

MLM Executives Must Raise Capital in Order to Recruit Key Distributors

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This article is the companion article to the video [Raise Capital in Order to Recruit Key Distributors](#). MLM Attorney Jeff Babener discusses the need to raise capital in order to recruit key distributors below.

Hi, I'm Jeff Babener of [MLMlegal.com](#) and I'd like to talk to you about capitalization, can you recruit? Do you have a great recruitment background, the ability to recruit? Or a lineup of strong distributors? If so, your need for capital will be substantially diminished.

In the end your ability to recruit a talented and motivated sales network will be the number one key to your success. In fact, your need for capital is in direct inverse proportion to your ability to recruit. If you can recruit then you may have a cash cow on your hands. If recruitment is slow then your business plan needs to allow for buffer capital to hold you through one, two, or three years of break even or loss scenarios. That capital should be lined up ahead of time either through personal and close relationship resources or through angel investors.

The likelihood of public financing for the new MLM company is very remote. Time after time, the best source of capital is literally closest to home. Your ability to manage expenses will be very determinative of your need for buffer capital. And you will find that payroll infrastructure will eat up capital faster than anything else.

Can you make it in this business by starting in a backroom or garage? Absolutely. The fact is that most of today's giants started precisely this way, with little capital, but great passion.

Wishing you the best in your direct selling business, I'm Jeff Babener.

For more information on capitalization, visit these relevant links:

[Are you Starting a MLM Company?](#) Blog Post

[The Top Two Reasons Why MLM Companies Fail](#) Blog Post

[Can I Make it in MLM by Starting Small?](#) Blog Post

[NEW PRESS RELEASE – 63rd Annual MLM Startup Conference!](#) Blog Post

[MLM Success: Thoughts to Consider](#) Blog Post

[Do I Need a Million Dollars to Start an MLM?](#) Blog Post

[MLM Consulting: How to Build a Successful Direct Selling Company](#) Article

[MLM Corporate Startup Essentials](#): Part I Article

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Make sure to visit our blogs for the latest information on the direct selling industry: [MLMLegal Blog Home](#) and [MLM Attorney Blog Home](#). **HINT: Choose a category to narrow your search for discussion topics!**

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And, as always, visit [MLMLegal.com](#), the best MLM resource on the web. The next ***Starting and Running the Successful MLM Company Conference*** is quickly approaching! On February 21st and 22nd, 2013 we are hosting the [MLM Conference](#) for the 25th year! This is now our 63rd annual conference (held almost consistently three times per year over the last 24 years). All executives/owners of MLM, direct selling, network marketing, and party plan companies are welcome to attend. This is the [original MLM Startup Conference](#), hosted and perfected by direct selling industry expert, [MLM Attorney Jeff Babener](#). Call 503-226-6600 or 800-231-2162 to register. (Can't make this event? Keep an eye out for our May and October conferences as well.)

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Jeffrey Babener
On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and Internet Task Force of the Direct Selling Association (DSA) as well as serving as General Counsel for the Multilevel Marketing International Association. He is an MLM attorney supplier member of the DSA and has served as legal counsel and MLM consultant on MLM law issues for many DSA companies.

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