE EARLY AND**

**HAVE THE TIME OF YOUR LIFE!**

**BY**

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**N.R.I. Couple from Canada,  
Who have used these simple methods to get rich, have retired\*\* 15 years early, and are  
enjoying the best of both INDIA & CANADA.**

**\*\* Retired in the sense that they do not have to work for someone for earning a living. They are free to choose  
what they like to do and they do exactly that!**

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## **ACKNOWLEDGEMENTS**

**First of all, I like to dedicate this book to my MOTHER who taught me the value of money, amongst many other moral standards and skills at an early age, which has helped me and guided me throughout my life.**

**Achieving a goal is easier and enjoyable when you have the support and assistance from your loved ones, family, friends and associates. I have been fortunate to have plenty of them around me. My thanks to each and every one, who have contributed in many ways towards this book.**

**Thanks to my husband, Bill, who has supported and encouraged me throughout our married life to excel in all my ventures. His effort in verifying the contents and designing our web page is greatly appreciated.**

**Thanks to Pravin, my nephew, who has been a very patient listener and a good student. He has adopted some of the methods described in this book for the past ten years and has become a quite well to do young man at the age of thirty. He is on track to achieve his freedom 45 plan. We wish him all the best.**

**Pavithra Rajagopal, my niece, who edited this book with her valuable command of the English language, deserves special thanks as well.**

**We would not have been able to come to India and share my dreams with so many without the perseverance and hard work of two special people, Tony Chanana and Bose Vemuri. Thank you Tony and Bose.**

**Lastly, my invisible GURU, BigAl, (Tom Schreiter), who is mainly responsible for my involvement and success in our current venture, deserves our gratitude. We thank him for his books, audiotapes and continued electronic training, week after week via e-mails.**

## **INTRODUCTION**

**Fire Your Boss! Sounds good. But how?**

**By getting rich. By accumulating enough wealth so that you no longer need to work for some one because you have to, but only because you want to. We did it. So can you.**

**STOP! Do not close the book. Keep reading.**

**Your mind is like a Parachute – it works better when it is open!**

**Have you ever wondered why some people become rich while others just talk about it and remain average or poor?**

**Most people who have attained financial freedom and wealth did it on their own. It was not given to them nor were they born with it. They didn't have lucky breaks. They made it happen.**

**There is an old saying:**

**Some people make things happen.**

**Some people watch things happen.**

**Other people just sit and wonder, "What's happening?"**

**Because you are reading this book, I am sure that you are in the first group of people, those who make things happen.**

**In the following pages you will learn a number of simple methods to accumulate wealth and get rich. You will learn that becoming rich is not one spectacular event. Instead, you will learn how to accumulate wealth from a series of SMALL ACTIONS that any one can do.**

**So open your mind and observe how these small actions will change your financial life.**

**Who can't be Rich.**

**But first let us make sure we are not one of those people who will never be wealthy no matter what.**

**People who are always looking for reasons why something won't work for them.**

**People who are always negative.**

**People who can always find an excuse not to do anything you ask them to do.**

**People who want to be wealthy only if becoming wealthy is worry free, guaranteed proposition that require no work, no effort, no risk, no input and no investment on their part.**

**If you are one of them, good luck in finding that kind of a deal and you can stop reading right here.**

### **Famous short cuts to wealth.**

There are lots of short cuts to wealth. Lets review them first and see if any of these can work for you.

#### ***Inherit Wealth.***

No work, no sweat, no worries.

The problem is you cannot choose your parents. This method only works for a very few. If you were one of those lucky people, you would not be reading this book.

#### ***Marry someone who is already incredibly rich.***

If you're not already married now, there is still hope for you. There is still time to find a wealthy spouse. This has been the age-old dream of all parents – to find a rich spouse for their son or daughter. A few of you may use this method.

#### ***Hit big in the stock market.***

Your shares could double or triple in price if you choose the right one. However, there are a couple of problems. You already have to be rich to buy lots of stock and you must have the skill to identify the right stock. There is always a catch!

#### ***Bet on the winning Horse.***

There is another sport that could let you become rich. Again, you have got to have money to bet and you must have the skill to choose the winning horse. Having luck on your side will certainly help.

#### ***Win the lottery.***

"The lottery is a voluntary tax on people who are really bad at arithmetic."

You have a greater chance of being hit by lightning than to win the lottery.

Lottery is entertainment and fun – don't use it as your primary investment vehicle.

#### ***Write a hit song. Or sing a hit song.***

I can't sing. If you are one of those rare individuals with superstar musical talent – go for it. Use that talent. Make a crore or two and enjoy. But if you are like me, ordinary, relax, there are plenty of other roads to financial independence.

If none of the above short cuts have worked for you don't worry, they have not for us either. Get ready to read the methods that have worked for us.

## SECTION ONE

### *Why do we want to be rich?*

The answer is obvious, because we are tired of just dreaming of things and places. Because we are sick and tired of being caught in a rut – trapped in an endless cycle of financial frustration. We want a better life for ourselves and our children. And we deserve it.

Take a look at the statistics of an average of 100 people at age 65. 36% of them are dead and another 54% of them are dead broke or dependent on their children or the state, 5% continue to work. While just 4% have achieved financial independence and barely 1% are wealthy.

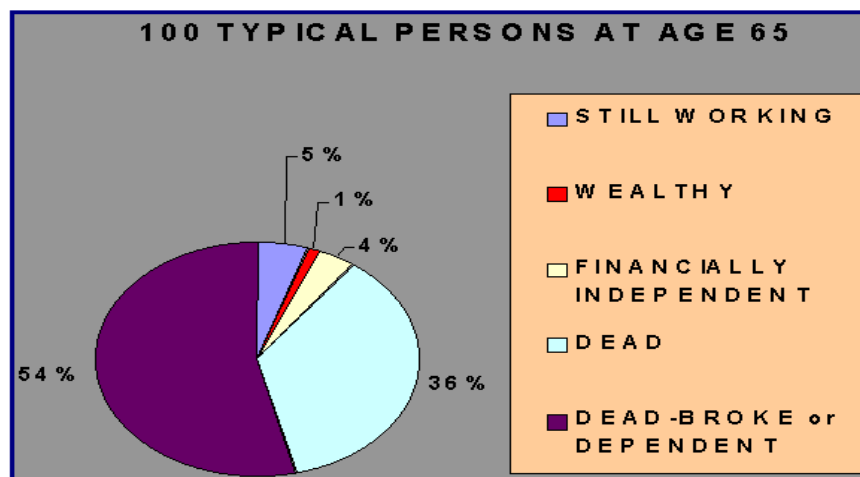


Fig. 1

Being one of those 4%-ers myself, I believe that most people want more for themselves ... more for their families ... than being dead or dead broke or still working to make ends meet by the time they retire. I believe that if more people understood the full benefits of being a 4%-er and more people are shown how to copy a successful duplicable system, more people would walk down that path.

Imagine for a moment that neither time nor money is an issue in your life. You have all the money you want and all the time you need to enjoy it. What would you do? What would you buy? Where would you go?

A new larger home?

A luxury car?

Prestigious college for the children?

A home for the handicapped/social service?

A trip around the world?

**Do all the things you have always wanted to do but never had money or time?**

**You are reading this book therefore you realize that,**

***"If you continue to do what you have always done, you'll continue to get what you've always gotten."***

**95% of the people in most industrialized countries are employed --- they earn less than Rs. 60,000 per year and they can barely save Rs. 2000 per year. 95% of the people are not getting ahead – they are just getting by.**

**At this point in your life, if you are not happy with the results you are getting, then change your approach.**

***How much money do you need to be wealthy?***

**Now that we know we want to be rich and why, it is time to decide what financial wealth means to you?**

***What is your definition of Wealth?***

- **Having a few crores of rupees in your savings account?**
- **Receiving a check every month that covers your monthly expense?**
- **Never having to go to work again?**

**Everyone's definition of wealth is different. You need to figure out what your definition of wealth is. For the purpose of this book, let's define financial wealth as having enough money to live the life style you want – and you never have work for someone again unless you want to.**

**To me, true wealth is synonymous with Total Freedom. True wealth is having enough money and enough time to choose who you want to be, where you want to be, what you want to do and with whom you want to be and when. Most people think wealth is having lots of money so you can buy material things. But wise people understand that true wealth isn't so much about buying more things as it is about having more time to do what you choose to do.**

***Success versus financial wealth***

**Before we proceed further, it is important to remember that financial wealth does not equal Success. It is only one part of life.**

**There are many important areas in life that have nothing to do with money. Money isn't everything. I certainly don't want to live in a world without love, charity or willingness to help others. I don't think you do either. But being financially independent certainly helps in achieving success in other areas of our life.**

## SECTION TWO

*How did we get to where we are today?*

### *By Copying.*

" Children are never known to listen to their parents but they invariable imitate them."

We each have certain special talents that make us a one of a kind individual. One thing we are all good at is copying others. We are all gifted and geniuses when it comes to copying. From cradle to grave, we copy others. As babies, we copy our parents and siblings and learn how to speak, eat, walk, dress and wear our hair and so on. At school, we copy our teachers and learn how to read and write. As we get older we learn how to drive and behave in society by copying the customs. At work, we copy our employer and learn how to become proficient at some trade.

There are countless differences between cultures but one thing is common to all of us - **COPYING.**

Copying is the most powerful way to learn. Psychologists call it mirroring and modeling – We all are professional copiers. "Monkey see, monkey do", so do people.

For thousands of years, children copied their fathers and became farmers, carpenters or gold smiths – they generally acquired skills by copying their parents.

With the industrial revolution and world wars most people started copying their family and friends and started to work a nine to five job. As long as the expectation did not exceed their standard of living, "*get a job mentality*" people were happy and content with what they had.

Flip side to copying is – just because we copy something, it does not make it right. Copying is an excuse to get lazy in our thinking. Are we copying the right people?

*Question we need to ask ourselves is: "If we learnt everything by copying, why have we not copied creating wealth?"*

We have been copying the job track not wealth creation track. We assume this is the only way to realizing our financial needs. We are unaware of alternatives, no belief in other sources of wealth, pressure from parents and so on.

Whatever the reason – the result is the same, we end up being a part of the 95%, either dead or dead broke- because we are copying the job track - temporary income instead of the true wealth generation track. Our job is just what it spells and keeps us there!

### Just Over Broke

If we are serious about getting different results and move from where we are, we have to start copying different people- the 4% who are on wealth creation track.

The simple actions that we took, and are about to share with you, are actions that we copied from people who are on the wealth creation track. So let us see what these people do that most don't.

## SECTION THREE

### *Time for Money trap – Linear Income.*

Time - is precious. Time - is money.

We all have equal amount of time. 24hrs in a day, 168 hours in a week 672 hours in a month 8064 hours in a year. It does not make any difference whether you are a billionaire or a street beggar. We all have the same amount of time.

It is worth more than gold – once it is gone you can never get it back. People who create wealth know the value of time and use it effectively. Being on the job track or temporary income creation track we are caught in the time for money trap.

When we trade time for money – we don't earn until we personally do the work. We trade one unit of our time for one unit of money – 10 hours of work is 10 hours of pay. The biggest danger is when you can't work - the money stops. This is illustrated graphically in Fig. 2 below.

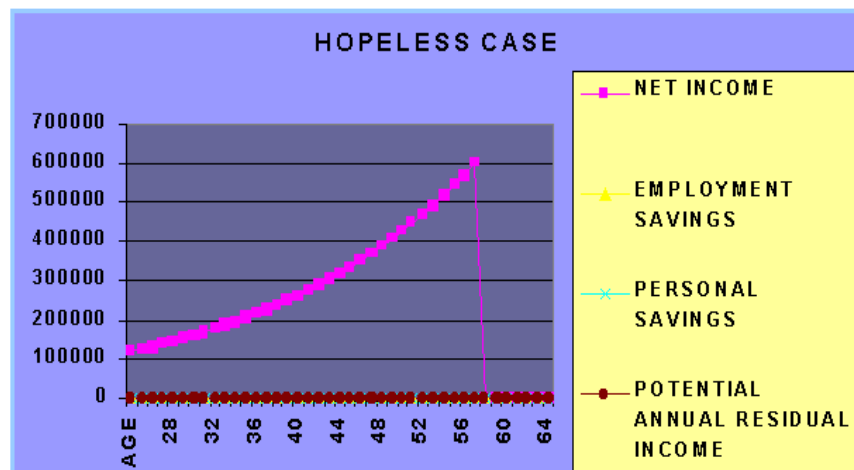


Fig. 2

Of course there are secure jobs – provident fund, etc. One of the methods government and major companies use to force us to save a little bit for our old age. Our parents would love it if we followed the PLAN 40. "Work for 40 hours a week for 40 years and retire with 40% of our wages with a \$40.00 gold watch". I guess 40% is better than no money. This is illustrated graphically in Fig. 3 – a modest retirement as reward for a lifetime of slavery!

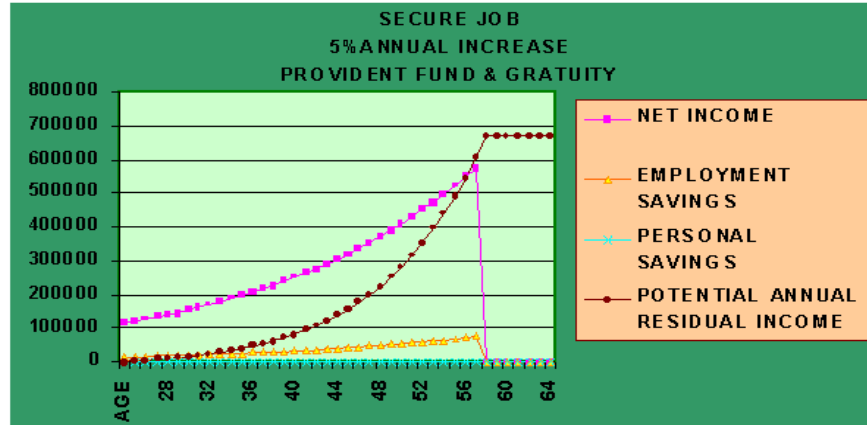


Fig. 3

It is nice of the government and companies to force us to set up a pension plan for our families and ourselves – certainly good for those of us who either don't know any better or don't want to do anything for ourselves.

The major drawback of this type of pension plan is that you are trapped and stuck to your job and to your boss. The fear of losing this pension and other benefits could keep you chained to a career you hate and make you miserable. Considering the associated stress, ill health and so on – do you need this pension?

There are other kinds of jobs. High paying jobs or a high paying profession such a Doctor or a surgeon – even an actor or actress. The fact remains the same. If they stop working or cannot work for whatever reason, the money stops. The hardship for this category of people is worse than for ordinary people.

You see, for most of us, our expense equals or exceeds our income. For people in a high-income bracket this is even truer. They have to live up to expectations and keep up appearances. Just take a look at the income and expenses of a typical so called professional shown in Fig. 4.

Even they can barely save a few thousand per year. What happens to their life style if the income stops for whatever reason? As long as you are on a job track, you are stuck with linear income or temporary income –time for money trap. Then what is the alternative?

Don't you think it is time for all of us to do something? Anything? If you don't think so, then please at least get a secure job – for your sake and your family's sake.

It is time to discover the meaning of a few new words and concepts that could change your financial life forever.

**Monthly Income & Expenses For  
A "TYPICAL" Professional Earning  
Rs. 6,00,000/ A Year.**

Gross Income	Rs.	6,00,000
20% Income Tax	Rs.	1,20,000
Net Yearly Income	Rs.	4,80,000
<b>Monthly Income</b>	<b><u>Rs.</u></b>	<b><u>40,000</u></b>
<b>Monthly Expenses</b>		
Luxury car expense	Rs.	10,000
House rent/expense	Rs.	12,000
Insurance	Rs.	2,000
Food/Clothing	Rs.	10,000
Private school	Rs.	3,000
<b><u>Entertainment</u></b>	Rs.	2,000
Savings	Rs.	1,000
<b>Total Monthly out-go</b>	<b><u>Rs.</u></b>	<b><u>40,000</u></b>
<b><u>Money left over</u></b>	<b><u>Rs.</u></b>	<b><u>-0-</u></b>

**Fig. 4**

## SECTION FOUR

What we are about to learn in this section, may sound very elementary, very basic and too simple. They are the cornerstones of building wealth and the first few things one needs to master in order to get rich. It may be pure common sense, but unfortunately that is one commodity that is not very common!

Three words and what they really mean to us must be clearly understood before we start our journey towards being rich and achieving total freedom.

### **LEVERAGE:**

The dictionary defines this word as "mechanical advantage gained by the action of a lever" or "power to accomplish something" or "strategic advantage". The principle of gaining mechanical advantage with the use of a lever has become a very common household idea. The action of applying a small force or pressure at one end of a lever of some sort and having it enhanced and transferred to the other end to move some larger and heavier object is quite familiar to all of us. As a ten years old girl, I was able to draw a big bucket of water out of a hundred feet deep well with the help of a simple device called a pulley. A task that I certainly could not have accomplished without the mechanical advantage provided by the pulley.

In the context that we are concerned about in this book, it is the last definition that we need. Taking STRATEGIC ADVANTAGE. Advantage of what? That leads us to our next word.

### **COMPOUNDING:**

The dictionary definition of this word spans over half a page. We shall limit ourselves to the word as it applies and is used in the financial industry. In the financial circles, the word compounding applies to the calculation of interest that we have to pay on a loan or is paid to us on our deposits. When the interest is calculated not only on the original principle but also the accrued interest that has not been paid, it is known as compounding. The interest that is calculated in this manner is called the compound interest.

This compounding phenomena, is one of the oldest and best things that has ever happened in the world's economic development and has opened up various paths to wealth for many of us. Let us take a look at the following three families in order to understand and comprehend the magnitude of this compounding effect.

Take the case of three similar families – A, B & C, with father, mother and two children – a boy (5 years) and a girl (3 years). All three families have a modest income of Rs 5000/month. Ten to fifteen years from now, all of them will be facing the challenge of sending the children to university and arranging a marriage for the girl. Each of these families takes a different path to face these challenges.

Family A feels that their monthly income is not enough for four of them to live comfortably. They are bitter and constantly keep complaining about their bad luck, god and anything else they can think of. They decide to worry about facing the challenges when the time comes. At worst, they will have to borrow the money from someone or somewhere at that time if their luck has not changed by then.

Both families B & C, realizing the impending expenses of the future, decide to save a small part of their income every month. Using some of the methods, which we will learn later in this book, they manage to save Rs.500/month or Rs. 6000/year. This way, they are prepared as best as they can, to face their responsibilities.

However, family B is a little conservative and feels safe to COPY their parents and grandparents and put their savings safely in a locked safe in their home (mother would really prefer if this money is converted into gold jewelry, so they won't be tempted to spend the cash!). The savings, nevertheless, grows into a fairly substantial amount over a period of ten years. Fig 5 shows how family B's saving gets accumulated.

**KEEP IT SAFELY IN YOUR SAFE**

<b>YEARS</b>	<b>YEARLY SAVINGS</b>	<b>ACCUMULATED TOTALS</b>
<b>1</b>	<b>6000</b>	<b>6000</b>
<b>2</b>	<b>6000</b>	<b>12000</b>
<b>3</b>	<b>6000</b>	<b>18000</b>
<b>4</b>	<b>6000</b>	<b>24000</b>
<b>5</b>	<b>6000</b>	<b>30000</b>
<b>6</b>	<b>6000</b>	<b>36000</b>
<b>7</b>	<b>6000</b>	<b>42000</b>
<b>8</b>	<b>6000</b>	<b>48000</b>
<b>9</b>	<b>6000</b>	<b>54000</b>
<b>10</b>	<b>6000</b>	<b>60000</b>

**FIG. 5**

The amount accumulated is not a lot, but it is better than no savings at all! May be a very small-scale wedding can be arranged for the girl.

Family C is a little more adventurous and has heard about investing in financial institutions. Although they don't know much about it, they have heard both good and bad things. Bad thing is that they could loose all the money if the financial institution goes out of business. Good thing on the other hand is very tempting. They could double or even triple their money with what is called the **COMPOUNDING** effect. After a serious discussion, they decide to invest in a reputable financial institution- such as a well-known bank at a modest annual interest rate. This way they reduce their risk considerably at the expense of giving up higher interest rates. Fig. 6 shows how family C's savings get accumulated over time and grows into a substantial amount. Thanks to the wonderful – **COMPOUNDING** effect!

**INVEST AT MODEST INTEREST IN A  
REPUTABLE FINANCIAL INSTITUTION**

<b>YEARS</b>	<b>YEARLY SAVINGS</b>	<b>10%ANNUAL INTEREST</b>	<b>ACCUMULATED TOTALS</b>
<b>1</b>	<b>6000</b>	<b>600</b>	<b>6000</b>
<b>2</b>	<b>6000</b>	<b>1260</b>	<b>12600</b>
<b>3</b>	<b>6000</b>	<b>1986</b>	<b>19860</b>
<b>4</b>	<b>6000</b>	<b>2785</b>	<b>27846</b>
<b>5</b>	<b>6000</b>	<b>3663</b>	<b>36631</b>
<b>6</b>	<b>6000</b>	<b>4629</b>	<b>46294</b>
<b>7</b>	<b>6000</b>	<b>5692</b>	<b>56923</b>
<b>8</b>	<b>6000</b>	<b>6862</b>	<b>68615</b>
<b>9</b>	<b>6000</b>	<b>8148</b>	<b>81477</b>
<b>10</b>	<b>6000</b>	<b>9562</b>	<b>95625</b>

**FIG. 6**

**This family resists the temptation to withdraw cash and lets the annual interest remain as part of the investment and therefore, obtains an amazing result. A good education for both children and a nice wedding for the girl is no longer a challenge for them.**

**Three families starting with exactly similar circumstances end up with three totally different status, all because of simple choices they made.**

**Family A is still as bitter as ever, parents are stressed out, everyone in the family is unhappy. They are about to borrow funds to take care of their responsibilities that society demands of them, knowing full well, that they will never be able to re-pay the loan and its associated interest in their life-time. As wonderful as compounding effect is on our investment, the reverse is also true! It is horrible when it applies to what we borrow. If we are not careful, we could dig a hole so deep, that we will never get out of.**

**Family B was not willing to take any risk at all and as a result, they did not get very far. However, they did something and managed to accumulate some amount for emergencies. They may not be the happiest family but at least they are not bitter and stressed out.**

**Family C is on their way to join the happy, financially independent group of people. If they continue to put away the monthly savings or perhaps even increase it slightly, they can build a house for themselves and/or accumulate enough wealth for a very comfortable retired life.**

**The above examples are very typical situations. This is intended to prove to you that becoming rich is not impossible. Neither it is reserved for special people. We can make it happen by making the right choices at the right time and being open to new ideas and concepts.**

**Family C took Strategic Advantage of the Compounding Effect to achieve their goal. In other words, they LEVERAGED a small amount of money over time using the COMPOUNDING principle.**

**Our goal is to FIRE OUR BOSS. In short, we need to find a way of earning a regular income without a BOSS. This brings us to our third word.**

### **RESIDUAL INCOME:**

**This phrase may be quite unfamiliar to most of you. You are probably more familiar with the word ROYALTY. Royalties are paid to inventors with patents, authors with copyrights, singers, actors/actresses and so on. These people put in the effort one time to create something valuable and receive a small amount of payment for as long as or every time their creation is used by others. This form of income continues throughout the life of the creator and sometimes it may even continue to pay their heirs as well. Mostly, royalties have been reserved exclusively for a small group of people with special talents.**

**In the past forty to fifty years, more and more people have access to this type of income and it has become known as RESIDUAL INCOME. The essence of it remains the same – "CONTINUED INCOME STREAM FOR ONE TIME EFFORT".**

**Today, there are quite a few ways that one can establish a residual income for oneself. You will learn about some of them in the next few sections of this book. Fig. 7 shows the key**

differences between the temporary income – one we get by trading time for money, and residual income.

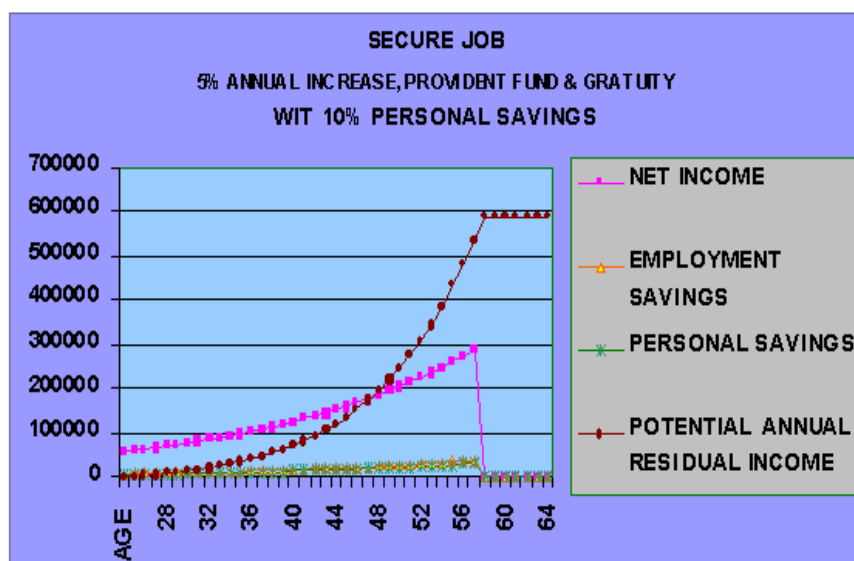
<u>TEMPORARY INCOME</u>	<u>RESIDUAL INCOME</u>
You trade time for money	You leverage your income
Money grows linearly	Money grows exponentially
Income stops if you stop or disabled	Income continues indefinitely
You are not creating true wealth	You are creating true wealth
Time is not your own	Total time freedom
You are just getting by	You are getting ahead
When work stops, income stops	Income keeps coming

FIG. 7

Establishing a residual income is essential for us if we want to fire our boss, retire early and have freedom to do what we want.

As I said before, there are a number of ways one can establish a residual income. Yes, even for us common folks, without special talents! Let us look at one such simple method.

A family similar to family C in our example above, with a secure job, wishes to establish a residual income and retire early. They are willing to put in the effort required now by saving as much as they can and take strategic advantage of the compounding effect to establish a residual income. They simply have to let the investment accumulate over time until it grows big enough. The yearly interest that their investment earns will be their residual income. As long as they do not touch the accumulated principle, they can continue to withdraw the interest portion as income for themselves. Fig. 8 shows this effect over time.



Whenever our residual income crosses (is higher than) our net income, we are ready to fire our boss, if we want to. Just the interest on our total investment can replace our employment income and we still have the added security of a large amount of principle remaining as our investment. How long it takes to reach this cross over point depends on when we start the investment plan, how much we save and how much we need as residual income.

It is important to note that we do not have to fire our boss. Just being aware that we can afford to do it, seems to give us an invisible power and self-confidence leading to a much stronger personality. This is just what happened to me around 1980. By that time, Bill & I had our affairs in order. We owned our house free and clear and our monthly savings were building and one of us could have easily fired our boss (not both!), and lived comfortably. My self-confidence and strong personality had helped to make me a very valuable employee. So much so, that I got promoted to a very senior position in the company. I decided to enjoy the promotion and its associated benefits for the next three years before handing in my resignation letter!

This is how my husband and I achieved our total freedom in 1999. You will notice however, in real life, the graph is not always smooth like the one above. We all have ups and downs. We also used other methods of investment such as real estate, in addition to regular saving of at least 10% of our income and took strategic advantage of the compounding effect to establish a residual income for life.

To our surprise, we found that, once we fired our bosses and did not have to go to work any more, our expenses reduced drastically! We no longer had the expenses associated with employment such as income taxes, travelling, clothes and so on. This helped us to leave a certain amount of the interest as investment and allow it to grow further.

Investing in real estate is another way to accumulate wealth and security. True, you have to have enough money to own a home in the first place. However, if you have enough money or are able to get a loan, I suggest that you are better off buying your own home. It does not have to be a big dream house. Even a small apartment in the suburbs will do. Paying off the loan over time is certainly better than paying rent month after month. You will be

converting your monthly expense into an investment. As you make payments on your loan, even if it is slightly more than the rent, you will be acquiring equity in the house you own. Once the loan is paid off, you no longer have to worry about one major monthly expense - rent. Adding this extra money to your regular savings can certainly speed up the time needed to get to your freedom day.

I am already anticipating the next few questions that are top most in your mind right now.

### **What if we can't save or don't have enough to save?**

Let me give you some tips – some alternative ways to find that few extra Rupees every month. However, let me remind you that before we can expect residual income, we must put in the effort!

#### **Reduce your expenses.**

For example: give up one cup of coffee a day? You just saved Rs.3.00 per day or Rs. 90.00/month. How about one less bottle of Coke or Pepsi a week? How about one or two cigarettes less per day – granted this is only applicable to smokers. One less shirt or saree. Take lunches and coffee from home. May be one less movie per year.

If you are serious about your future freedom, you will find small ways to cut your expenses and find some amount to save. My mother always managed to save a little bit out of my father's monthly salary of Rs. 300.00 and still take care of nine children! My husband and I managed to save enough towards the deposit for our first house, in less than eight months, in the very early years of our careers.

#### **Earn extra income.**

How about taking up a part-time job? Take advantage of any over-time work at your work place. How about tutoring? May be rent a room in your house for a needy student? If you have a hobby or talent in making something useful – make them in your spare time and sell it.

Invariably, it is the need to keep up appearances that prevent us from doing some of the above. Fortunately, I did not have this problem. I took up a lot of part-time and temporary jobs to supplement my research assistantship and get me through my university education. My husband, on the other hand, worked for four months, saved enough to pay for his next four months of university and completed his engineering degree this way. You have to decide what is important to you.

### **What if we don't want to wait 20 or 30 years to fire our boss?**

Good question. We shall examine some of the options available to us in the next few sections of this book.

## **SECTION FIVE**

There are several paths leading to freedom. In the previous section we learned about one such path - taking leverage of our money over time, by simply spending less than what we earn and investing the difference.

There are other things we can leverage and achieve wealth and freedom. In this section we shall examine, how we can leverage our special talent and ability. To achieve freedom from bosses, we can start our own business.

Again there are many different types of businesses. For the purposes of this book, we shall restrict ourselves to take a look at three different types of business.

Let us begin by understanding traditional business, how it gets started, how it grows and becomes big corporations and conglomerates. Let us also review the advantages and disadvantages of the traditional business. We shall move on to the other types of businesses in the next few sections.

Now, if you are like most people, you are just about to close the book and quit. Please, don't stop reading. Continue for at least another page.

If we ask ten people, "how would you like to start a business?", nine of them would reply with one of these. "Who? Me?" or "I don't know anything about business" or "I can't afford it" or "I don't like it" or more often than not, "I don't like selling". If you are one of these people, it is O.K.

You see, business as we know it today has evolved so much in the last century and has become so complicated that we, ordinary folks cannot comprehend it, let alone start one of our own. However, I am glad, I was one of those ten people who said "why not?" and ventured into businesses of my own. I was able to do so only because, I brushed aside all the myth and mystique that surrounds the word, business, and went back to basics.

Let us do the same. Simply put, business is nothing more than we (seller) trading some thing that we have- a product, service or skills, to someone who is in need of it (customer), and getting paid for the exchange of the product, service or skills. That is it. No more! No less!

When we think about business this way, we must agree that our boss at work is no more than one of our customers. He/she needs the services we can provide or needs the skills we posses in order to add value to something that he/she will in turn sell to someone else. So basically, we are in the business of providing services - with one major difference. We have a special exclusive contract with our only customer (boss or company) and in return for a guaranteed sale, year after year, we agree to the terms and conditions that our customer (boss or company) sets forth. Both parties may terminate the contract at any time or re-negotiate the terms and conditions. If we don't like what this customer is offering, we go and sell our services to some other customer. Similarly, if our customer, does not need our service or they can get a better service from someone else, we can be replaced as well.

If we look at our job from this point of view, our relationship with our boss greatly improves. We are ready to provide better customer service if we feel that there are plenty of other suppliers who can provide the same service. We can find ways to negotiate better

terms, do a better job of selling our services if we feel that we are providing a very valuable service and it is in great demand.

Once you look at your job with this view, firing your boss takes on a totally different meaning. It simply means you no longer like the exclusive contract. You want the freedom to find your own customers and as many of them as you can service. When you do it, you are in business for yourself - no boss. That is what happens when accountants choose to become independent instead of working for a company, a doctor decides to open his own clinic instead of working in a hospital, an engineer decides to design and build some gadget and sell it to customers himself, and a salesman decides to become an independent agent and sell whatever he likes and to whomever he chooses. They all obtain their personal freedom.

There is, however, a price they all must pay. They lose the guaranteed sale, year after year and its associated benefits in exchange for their personal freedom.

I have simplified business to its bare bones to get across some points and to help you overcome the fear of business and selling. This is not a course on how to start and operate a business, but an attempt to illustrate how owning your own business is an alternative if you desire personal freedom - main advantage of owning and operating your own business.

If you have a product or service that is valuable, and there are customers ready to obtain the same from you, business is certainly one way to go. If you do not have any special products of your own, you may provide the service of taking someone else's products to the customers (selling or advertising) or repairing them or transporting them and so on. There is no shortage of business ideas.

All businesses start this way - small - whether it was the Ford motor company, Coca-Cola, IBM or Microsoft. When we are small, we should remember that our profits are also small. Most small-business people are satisfied with their profits as long as it earns them a living. They are happy with their personal freedom or thankful that they can earn a living from their service or skill, which may not be highly valuable in the market or is available in abundance. Vendors with vegetable carts, small retail shop owner, STD and Xerox booths and even our servant maids are good examples.

Starting a business of our own is fairly easy. Sustaining the business, making it profitable and building equity in the business is where the difficulty lies. If we want to get rich, build wealth and establish residual income, we must grow and become a successful operation.

Most businesses face the challenge of growth some day. It could be forced due to the demand from customers for product and service or growth is essential to improve the financial return in addition to the personal freedom. It is this growth that complicates the business. The success or failure of a business depends entirely on how well this growth is handled. Those who do it right, go on to become big business, corporations and giant conglomerates. Others either give up or declare bankruptcy.

To handle growth properly, we need large capital. We need to acquire additional skills such as finance, marketing, accounting, management and so on. Our main talent that got us started in business may not be enough anymore. We need to reach a wider base of customers. That means expansion, branch offices or new outlets and massive advertising campaigns. Most of all, growth requires time, effort and persistence.

Successful businesses leverage or take strategic advantage of other peoples skills and time. In return, they have to share some of the profits with these people. They work smart instead of work hard. Flip side of this is the possible loss of control and a lot of headache and stress.

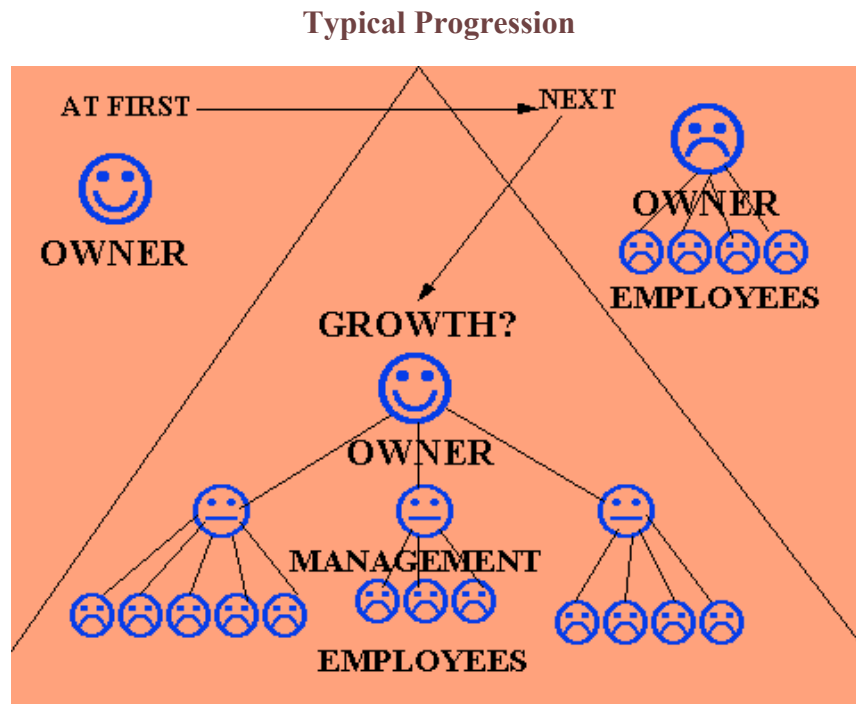


FIG. 9

What if we don't have the capital? What if we want to enjoy the benefits of growth without all the problems associated with it? How can we achieve total freedom - financial, personal and time freedom?

Fortunately for us, the business world has evolved enough and offers us a few more alternatives.

We shall examine two such alternatives in the next few sections.

## SECTION SIX

Now, if we ask those nine people who said "NO" to owning their own business as an alternative, we may get a different answer - "sure, we can start a business and invest what little we have saved up. What if we can't grow successfully? What if we fail? Is it worth loosing the guaranteed sale to our exclusive customer - our boss?"

So it is not the business that scares us but the fear of failure! Fear that we may not be able to grow and be successful which is essential to earn sufficient profit that can be invested to establish residual income and achieve our total freedom. It is the risk involved that prevents most of us to even think about taking this path to freedom.

One fascinating thing about us, human beings, is that we never give up our search for what we want. We started looking for total freedom. We quickly realized that the first thing we need is to get wealthy. Unfortunately, not too many get to be rich by copying the job track or linear income track. Sure, we can put our money to work for us and by taking strategic advantage of compounding phenomena, we could, over time, establish a residual income. Some of us may not have time to wait or we may not want to wait for ten or twenty years to achieve our goal. Owning our own business sounds like a good alternative only if there was some way to reduce the risk of failure and increase our chances of success.

There is. Franchising. A relatively new concept, about fifty years old, in our ever evolving economic development.

Although franchising has become a very viable and very popular alternative way of owning a business, it is still not well understood by most and I was surprised to find that many people had not even heard of the word franchising!

Again, the purpose of this book is not to give a course on franchising, but to learn enough about it to help determine whether franchising is a suitable alternative. Should we consider it? What are the main benefits and are there any disadvantages?

With this in mind, the best way I can describe franchising is through our own personal experience. Yes, Bill and I did develop a franchise of our own and operated it for eight years. This qualifies me to describe what it is, why we chose this route, how we implemented it and why we concluded it.

The dictionary defines franchising as - a right given to others to copy a system in order to market a product or service. This just about describes it in a nutshell.

When I fired my boss in 1983, I was still too young to sit at home and do nothing. So I became one of the ten people who said, -"why not?" - start my own business. I started not one, but two businesses at the same time.

The first business followed the route most professionals take. I was an expert in computer technology and at that time, every one was scrambling to get computers installed in their business. So there was no lack of needy customers. The service I was able to provide was in great demand and was very valuable, especially when my computer skills were combined with my ability to work with computer illiterates and small-business owners. My income was limited only by the availability of my personal time and the number of customers I could handle.

Due to the very nature of this business, which entirely depended on me and my expertise, expansion and growth to enhance the income was out of the question.

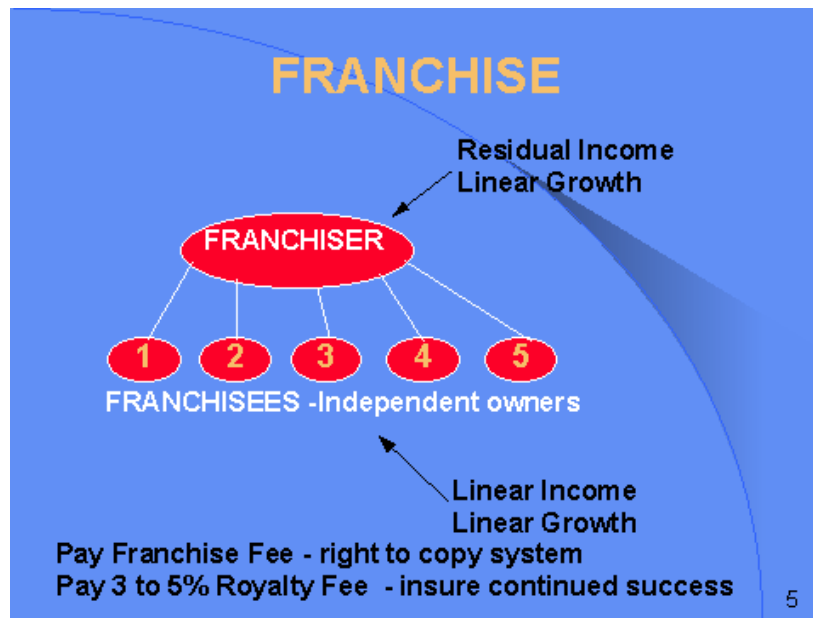
The second business started as a diversion from my technical and computer activity, it gave a means to meet people, relax and have fun. We started a very small-scale fast food operation with a very minimum investment. Income from this business was barely enough to cover the expenses of the operation and what was left over would not even cover my pocket money, let alone compensate me for my time! Our options were clear. Fold the business and say it was fun while it lasted or do it properly and make it successful.

As usual, when I do some thing, I really get involved. The more I learnt about the food industry and the restaurant business, the more interested I became. Besides, I liked the challenge of introducing a new, healthy and nutritious fast food item to the public. So we decided to invest a little more and take it up seriously.

Our key objective was to expand fast and open new outlets as quickly as possible. This was the only way to expose the product to many people. Advertising was not only costly but it was not the best option at the time. Advertising would have made people aware of the product, however, they had no easy access to get the product as we had only one outlet in the heart of the city. Opening more outlets means more money, more time and more staff. We were short of all of them.

Franchising provided us with a solution. We decided to become a franchiser. This meant we had to develop an attractive, affordable and simple system to use. The system included all the equipment, design of the outlet, a complete and detailed operating manual and both on site and off site comprehensive training. We also negotiated for the lease of space in shopping centers. A comprehensive legal agreement was also prepared with the help of our lawyers. We then offered the total package to those people, who wanted to own a business and had some money, but not the talents or skills necessary to start their own business - for a price of course! They became our franchisees. We also offered continued support in terms of providing all key ingredients and supplies that were necessary to produce the product and maintain uniform quality. We even provided bookkeeping and accounting services to those who needed it and some advertising as well.

This is how we were able to expand fairly quickly. By taking leverage or strategic advantage of other peoples money. In exchange they obtained a ready-made business. We were also able to take advantage of one skill every one has - copying. All they had to do was to learn and follow the system. We also leveraged other peoples' time. They owned and operated their outlets independently except for following the rules that were set out in the franchise agreement - this was to help all of us maintain uniformity and protect each other's interests.



**FIG.10**

In addition to expanding quickly, we also established a residual income! We only had to develop the system once! We earned an income each time a new outlet opened. We also earned income on all the consumables each outlet used month after month.

Franchising helped us to expand and expose the product and our equipment to a much wider customer base than we could have ever hoped to do with traditional methods. Our equipment made their way to U.S.A., Ireland, Korea, and Japan.

However, the fast food industry in North America is very competitive and vast. In order to secure a larger share of the market, we had to expand much more and a major advertising effort was required. This translated into more investment and more importantly, time!

It had taken us eight years to come this far. Frankly, I was ready for some time off, rest and relaxation. Very reluctantly, we decided to conclude the operation. Special arrangements were made with the franchisees to release them from the contract and allowed them to become independent owners if they so chose.

In short, franchising offers a means to expand fairly fast, with moderate investment, if a duplicable system can be developed to market the service or product of the business. It also provides an opportunity to establish a residual income. However, the growth is linear and needs skill, time and effort. For those, who can afford to invest and operate, but lack the skill and talent or do not have a viable product or service, purchasing a franchise offers a ready-made business with the risk minimized and chances of success enhanced.

Statistics indicate that out of 100 new business started, 95 of them close by the end of one year. Out of the five who survive, one may become successful. Compare this to the statistics of franchises where more than 80 out of 100 franchisees succeed. To-date, there are over 250,000 different franchise operations in existence indicating its popularity as an alternative business model.

**If franchising is not for you, don't despair. There is more!**

## SECTION SEVEN

The way we go on asking questions and keep moving from section to section, it appears that we are never satisfied! It is very good. It shows that we do not want to settle for what we have. We want to find the ideal solution that is suitable for all of us to achieve our goal.

It is this quality of human race - continued search for better ways, better methods and better solutions that has resulted in the highest number of inventions and developments in the 19<sup>th</sup> century than ever before. We are very fortunate to be part of this development and be able to achieve our goals by taking advantage of the many new options available.

Before we take a look at one of these developments in the world of business - the ultimate solution of our time to achieving total freedom, allow me to introduce you to another very important word which will help us appreciate the power of this solution.

### ***SYNERGY***

**Definition:** "When two or more things together produce an effect greater than the sum of their individual effects."

Two plus two is four. But when synergy is present, it can become five or six. A group of people working together can accomplish much more than the total of each person's individual effort.

A very simple example is Bill and I, who come from entirely two different cultures and backgrounds (east and west). Together, by taking the best of both cultures we have developed a rich culture of our own and achieved more together than each of us could have on our own.

A few synergies of our time have had more impact on our economic development than each of them on their own. They are like a marriage made in heaven! The following examples will make this very clear.

**AUTOMOBILE:** We all agree that automobiles have had the most impact on every aspect of our life and on all developments of the 19<sup>th</sup> century.

**Combine - A HORSE DRAWN CARRIAGE WITH AN INTERNAL COMBUSTION ENGINE - YOU GET - AN AUTOMOBILE!**

**FAX MACHINE:** Can you imagine running a business without one of these wonders of our time?

**Combine -THE TELEPHONE AND THE COPIER - YOU GET - THE FAX MACHINE!**

**PERSONAL COMPUTER:** This little box has literally invaded our life. Not just in the offices but in our own homes. PC has totally changed the way we do business and is slowly changing how we live.

**Combine - A HANDHELD CALCULATOR AND THE TYPEWRITER -YOU GET - PERSONAL COMPUTER!**

**FRANCHISING:** A business solution to the challenge of handling growth and expansion - through successful duplication or copying a system. This has become a very popular alternative in the past 60 years.

**Combine – SUCCESSFUL CHAIN STORE OPERATION AND THE NEEDS OF A SMALL BUSINESS OWNER - YOU GET - FRANCHISING!**

I am sure you are getting the idea. This synergy fascinates me, taking two entirely unrelated ideas or products and put them together creating a brand new idea or product that can out-perform the sum total of both of the original ideas or products. A synergy so powerful, that each of the above items have changed the way we live, the way we do business.

Is it possible then for us to find a solution that would take the best of all the alternatives we have looked at so far and come up with an ultimate synergy to satisfy all our requirements? Anything is possible!

## SECTION EIGHT

We are looking for the **ULTIMATE SYNERGY** of our time. What would this synergy be like?

### **THE ULTIMATE SYNERGISM:**

**Would be so duplicable that anyone could copy it.**

**Would be so affordable that anyone could get involved.**

**Would grow exponentially instead of linearly.**

**Would be available all over the world.**

**Would touch both men and women, young and old, rich and poor.**

**Combine - FRANCHISING WITH EXPONENTIAL GROWTH - YOU GET THE ULTIMATE SYNERGY - NETWORK MARKETING.**

We briefly reviewed franchising as an alternative to owning our own business in section six. The major benefits being the increased success rate through duplication or copying a system and handling growth through independent small-business owners - franchisees.

We now need to understand what Exponential growth means. Linear growth is based on the simple addition principle. Five plus five equals ten. Exponential growth is based on a multiplication principle. Five times five becomes twenty-five! If we have a choice between a growth of ten outlets/branches per year or twenty-five outlets/branches per year, our choice is obvious! The table in Fig. 11 shows the difference between linear and exponential growth.

<b>YEARS</b>	<u><b>LINEAR GROWTH</b></u> <u><b>Addition Concept</b></u>	<u><b>EXPONENTIAL GROWTH</b></u> <u><b>Multiplication Concept</b></u>
<b>1</b>	<b>5</b>	<b>5</b>
<b>2</b>	<b>10</b>	<b>25</b>
<b>3</b>	<b>15</b>	<b>125</b>
<b>4</b>	<b>20</b>	<b>625</b>
<b>5</b>	<b>25</b>	<b>3125</b>

**FIG. 11**

**I can hear you saying: "Great! What is Network Marketing? How does it work and how does it achieve all these wonderful things? How can we get started?" I understand your eagerness but let us go step by step and thoroughly examine this option, which could change our life. For those of you who skipped some of the earlier sections in a hurry to get to the ultimate solution, I suggest you go back and review those sections so you can follow the rest of this section. This is not a "Get rich quick" option. However, if you understand the concept and implement it properly, you could get wealth and your freedom faster than any methods that I know of.**

**If you have already been introduced to Network Marketing, I hope your experience was better than mine. You see I was first introduced to Network Marketing in 1981 when I was doing my research on other options. I was invited to a business presentation. I do not mind telling you that I did not follow anything that was going on except that there were some brand new products that I had never heard of before and that I was supposed to buy and use and sell to others. It all sounded great. However, I really could not comprehend why this was even called a business and I certainly did not feel that I could earn the kind of income I was looking for. When I expressed how I felt, I was told if I join I will get all the details and then I will understand. I did. I paid the initial registration fee and purchased some products. I was still totally in the dark. No training and no support! After a month, I could not even find the person who was supposed to supply me with the products. The whole experience left me with a very bad impression about Network Marketing. I gave up and went on to start my other businesses.**

**Fortunately for me, twelve years later, two of my friends, Tony and Bose, re-introduced me to this business. I read lots of literature on the subject and listened to experienced leaders in the field. I not only understood why and how it works, but I fell in love with the concept. Really! It did not take me long to realize that this is exactly what I have been searching for.**

**For those of you who may have heard about Network Marketing, do not stop reading. Continue. You may fall in love with it just as I did. It may change your life just as it has for us.**

## ***History***

**Network marketing as a business alternative has evolved slowly in the past 50 years and during the last two-decades, it has become a very popular and sought after business opportunity. As a general rule, the public always resist change and is very slow in adopting new ideas and concepts at first. Public acceptance has to be gained through persistence and education. Network Marketing was no exception. Thanks to many leaders in the industry who have contributed their time and effort to make this happen. They have paved the way for all of us.**

**Over 2000 companies have adopted Network Marketing as a means to distribute their products and services. This industry has been steadily growing since 1975. With the advent of Fax Machines, Telecommunication, Computers and now E-mail and Internet, the infrastructure required for the growth of this industry is in place. In the next decade Network Marketing is expected to over-take Franchising. Fig. 12 illustrates the anticipated growth of this industry.**

In December 1995, Network Marketing made the front cover page of SUCCESS magazine! This was the first real sign of acceptance of this industry by the media. It said:

**"WE CREATE MILLIONAIRES" - How Network Marketing Entrepreneurial Elite Are Building Fortunes at Breakneck Speed.**

I can see you are getting impatient and saying "Enough history. Tell us what it is all about."

For those who need more background I recommend reading

**"The Greatest Opportunity In The History Of The World"** by John Kalench, especially chapter four -

The Birth Of An Industry or go to

<http://www.all-about-mall.com/mlm/history.htm> for more details.

I have my own reasons for making you read all this now. Once you learn what this is all about and fall in love with it, like I did, you will be rushing off to start your Network Marketing career. You will get so busy developing your business and building wealth for yourself that you will not find any time to read all of this. I just want to make sure the foundation is good and strong for the large structure you will be building soon.

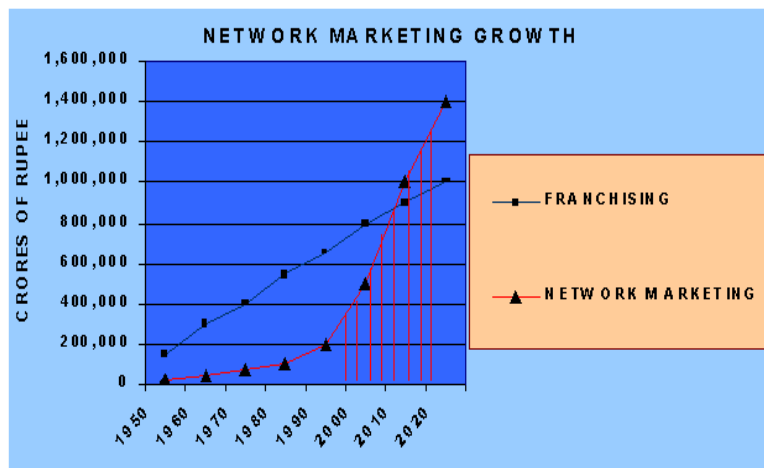


FIG. 12

## WHAT IS NETWORK MARKETING?

An alternative way of distributing the products/ services from the manufacturers/service providers to the end users - customers. The manner in which this is accomplished provides the solution to two major challenges - making customers aware of the product or service - Advertising and - setting up large number of outlets where the end users can access these products or services. Challenges faced by all businesses - large or small.

Manufacturing the coloured, flavoured water and bottling it is the least of Coca-Cola's problems and expense. The difficult part is getting the customers to know about it, making them want to buy it and finally make it easier for them to purchase it, these are the major challenges and expenses. If you remember, in section six I told you about why we concluded our Franchising operation after investing a lot of time and capital. Same two challenges - advertising and setting up large number of franchise outlets.

Network Marketing very simply eliminates these two challenges. Massive advertising campaigns are replaced by the age old concept of "WORD OF MOUTH ADVERTISING" by the people who are most qualified to do so - you and I - "THE CUSTOMERS". Every customer's home becomes an outlet! Fascinating!

Fig. 13 shows this pictorially. Let us examine in detail how Network Marketing works and what are the benefits and disadvantages.

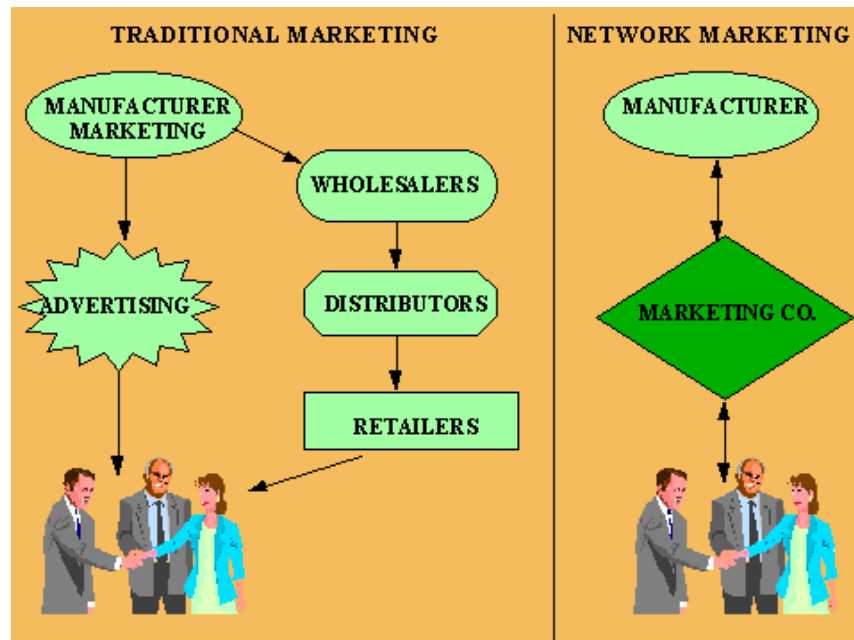


FIG. 13

## **HOW DOES IT WORK?**

It works when the Marketing Company establishes a special PARTNERSHIP with the Manufacturers or Suppliers and the Customers. A number of independent business people working together in a totally win-win situation. We can understand this better by examining the division of labour and the roles played by each of the three groups involved in this partnership.

The main objective of the Marketing Company - commonly known as the Network Marketing Company, is to take the products from the suppliers to the customer in the best way possible and at the lowest cost. The company must have expertise in Research and Development, New products design, Warehousing, Order-filling, Transportation and Servicing. It involves extensive administrative responsibilities such as Finance, Legal, Accounting and a very sound Information Processing and Telecommunication Systems. A large amount of initial capital must be available to set up the proper infrastructure required.

Product selection and appropriate suppliers for the same is the next step. Special terms and conditions are negotiated. Often the Marketing Companies set up their own manufacturing facilities in order to develop new products or to ensure maintenance of quality, timely availability and so on.

Simultaneously, a comprehensive SYSTEM for distribution of the products must be developed including all terms and conditions, Operating Procedures and details of how the Revenue will be shared by all the partners, etc. The system must be easy to understand and simple to learn and to teach - just as a franchiser must in order to be successful.

The next step is to select the first few customers who are willing to purchase the products and use them. Just one to ten customers are more than sufficient. When these customers are willing to act as spokespersons for the company and their products and are willing to do "Word of Mouth" advertising for the same, they are allowed to obtain the rights to copy the SYSTEM. They are required to register with the company for a nominal Registration Fee and become Founding Distributors for the company. They are trained on all aspects of the system and products. They are now eligible to purchase the products at a special Distributor's Price, use or consume it themselves and also share it with any of their friends, relatives, associates and acquaintances. They can sell the products to others at the suggested Retail Price. The difference between the retail price and the distributor price is their income.

So far it looks somewhat like a Franchise or a traditional Direct Sales agency. True enough!

It is how the further expansion is handled that makes Network Marketing truly revolutionary. Once the founding distributors are set up and trained, the responsibility for further expansion and advertising is transferred to the founding distributors. The company retains the responsibility for physical distribution of the products to the Distributors (sometimes to the customers as well), financial control, for administrative support and in few cases provide some overall training.

Network Marketing accomplishes this by including one additional right that is not found in any other System. The Network Marketing System allows their Distributors not only to do

Word of Mouth advertising and share the products, but allows them to convert their customers into Distributors by offering them the exact same Right to copy the original system! This is equivalent to allowing each franchisee to become a franchiser and obtain similar benefits of royalty payments. Fig. 14 illustrates this better.

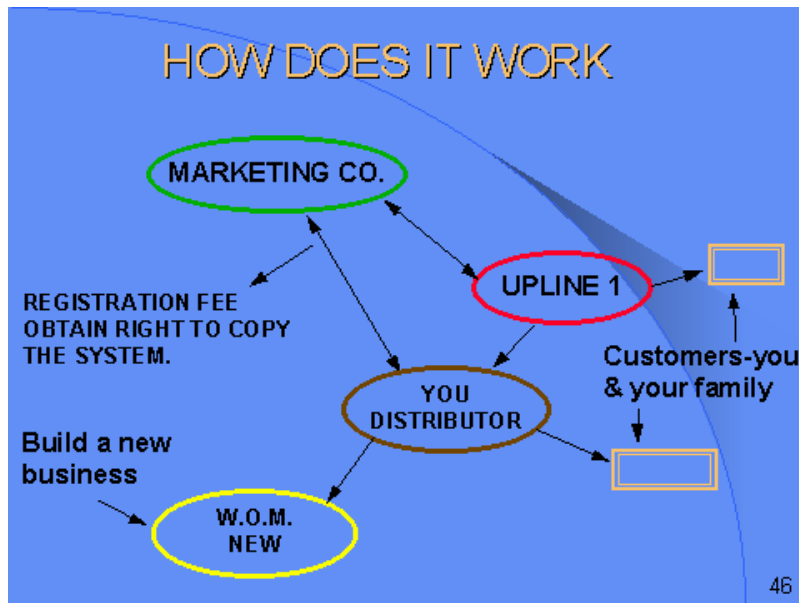


FIG. 14

It becomes the responsibility of the Distributor, who offers the right to copy the system (known in Network Marketing circles as the "UP-LINE" distributor) and to train and support the new distributor (known as the "DOWN-LINE" distributor). The Network Marketing Company, in turn, shares the revenue with all of the distributors for providing very valuable Word of Mouth advertising and enlarging the customer base of the company. This training and support have to be extended to several levels of Distributors as each one duplicates the system and enlarges the organization.

It stands to reason that the distributors share in the total revenue generated from their team whether directly or indirectly. The system set up for sharing the revenue varies according to type of products, amount of training to be provided, etc. In Network Marketing circles this is usually known as the "COMPENSATION PLAN" or more appropriately the "REVENUE SHARING PLAN". It is this aspect of sharing the revenue generated by several levels of distributors that gives it the name "MULTILEVEL MARKETING" or MLM and should not be confused with the multilevel product distribution.

All distributors deal directly with the company for obtaining their products (at the same distributor price) and payment of their share of the revenue - known as commission. This allows the company to establish cost effective means to handle physical distribution of products and track the sales and performance of each and every distributor accurately via sophisticated computer systems. This frees up the distributors from routine administrative work and allows them to concentrate on advertising and expansion.

The purpose of expansion is to increase the movement of products from the manufacturer to the end user. In Network Marketing, this is ensured by sharing the revenue with the

distributors based on the continued amount of product movement and not on the number of customers who register to become distributors.

It is this feature of Network Marketing, where the advertising and expansion budget is shared with the distributors that has created an explosive opportunity in the last two decades. An opportunity for many ordinary people to establish a very simple, home based, low cost, part-time or full-time business and earn a badly needed Second Income or make it a full-time career.

It is the special right that is granted to each distributor to duplicate the process that is responsible for exponential growth. If the company starts with only four founding distributors and each one adds just one new distributor each month and duplicates the process all the way, the result is enormous. Theoretically, there could be as many as 15,000 distributors in the organization in less than 12 months. The doubling effect continues as long as all three groups continue to work together and discharge their respective responsibilities with integrity.

Fig. 15 compares Network Marketing with a Franchise operation.

<u>FRANCHISING</u>	<u>NETWORK MARKETING</u>
Average franchise fee is Rs. 1,50,000.	Start up less than Rs. 5000.
Trade time for money (linear growth)	Income grows Exponentially
YOU PAY 3% - 10% of your monthly sales as ROYALTY fee.	Company PAYS YOU 3% to 28% of your organizational volume.
Hire & fire employees	No employees
Overhead grows as you grow	Home Based business – very minimum overhead
Store hours are your hours.	Set your own time.
Restricted territory	National & Global expansion opportunity.
Building someone else's dream!	Building your own dream

FIG. 15

I hope you are starting to fall in love with this industry. Sounds too good to be true? Most people have difficulty believing this can actually work in reality. It does and has been working for quite some time and helped millions of ordinary people earn an extra income. The Network Marketing Industry is still young. Less than 2% of the world population has heard about it and less than 1% have taken it up seriously.

Next question you are about to ask is: "Why? If this concept can create exponential growth why is it that every person, everywhere has not taken up this opportunity and become rich?" Good question. You are a smart reader!

I do not know the answer to this question either. May be a quick look at why it works and when it will not work might shed some light on this subject.

### **WHY IT WORKS AND WHEN IT WILL NOT WORK**

Network Marketing is a partnership - a symbiotic relationship - marketing company, manufacturers and distributors working together. One can not win without the other two also winning. This partnership provides each one with certain special benefits. As long as the benefits continue the partnership works.

**Manufacturer:** Major benefit to this group is being able to concentrate on their manufacturing skills and not be burdened with the distribution, advertising and other activities. Their investment, financial and of time and effort is significantly reduced. Since most suppliers to Network Marketing Companies supply exclusively to that company, they have a better handle on how much to manufacture and therefore better inventory control. The most significant benefit of supplying to a Network is the prompt, quick feedback on the quality and suitability of their product.

When the manufacturers get greedy and violate their exclusive contract or compromise on the quality or increase the price unreasonably, the marketing company, reacting to the feedback from the end user, can very quickly drop the partnership.

**Marketing Company:** They take leverage of or strategic advantage of distributors time and effort to accomplish and sustain growth. The main advantage other than fast growth, is the absence of ACCOUNTS RECEIVABLE. It is a cash & carry business. High accounts receivables and inability to collect the same is one of the major reasons for businesses declaring bankruptcy. Although the initial investment is considerable, if it can sustain the growth period, then the business can be very lucrative and self-sustaining. Established customer base makes introducing new products relatively easy and fast. If the administrative functions are set up properly and automated, the overhead can be significantly reduced and the profitability increased.

When the Marketing company runs out of capital before the growth is sufficient to sustain the operation, the result is inevitable - end of business. Not only for the marketing company but to the suppliers and the distributors as well. If the marketing company does not act in good faith and does not stand by its word and commitments to the vast distributor organization, the downfall is inevitable irrespective of the financial strength behind it.

**DISTRIBUTORS:** This group, I believe benefits the most from the partnership. Just the opportunity to get paid for what we used to do for free - WORD OF MOUTH advertising is

exciting. The following is a list of 15 items that a distributor can benefit from this business when it is properly understood, taken up seriously and developed with patience.

**Here is the list of benefits.**

- **MONEY (LOTS!)**
- **LESS TIME**
- **MINIMUM CAPITAL**
- **LESS (NO) RISK**
- **MINIMUM SKILL (required)/ EVERY ONE HAS / SIMPLE**
- **RESIDUAL INCOME**
- **MULTIPLY / EXPONENTIAL GROWTH**
- **INDEPENDENT / NO BOSS / NO EMPLOYEES**
- **RECOGNITION**
- **HELP OTHERS**
- **LEGAL**
- **NO AREA RESTRICTION (ALL INDIA - INTERNATIONAL?)**
- **FUN / RELAXED / NO STRESS**
- **PERSONAL SKILLS IMPROVEMENT**
- **SOCIAL CONTACTS AND NEW RELATIONSHIPS**

However, when the distributors lack proper training and understanding of the system, they can do more harm than help. Many get excited about the fast growth and the income associated with it. They get greedy and selfish and ignore the ethics and integrity required in this business for short-term gains. This could, in the long term, destroy not only their business but other distributor's businesses as well. This business is built on trust, personal relationship and credibility. When these are violated, damage is irreversible.

Word of mouth is powerful and can be used to spread good or bad news. As we all know bad news spreads faster than good news. Generally, people look to others - parents, friends and associates for advice and guidance. Unfortunately, this industry is too young and our parents never knew about it. Obviously they are not qualified to guide us. If our friends and associates knew about it and had any good things to say, they would have offered us the opportunity in the first place.

So where do we go for information and advice? There are a number of books on this subject- read and decide for yourself. Recently, more and more information is being made available on the Internet - browse through it. If you are thinking of becoming a surgeon, who do you ask for advice? - A successful surgeon of course. Not an accountant and

**certainly not someone who is a failure as a surgeon. So do the same. Ask for advice from some one who has been successful in this business.**

**Ask me. For the past four years, I have had the privilege of being a founding distributor of a successful Network Marketing Company and have developed a sizeable team and a matching income. I qualify.**

## **SECTION NINE**

You now have all the information and background you need to take control of your life. There is a slight problem. All the knowledge, information and skill are of no use until you decide what to do and take some action.

Let us briefly review why we started reading this book. We wanted to find out how to get rich and to fire our boss. To achieve freedom.

Freedom from debt, once and for all.

Freedom from a boss looking over your shoulder.

Freedom from taking part-time jobs to make ends meet.

Freedom to set your own hours and your own vacation schedule.

Freedom to build your dreams instead of building someone else's.

Freedom from full-time stress caused by too much work for too little money.

Are all these still important to you?

Then go through an exercise with me. Answer the questions below. Be honest and truthful to yourself. This is for your benefit. The answers will help you decide which of the alternatives you have read so far is best suited for you, what you need to do and start taking action any action!

### **Part One:**

On a scale of 0 to 10, 0 being low and 10 being very high, indicate your answers to the following.

1. How serious are you about taking some action? \_\_\_\_\_
2. How important is Personal Freedom to you? \_\_\_\_\_
3. How important is Time Freedom to you? \_\_\_\_\_
4. How important is Financial Freedom to you? \_\_\_\_\_
5. What is your belief level in your ability to achieve what you want? \_\_\_\_\_

### **Part Two:**

1. What is your definition of wealth and success?
  
  
  
  
  
  
  
  
  
  
2. How much money do you need per month to live comfortably?

- 3. How much money can you save per month?**
  
- 4. When do you want to retire?**
  
- 5. How many years do you have to accumulate savings?**
  
- 6. Do you have any special skill or talent? What are they?**
  
- 7. Do you have capital to invest in a business? If so how much?**
  
- 8. Do you have spare time and if so how many hours per week?**
  
- 9. Are you willing to learn new skills? If so what is your preference?**
  
- 10. Do you like working with people? If so what kind of people?**
  
- 11. Do you like travelling? Can you travel?**
  
- 12. Do you like teaching? If not, why not?**

**13. Do you prefer to lead or follow?**

**14. Are you popular with your family, friends and associates?**

**15. If you have to make a list of all the people you know, how many names will there be in the list?**

**16. Why do you deserve to be rich and free?**

**By the time you have answered all these questions, you will have a pretty good idea, which of the alternatives described in the book is best suited for you. Whichever path you decide to choose, make sure you gather all the pertinent information and seek advice from someone who has been successful in that path.**

**In my opinion, starting a business or purchasing a franchise is best suited for those who badly need personal freedom, have enough capital and some special skill.**

**However, each and every one should make it a point to save as much as they can on a regular basis. If not for the purpose of firing your boss, for emergencies at least. The earlier you start the better. Leveraging money over time is one path every wealthy person has used. Why not copy them?**

**When you decide to invest choose a proper vehicle that would give you a good return while protecting your hard-earned savings. Savings account and fixed deposits are the most commonly used methods. Recently, Mutual funds of various types are becoming popular and provide a number of advantages over fixed deposits. Payment on a monthly basis, liquidity and some income tax benefits of mutual funds should be investigated. Selecting the appropriate fund that is suitable for you is very important and will depend on your age, your risk tolerance, income needs, growth and return requirements, preservation of capital and so on. Based on an analysis of these factors, your agent will recommend a conservative, high growth or balanced fund for you to choose. Just remember, it is your money and it is your future- invest it wisely.**

If you don't have enough to save, then earn the extra income needed. With the Second Income opportunity that is provided by the Network marketing industry, no one should have that excuse anymore. It is ideally suited for everyone, regardless of their current status. Network Marketing industry is booming everywhere, including India. An abundance of independent entrepreneurs looking for ready-made, low risk, turnkey business opportunities with very little capital investments and high income potential makes India an ideal place for Network Marketing.

Again, choosing the right Network Marketing Program is just as important as understanding this revolutionary marketing concept. You should consider the following five factors while choosing the program you want to join.

**1. PRODUCTS:**

Does the company offer consumable products? - repeat business and residual income.

Do they have unique products? - makes it easy to attract new customers.

Are the products useful and needed in most households? - increases the number of prospects.

**2. PRICING:**

Are the products priced reasonably? - makes it easier to compete with the rest of the market.

Is it affordable by many? - increases the number of prospects.

Is it priced for profit? - income potential.

**3. PLAN:**

Is it simple? - to understand, to teach and to achieve.

Is it fair? - uniform, same opportunity for all, recognizes effort.

Is it transparent? - can you calculate your commission? can you verify the accuracy?

**4. COMPANY:**

Is it stable? - business history.

Financially sound? - long-term career

Organized efficiently? - profitability

**5. MANAGEMENT:**

Do they have sound background? - educational and business.

Do they have expertise to handle huge growth? - growth is a must for earning large income.

**Do they have prior manufacturing and distribution experience? - ability to provide proper support.**

**DO THEY HAVE PRIOR NETWORK MARKETING EXPERIENCE? - can they relate to the distributors in the field and work with them.**

**Invariably, most people look at the products and the price first, then the plan and maybe the company. Many are not even aware of the names of the key management people. This is totally the wrong order of priority!**

**I suggest that you make sure the management is sound first and the rest of the things will automatically fall in place. Doesn't make sense? Let me show you why it makes very good sense.**

**If the management is right and especially if they have prior Network Marketing experience, the feedback from the field is more than sufficient to trigger action. They will soon change the products if they are not the right products. Same thing is true of price and plan, both can be changed. If the company is short of funds, a good management team will be able to find ways to raise the finances.**

**If the management is the problem, then there is nothing you and I can do about it! Now does it make sense to reverse your order of priority?**

**If you are serious about earning that second income to achieve your goals, then please do your homework.**

**In conclusion, I just want to say that sometimes all we need to do is to fire the boss within us - our fears, our ignorance and false beliefs. The rest of the things will be easy to achieve.**

**Wish you all the best.**

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