

How Long Before You Make Money?

Author:
Resale Rights

Created On: 07 Oct 2009 08:15 PM

With the exception of some not for profit organizations most people go into business in order to produce revenue (income) and profit. Unfortunately, when it comes to a home business, and especially network marketing, many people forget this important point.

In a traditional business, whether a Ma and Pa shop, or a large franchise store like McDonald's, business owners know to watch their numbers. A business must make a profit in order to survive and, if it doesn't, adjustments must be made accordingly.

One of the reasons for the high failure rate in small businesses, home businesses, and MLM (network marketing), is because due to the low entry costs and requirements people often don't treat them like, "real businesses."

Two things commonly happen:

1) Many people have the attitude that since they didn't have to invest much to begin with they really don't have to be too concerned about whether they make money or not, or how soon. Of course, that often ends up being a self-fulfilling prophecy. It's not just that way with a business, but with many things in life. If you come to own something that cost a great deal or required a lot of effort to acquire you tend to appreciate it more than something of lesser perceived value.

When you consider that network marketing has made some people just as much if not more money than many other traditional kinds of businesses, with incomes of as much as \$1 million a month or more being achieved, treating a MLM as if it isn't a serious or real business is a huge mistake!

2) Because the entry cost can be so low people overlook the cost of not making money, and also have a tendency not to pay attention to how much their other expenses associated with their business (such as trips, conventions, and/or buying extra products or services over and above what you really need) add up over time.

For example, let's say that you spend \$500 to sign up for a new business. Not a lot of money at all, maybe the price of a cup of coffee a day and some change.

Weeks go by, and then months, maybe even years, and you still aren't making any money.

Perhaps you don't think much of it because, you think to yourself, "I only spent \$500 to get started in this business anyway."

But what are the true cost? Let's say that in addition to your startup cost you have also been spending \$150 each and every month on buying your company's products and services.

(Perfectly ok if you enjoy and use all of the products you buy; not ok if you are buying more than you need simply to qualify for a certain level with your company!) And let's also assume that you are spending \$50 a month on meetings, conventions, or seminars (many people spend much more).

So, even though you really haven't paid much attention because you only invested \$500 to begin with, if your business hasn't yet started making you money then you are really spending AND LOSING \$2,400 a year, in this hypothetical example. And, here again, in reality many people often end up spending much, much more.

Going back to the example at the beginning of this article about a traditional business, like a

McDonaldâ€™s. Those kinds of businesses often have much higher costs associated with them, such as a store lease or mortgage, equipment leases, payroll, etc. It isn't uncommon for a traditional business to have to operate for months or years before making a profit.

In contrast -- though networking marketing is NOT designed necessarily to make you a very large amount of money overnight -- you can and should be able to generate an ever increasing residual income for yourself over time, and starting in relatively short order.

Everyone approaches a new home business differently. Some people prefer to roll their sleeves up and dig right in, expecting to start making money almost immediately. While others prefer to first spend time learning more about their new business, and/or obtaining any available training. So it's acceptable, if you choose, to take a few weeks or even a month to "prepare" for your new business. However, especially if it is your goal to start making money right away, it is entirely realistic with most networking businesses to start earning viable amounts of money within as little as 30 days.

Certainly within 90 days you will want to start seeing some kind of payoff in return for your efforts. And no more than 6 months should go by without positively starting to see income coming in. In fact, ideally, you should try whenever possible to not only earn enough money to cover your original startup costs, but you absolutely should be making a profit (in other words, extra money) within this time.

If after 30 to 90 days, 6 months maximum, you are not making a profit, you should seriously reevaluate!

To summarize:

- 1) Always remember to track ALL of your directly related business expenses, including how much you spend on leads, products and services, meetings, trips and conventions, training, etc. You must add these expenses to your original startup costs.
- 2) Subtract how much money you've earned from the number above (your total expenses) and this will tell you how much money you've made (profit), or how much money you've lost and/or are losing.
- 3) To repeat: If after 30 to 90 days, 6 months maximum, you are not making a profit, you should seriously reevaluate!

Don't continue down the same path if you are only spending more money than you are making, and not making any profit in return.

Remember, except for a not for profit endeavor, the purpose of being in business is to make money. And in order to make money you have to actually make more money than you spend.