

Can I Pass the Costs of Website Development, Marketing Materials, Sales Kits, etc. Down to Consultants?

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Generally, network marketing companies mandate an upfront sales kit cost, typically in the \$49-\$99 range. This is an at-cost fee for sales and marketing materials support. The reimbursement cost is passed on to distributors. It is not a profit center for the company and no commissions are paid on such required fees. Almost all regulatory agencies and MLM statutes recognize and validate this practice. Beyond the at-cost sales kit,

companies typically offer optional sales tools to distributors. Because support products are optional, they do not need to be at-cost, but any sales support tools should not be commissionable. A company should only pay commissions on products and services offered to the general public.

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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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