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# Passive income in networking, illusion or reality?

**F**or this column I've considered clearing up a couple of possible misunderstandings concerning this topic. But no matter what attitude or point of view you may have on this yourself, don't let yourself be irritated by my approach. It's neither better than yours nor worse. Perhaps it's just different and is based on different experiences or maybe it's exactly the same but expressed differently. If, however, your perspective is completely different from mine, it will give each of us the opportunity to reconsider our own perspective once again.

Indeed people are often recruited with the claim that, if you work in networking and build up something, you will at some stage be able to live from a passive income and not have to do anything anymore. You can then do whatever you like... This certainly isn't untrue and this statement is justified but it would simply be important to take a closer look at what it means in detail.

Since I'll soon have been involved in MLM for 16 years and have built and

achieved something and have observed many other colleagues, I thought I should write something about it and investigate this myth a bit. However, I don't just want to write about what I think about the topic and it was also particularly important for me to find out what other networking colleagues think about it from the most varied positions and above all what they understand by it. So I asked a few very well-known and successful networkers, some former networkers as well as a few who are right at the start of their careers. With some answers I give their full names, in the case of others who prefer to remain anonymous I give only their first names. But let's just see what kind of answers I've received to these questions I asked everybody:

**What does a passive income in networking mean for you or what do you understand by it?**

**Answer 1:** *Passive income is the income that I've sweated for previously ;-)* and is determined from the turnover of my partners. (Viola from Germany)

**Answer 2:** *A passive income, already clearly defined by the concept, is an income I don't have to initiate any active work process anymore in order to get it; examples are the interest on my bank balance, income from rent, royalties and such like. So in networking too it would be an income you don't have to work for anymore (although, of course, you can). Naturally there are also things you can*

*do to keep your passive income stable, e.g. increasing and securing the capital in the bank through redeployment, keeping your properties in good condition so that the rent continues to flow, recording the occasional new CD to stabilize the royalties or keeping close contact to your downline and running nice campaigns so that the people feel happy and have fun networking. (Di-*

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eter Becker from Germany)

**Answer 3:** Receiving a monthly payment from a distribution organization that has been built up and stabilized and has got a large proportion of end customers without performing any sales activity (or without having to perform any in accordance with the general terms and conditions). (Willi Morant)

**Answer 4:** You always have to watch out that enough goes in at the top so that enough gets caught down below. In this respect I'd say that there isn't really anything like complete and total passivity. (Dennis from Majorca)

**Answer 5:** For me passive income is freedom and quality of life, and on the other hand, in networking income continues to grow steadily, which is something you don't get as an employee. (Tobias Jünemann from Germany)

**Answer 6:** Personally I don't like to talk about "passive income." It tempts people too much towards "doing nothing." Unfortunately, many people forget that before you can enjoy a so-called passive income you have to be VERY ACTIVE for years and years and, nevertheless, in reality you can never give up being active. If your downline is large enough and the commission income is big enough, you might consider "throttling back" a bit. I prefer the term "comfortable income" to "passive income!" (Thomas Langer – Cape Town)

**Answer 7:** Passive income or residual income means the road to financial and personal freedom. In Network Marketing that's ingenious. You perform a task for some time and later you get paid for it again and again without having to expend the same energy for it! It's like flying a plane – at first you have to give 100% so that the plane can take off, then when it's in the air, you can go on autopilot and the plane more or less flies itself! It's a bit like that here. (Hakan C. from Spain)

**Answer 8:** Those who dream of free-

dom and independence can only fulfill their dreams if they succeed in building up a "passive income." Without doubt there are professions that make it easier to achieve a passive income. Those who like me are neither pop stars nor prominent book authors find things much more difficult. As a trained industrial clerk it's only been through building up my own network that it's been possible for me to still be paid for work I did a long time ago. That not only creates more financial security but also the freedom of life determined by myself. However, that's got absolutely nothing to do with passivity! A "passive" income doesn't at all mean that you can remain

**HOWEVER, FOR THOSE WHO BUILD UP THEIR BUSINESS THEMSELVES IT'S RATHER UNLIKELY THAT THEY'LL BE ABLE TO AFFORD TO BE COMPLETELY PASSIVE, PARTICULARLY NOT FOR A NUMBER OF YEARS.**

passive forever after once doing some work. Quite the contrary. It's precisely the freedom and independence that create the positive space to continue working toward my goals with fun and creativity. Whoever has once worked like this can hardly imagine doing anything else anymore. (Peter Thum from Germany)

**Those are the answers.** I've shortened some of them since otherwise they'd have taken up a whole page, but most of them I've reproduced in full. Here I'd like once again to thank my networking colleagues for their time and their answers. I'm very pleased that they've made their responses available to me.

I myself see it similarly to some of my colleagues. Almost 16 years ago I still

dreamed of not having to do anything anymore after a few years of hard work. For example, one of my dreams at that time was to spend 6-8 months in Nepal. In any case that was how it was promoted to me at the time.

However, when I achieved what I had desired, I discovered that I just can't go away so easily. And above all not for such a long time. In the meantime I've built up something in networking again and made a career for a second time. Here I've granted myself the luxury of at least living in the South.

**It was interesting to see** how people tried to tell me that this wasn't possible because then there wouldn't be anybody there for my organization anymore and who would then still take care of my team?! That's something I found very interesting indeed. Shouldn't I then have taken a simple office job so that I'd be certain that I wouldn't leave my surroundings in the next 20 years? The most amazing objections against my intentions were that I'd now only lie in the sun... and wouldn't do anything else anymore. Disregarding the fact that I'd be entitled to this after all, it doesn't even conform with the facts. Because I'm continuing to do my "job" just as I did before, only from a new location.

After all the main concern is that our team partners should also be independent at some stage or other... In turn that means that they should be in a position to remain successful even without you and to continue doing business just as they did when you were still there 24 hours a day. So completely regardless of whether you do anything or (like me) you just lie around in the sun (which would be nice after all).

But what does the reality look like...? Not the one you desire but the actual reality...? The actual reality looks like



this: when we don't do anything, unfortunately, nothing much happens either. If we don't continually lubricate and fuel the engine, the same impetus isn't there. Yes, it can, of course, mean that we don't have to travel around as much as before and carry out training sessions all over the place, since that has been duplicated.

However, in my experience there's also no such thing as complete passivity. It's often even the case that the more successful you become, the more your spheres of responsibility will also increase. You're no longer responsible for your team and your growth, it's also a question of what you generally share, what you pass on, how you support the company, etc. You could say that your work has shifted and is simply organized differently than at the start of your career.

You have an income that's 100% passive when you as a musician, for example, bring out your CDs and your songs are played on the radio, when you write books, when you share in the box office returns of a successful film etc. However, the probability is 90% that you won't have this kind of passive income in networking.

**Why do I say 90% and not 100%?** Well, because in networking there are also what you could call "children of

good fortune." I've even met some of them. These people did indeed work for a short time at the beginning and once or twice they brought somebody into the business who really stepped on the gas and, regardless of the circumstances, they followed their path, also independently of what their own upline did or didn't do, and they were successful. Due to this in such a case this "child of fortune" really does have a completely passive income. However, for those who build up their business themselves it's rather unlikely that they'll be able to afford to be completely passive, particularly not for a number of years.

**What certainly may be possible is** that you achieve your goals in networking and your desired income and then reduce your activities by half and pursue your other dreams. Something that you might always have wanted to do. For example, you might do a course or set up your own small company in another field, no matter whether it's a carpentry workshop, a construction company, a travel agency, or interior decorator's office etc. What it is doesn't matter. This opportunity is certainly available, it only requires good time management on your part to do so.

To this extent we can by all means speak of a "comfortable income" (Thomas

Langer) at some stage, however it's rather rare that we can talk of a passive income.

Even if assuming that you have achieved enough and you could indulge yourself in complete passivity for a few years, you have to take note of the fact that the average life span of an MLM company is under 10 years and in some cases under 5 years. So which company you want to build up a "passive income" with is therefore again an aspect that shouldn't be underestimated.

In this sense I wish you a "comfortable income" that's as high as possible and something that you will benefit from your whole life long.

**Yours,**

**Dany**

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