



Evaluating Home-based Businesses

7 Deadly Mistakes & How to Avoid Them

Every day, 125,000 people world wide start a home-based business. More people are looking for time, freedom and financial independence rather than stability and job security. Increasing focus on family values and quality of life are driving people to start a home business. How many people actually enjoy success with a home-business? According to Entrepreneur Magazine over 90% of people starting a home business fail to attain the desired results.

This FCI Journal will provide you with the framework to properly evaluate whether or not a business opportunity is worth pursuing or will lead you to lose a considerable amount of money and time. This report is invaluable “insider-guide” to any Home Business Opportunity seeker.

This information has never been offered anywhere else and comes from extensive experience in Network Marketing, Direct Sales and MLM (multi-level marketing). Let’s look at the 7 mistakes you don’t want to make, that can have you ‘dead in the water’ instead of making money with your ideal opportunity and how to avoid them. Read carefully, avoid the costly mistakes and, more importantly, find the Home Business that is for right YOU.

1. Making a decision based on hype.

Most people join a business opportunity for the wrong reasons, often based on the hype presented by a skillful salesperson. They are led to believe that it is very simple and easy to make a significant amount of money immediately. They are presented with testimonials of several key income producers who have generated multiple six figure incomes.

Of course, if these people attained this level of income, anyone can. Right? Wrong! There are a number of high producers with every Business Opportunity. Unfortunately, the number of failures is significantly greater. Inquire about the percentage of success versus failure? How many active distributors are there? What is the experience of the average or typical distributor?

The answer to these questions will give you a more realistic view of the opportunity. Getting into a Business Opportunity based on hype almost always guarantees failure. This is not suggesting that the decision should take forever, but “jumping” into it without any research is not the mark of good business person.

The best way to eliminate the hype trap is to concentrate on the benefits that you can attain. They have to be specific and measurable. Continue to read the report to discover the essential elements for selecting the right opportunity for you. People often make emotional decisions and use logic to justify them. That is exactly the reason clever salesmen are successful in selling opportunities based on hype. Passion and excitement are a very important part of this business. They should come from proven results, exceptional products and a great system enabling success for the majority, not just a few producers.

Take the time to do your due diligence and avoid such a costly mistake. Make sure that YOU can succeed with this opportunity and, not only that you could succeed, but others who you will introduce to this opportunity can succeed as well!

2. Not researching the company

If you don't research it, your prospects will. If the company has any negative information, it has to be addressed in a precise way. Let's face it -- you would have not joined Enron knowing the potential problems they might well have had. This may not be easy to do. However, should you be unable find out such key information – for whatever reason – then you should just say “no” and walk away.

As in any business as a distributor, you have to make sure that the company has a solid track record. Leadership and positioning in the industry is very important for your success. The leadership of the company does not have to be defined as years in this type of business but the experience of the key individuals in similar businesses in the past. Experience in marketing, positioning, advertising, automated systems and business management should also be taken into account.

Identify the growth of the opportunity by the number of the distributors joining the program over a period of time and see whether the company experiences growth or decline. Check the Internet forums to identify the company's reputation. The word of caution is that you will find some negative publicity for any company on the Internet and you have to be able to tell the difference between the real issues versus the typical negativism spread by the competitors and former distributors who feel they have been taken advantage of and yet jump into a similar opportunity so that they can complain once again.

Check the Better Business Bureau, www.BBBOnline.Com, and Attorney General for any active complaints. Again, the presence of complaints is not necessarily an indication of a bad company, however if there are unanswered complaints, you should proceed with extreme caution.

A company should provide extensive training in areas key to your success. You should also look for a track record of continuous improvements and vision of the future. Evolving technology, creative marketing, superior product, and reliable system support are attributes of a solid company that will always position itself ahead of crowded competition.

It is important that you feel comfortable with the company. If not, then you should continue looking for the right Business Opportunity for you.

3. Failure to recognize a weak/overpriced product.

Does a tangible product exist? Does it have value on it's own without the money making opportunity? If not, then all you have is a 'Pyramid Scheme'. The product is what validates an opportunity. Is there a market for this product? Is the product worth the asking price?

Remember, that any other benefits that are offered to you in addition to the product, such as training, mentoring, tools, etc., should not be considered part of the price of product. That means that if someone offers you a personal development program for \$2,000, you should ask yourself “Can I purchase this program in an open market for a similar price?” If you cannot establish comparable value, then you should pass on this opportunity. Some opportunities claim that their product is valued much higher than what it's priced.

Make sure they provide you with a sound explanation and proof of their claims. Anyone can claim their product is worth some outrageous price and present testimonials to back up their claims.

The product must be consistently in high demand. There are many new products that come to the market place that are yet unproven and thus a lot of factors would play into their eventual market success. It might be unwise to proceed unless you have confidence in the product. A product must produce results and demonstrate that it truly works, to enable you to feel great representing it. It's all about integrity. Products with integrity stand the test of time.

The bottom line is that the product should have a clear value at a fair market price. It's also beneficial to feel enthusiastic and passionate about your product, so try to align yourself with a product that you, yourself would use and can stand behind. Passion is contagious and is a true indicator of a quality product you can honestly represent. If you are excited about the product, then you are already half way towards creating a

successful Home Business.

4. Seeking the lowest price instead of the greatest value

When considering a business opportunity some people make the cost to join the deciding factor. They are afraid of risk and are attracted to opportunities they can get started with for free or at a minimal cost. This is a critical mistake.

Value must be considered over cost to join. How much do you value your time? How fast can your financial goals be met with this opportunity? These are points you need to consider. What is the advantage of getting involved with an opportunity for free or at limited cost when generating any real cash flow may take over 2 years?

Wouldn't you rather be involved with an opportunity with a \$1,000 investment where you can start generating cash within days or weeks, assuming they have a good product and system for you to succeed? Some distributors in order to entice quicker sales might offer a price cutting deal or a shorter qualification/training process. This tactic will shortchange you out of valuable training time and support from your immediate leadership team. This may greatly slow your progress. The real value is not in the money you'll save but in the mentoring, training leadership and support your team should provide. Ask for specific benefits to sign up with this distributor. What does he/she offer you that could not be obtained from any other distributor representing the very same opportunity? If a discount of the product is the only benefit that is being offered this might not represent a significant value that you should be looking for.

Look for these true values and you'll be off to a good start.

5. SYSTEM

According to Robert Allen, SYSTEM stands for Save Yourself Stress, Time, Energy and Money. There are 2 parts of the system. First one is a financial and compensational model. It deals with "how do I make money with this opportunity?" This is what we call a financial compensation model.

Many distributors often promote the compensation model as their marketing advantage. You often see in their advertisement that they are not MLM and that they have a great SYSTEM in place. Finding the best compensation system is part of your research.

There are several popular compensation systems in the market place. There are typical MLM, 1up, 2up and other network marketing compensation systems. You will find that there are many debates on the Internet about the advantages and legitimacies of each of these systems.

The bottom line is that all of them are legitimate if the product is tangible. You have to find which one better suits your financial goals. Do not look at the financial compensation system as the only vehicle to achieve your end results. Anyone who attempts to convince you that their opportunity is better because it is not MLM, and therefore you will be able to generate cash faster, does not have a clear view and is attempting to sell you on the wrong premise.

Leave that opportunity right then and there! The financial compensation system is just a part of your overall research however it can determine whether you can attain your financial goals by just simply doing your math and researching the numbers. You will be surprised how many people buying into any business opportunity would disregard the simple arithmetic. Be precise. It is your business.

The second part of the system is the assistance provided by the company and your immediate team to help you generate cash flow. In a typical home business opportunity, one would market or advertise the product thru direct marketing, Internet and other channels. Then, the opportunity is presented to the prospect thru the Internet, phone conference or even a tour or demonstration. Finally, the questions are addressed during the final stage of the process which many call "the close".

You want to be specific about the system that will help you to complete the transaction and collect the payment. We have seen many opportunities advertising “unmatched training” as a distinguished feature of their systems. That is a very good feature but not suited for everyone. However, if you will get an extensive amount of training on how to prospect and you are not a salesman, this possible advantage is not for you no matter how great their training is.

So what are the real advantages of the system? A good system should simplify your work, eliminate time consuming activities and provide you the tools for better marketing and advertising plus increase your chances in completing the sale by offering competent support during the close phase. All of that is critical and the degree to which these options are provided to you, should guarantee your success.

The key attributes of a successful SYSTEM are marketing, unique tools, professional product presentation and professional closing. Each one of these components reflects criticality on your results. You do not start from scratch and reinvent the wheel. That always proves to be costly.

So even if you have a great sales background and the system will not offer you proven and tested marketing tools and techniques you will not be successful. Make sure to walk through carefully what they call a SYSTEM and if it does not Save You Stress, Time, Energy and Money, then look to another opportunity.

6. Inferior Tools

What tools will be available to promote and present this Business Opportunity? Many people don't realize that marketing is crucial to the success of a business enterprise. Marketing is salesmanship in writing. Advertising costs, marketing pays! The majority of businesses use advertising - which costs a bundle and often delivers dismal results. Advertising costs often exceeds the cost of the product. You should carefully review the tools that will be made available to you for marketing and make sure they will produce favorable and predictable results.

Any business requires effective marketing. Many companies provide prewritten advertisements to be placed in newspapers, magazines or on the internet. Ask who designed these ads; were they tested; what are the average results from these ads; and were they recommend you place them? The art of writing an effective ad can't be underestimated. Most of the business opportunity promoters would tend to oversimplify this area and you should be able to determine whether they have proven advertising tools. If the answers are not specific and detailed, you will be paying a great deal for advertising without knowing whether or not it has any value.

Web pages provide an option for online advertisement so that you could promote your opportunity on the Internet. Think about the webpage they offer as it could be the very one that introduced you to this opportunity - is the copy compelling and informative? How is it different in a crowd of competitors or is everyone in the company using the same replicated website?

A lot of people don't know how to market and advertise on the Internet.

Ask what tools are available to assist with online marketing. If you get generalized answers you can expect to pay a lot for a steep learning curve.

The bottom line is if you don't have a good handle on how your marketing will be done, you'll be spending a lot of time and money on advertising.

7. Overstated Claims of Automation

Our entire modern world is only possible because we can automate many things. Nowadays, many business opportunities promote themselves as being over 90% automated. If that were true, there'd be a higher than 10 % success rate in Home Business Opportunities. Right?

Some companies use flashy presentations to promote their offers, and would have you believe that this automates 90 % of the work. Of course, this is not true. What about lead generation, marketing and closing?

That would amount to a lot more than 10%.

Full automation is when you are not involved in the end to end process. This is difficult to achieve, but in order to support the claim that “success can be duplicated by anyone” there must be a degree of automation in place that will be doing the more unpleasant and inefficient grunt-work for you, predictably and reliably every time. Automation enables duplication. You and everyone who comes after you should be able to duplicate the desired results.

At best, most companies offer replicated websites, sales scripts, sample ads and closing assistance for sales completion. You still have to place the ads, put up the replicated site, drive traffic to the site, generate or buy leads, and possibly talk to your prospects.

What you should be looking for are sound and proven marketing techniques that would effectively introduce your opportunity to Home Business seekers, something that qualifies them and has professional closing support. If any of these components are not available and tested, then your level of participation would drastically increase and therefore the chances for duplication would be much less.

Make sure that you fully understand which parts of the system are truly automated, and which are fully hands-on. The more each process is automated the less is left to chance and a higher rate of success can be predicted.

In conclusion, starting a home-based business requires that you take careful steps and do extensive research to be sure that the opportunity is well suited for you and you understand all the details involved. Selecting the right business for you will make your life more exciting and rewarding. It will have a tremendous impact on your family and friends. It will generate the life that you desire and enable you to attain your dreams.

Now go and find your home-based business that will bring your goals to life. Best wishes and prosperity to you and your business. You deserve it.

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