



More traffic... more sales... more often

MDJV Questions and Answers

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Tweaking the JV model

If I happen to come across an offline business and it turns out that their profit per sale is not that much after my percentage, couldn't I charge them a fee and train them on doing joint ventures for themselves? Couldn't that be a business all by itself, consulting and training business to do joint ventures?

Theoretically, it could be done. But there are two significant reasons why I'd advise against it. First, what materials would you use to teach them? If you use my materials, you'd be violating international copyright laws.

More importantly, why create this type of distraction for yourself? If a company's product has a lower amount of profits, you might just want to pass and save yourself the aggravation.

However, if a product has a small amount of profit, but you can sell a lot of units (take fishing lures for example) and broker deals with a lot of good lists, you could turn this into a Constellation Toll Gate. There's plenty of information on turning low profit per unit, high volume sales products into CTGs in the training materials and call recordings on this topic.

Selecting good prospects for JVs

I have a joint venture concept I would like your perspective on. I am very interested in health. One joint venture would be with a product that actually makes coffee healthy. The (product name withheld for privacy) when added to coffee makes it healthier. I would like to know how I would approach a large coffee producer/server like Starbucks with this concept effectively. The calcium distributor is an MLM.

Two major red flags come up here. First, if you've viewed the training materials, then you know that Starbucks and large multi-national corporations are not in the "sweet spot" for brokering joint ventures.

I always advise you to look for businesses that are spending around \$2,500 per month on marketing. This translates to companies that have revenue in the range of approximately \$2 million to \$15 million annually. These type of companies are small enough to move quickly, but large enough to generate sizable commissions for you.

Secondly, I personally will NOT do any business with a product that is being sold through an MLM. The MLM model is based on inflating prices significantly so all the people in the downline can be paid commissions. Essentially, you're grossly overcharging your customers to pay all the sales people and that, to me, is as unethical as you can get. There are a number of other ethical issues with MLMs, but I don't want to get off on a distracting tangent, so suffice it to say that MLMs are just bad news.

Evaluating the product side partner

Do I go with the Manufacturer/Wholesaler or go with a smaller Retailer of the same product? How do you decide?

You always go with the manufacturer/wholesaler. If a product sells for \$100, in most cases the retailer is only making half of that, so your commission would be on \$50. But with the manufacturer/wholesaler, your commission for the same product would be on the entire \$100.

How are sales proceeds collected?

The Product Side must provide the sales copy and make it available to the List side for approval and I am assuming that they would also do the tracking of the sales and arrange to deposit the incoming sales proceeds to some sort of escrow account? Would a third party with the escrow account be accountable to keep the List Side and me apprised of all activities and distribute the income? Or should I be expected to make arrangements to handle that?

Neither. The product side makes the sales and collects all proceeds from those sales. They then pay the List Side and you. This keeps it clean and simple.

So will the Product Side cheat the List Side and you? Almost never. Don't forget that the product side is usually the smaller fish in the deal and if they get caught cheating, not only would they lose any other deals you might bring them, but the bigger fish might sue them straight out of business.