

Is a Multilevel Marketing Opportunity Right for You?

Research Checklist

Before you decide to join a multilevel marketing (MLM) company, make sure you do your research to be sure this is the right opportunity for you.

Primary Research: Interviews

- Think of three people you can talk to about their experiences with the MLM you are interested in joining. If possible, find a mix of people who are current and former participants.

Sample interview questions:

1. How long have you worked for this MLM?
2. What was your reason/goal for joining?
3. Have you achieved your goal?
4. How much money have you invested so far?
5. How much money have you earned? Is it more or less than you expected?
6. How much time do you spend on the business each week? Is it more or less than you expected?
7. What's been the best part of this business? Worst part?
8. Did you have any sales or business experience before joining?
9. How much of your sales are to your friends and family vs. strangers?
10. Did you feel like you had enough training/support to be successful?
11. Do you make more money selling the product or service or by recruiting others?



Secondary Research: Websites

MLM Business Websites

Income Disclosure/Earnings Statement/Compensation Plan

- **What to look for:**

Review the disclosure statement to get an accurate picture of annual income levels, and the percent of participants earning each level (i.e. 60% of consultants earn \$1,000 - \$5,000). Also, look for information about whether or not income comes from selling products or recruiting other salespeople. Sometimes this information may be buried deep in the website and difficult to find. Be sure to look for it and ask for clarity.

- **Remember:** Income disclosure statements do not include expenses incurred by participants.

Return Policy

- **What to look for:** Study the return policy to see how long you have to return products, if you can get a full refund for unsold product, if there is a restocking fee, etc.
- **Remember:** Some policies vary by state. Make sure to read the return policy in full.

Other Policies and Procedures

- **What to look for:** Look for requirements around minimum sales, carrying inventory, and frequency of payments.
- **Remember:** Some policies vary by state. Make sure to read the return policy in full.

Better Business Bureau (www.bbb.org)

- **What to look for:** Type in the name of the MLM you're considering, and look at the company's reviews, rating, and whether or not there is any current outstanding litigation.
- **Remember:** There may be more than one listing for this MLM, so be sure you're looking at the review for the company's national office/headquarters (the address can be found on the company's website).

Web Search (e.g. Google, Bing, Yahoo)

- **What to look for:** Here are examples of some phrases you can type in the search bar:

MLM Name + reviews

MLM Name + success

MLM Name + complaint

MLM Name + work hours

MLM Name + class action

- **Remember:** Always consider the source of the website. What motivations to people have for posting? Are they a former member of an MLM? Are they still selling products?

Additional Reading

In addition to the research suggested above, here are some additional reading resources:

- **Federal Trade Commission (FTC)**

“Business Guidance Concerning Multi-Level Marketing:”

<https://www.ftc.gov/tips-advice/business-center/guidance/business-guidance-concerning-multi-level-marketing>

“Multilevel Marketing:”

<https://www.ftc.gov/tips-advice/business-center/guidance/multilevel-marketing>

“The Telltale Signs of a Pyramid Scheme:”

<https://www.consumer.ftc.gov/blog/2014/05/telltale-signs-pyramid-scheme?page=1>

- **Better Business Bureau (BBB)**

“BBB Tip: Multilevel Marketing:”

<https://www.bbb.org/en/us/article/tips/14080-bbb-tip-multilevel-marketing>

“Opportunity or Scam? Multi-Level Marketing vs. Pyramid Schemes:”

<https://www.bbb.org/phoenix/news-events/consumer-tips/2015/03/opportunity-or-scam-multi-level-marketing-vs.-pyramid-schemes/>

- **The Balance Small Business**

“10 Signs It Is an MLM Scam:”

<https://www.thebalancesmb.com/business-is-an-mlm-scam-1794756>

- **Third-Party Videos**

“Last Week Tonight with John Oliver:”

<https://www.youtube.com/watch?v=s6MwGeOm8il>

“The Dave Ramsey Show:”

<https://www.youtube.com/watch?v=m3YCPeKAmnE>

