

Title:

Enter The Matrix - Pie In The Sky Or Digital Sweat Shop?

Word Count:

655

Summary:

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Promoters often use this phrase to suggest a stable, well formulated income stream. But in reality this type of opportunity scam is anything but lucrative for the majority of participants.

Before I continue, I want to point out that almost all matrix programs fall under the FTC's classification of pyramid schemes and ponzi scams. They're illegal sys...

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Article Body:

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Promoters often use this phrase to suggest a stable, well formulated income stream. But in reality this type of opportunity scam is anything but lucrative for the majority of participants.

Before I continue, I want to point out that almost all matrix programs fall under the FTC's classification of pyramid schemes and ponzi scams. They're illegal systems that allow a few con artists to fleece the gullible masses.

Having said this, I want to focus not on the legal ramifications, but on the sheer logistics involved in a matrix program.

In a nutshell, a matrix format requires you to invest money into a perceived business opportunity, and then recruit new investors to the opportunity in an effort to recover your investments and earn profit. Typically you receive only a very small commission from each new referral, and therefore need to gather a large number of recruits in order to achieve a decent income.

Here's a quick example of how a common matrix structure might work:

You pay \$295 to participate in a home business opportunity (red flag number one, by the way).

You then must recruit three other people to fill your first matrix level. Each of these new referrals might earn you a \$20 commission.

Each of these new recruits will then need to refer three people to their first level. Those individuals who are recruited by your first level will be on your second level.

You might earn a \$10 commission from each of your second level referrals.

Of course, these second level participants will each be required to refer three new people in order to complete their first level. And these new people who are recruited by your second level will be, you guessed it, your third level referrals.

You might be compensated \$5 for each third level member in your referral network.

Confused yet? Great. That's just what the people who dreamed up this kind of system had in mind when they rolled it out.

In the above example, which is very typical of matrix structures, you would have earned \$295 in commissions. That would be enough for you to break even, and anything else gained from your participation would be profit.

Doesn't sound too bad, right? Let's take a closer look.

In order for you to recover your original investment of \$295, nearly forty other people have to invest the same amount of money into this alleged business opportunity.

So you either:

a) have to help your referrals convince 39 people to lay out almost 300 bucks to participate in an obvious pyramid scheme,

or

b) have to sit back helplessly and rely on these referrals to make it happen on

their own.

In either scenario, you have little control. Your breaking even depends entirely on whether or not 39 other human beings are willing to spend \$295 within your downline structure.

And this gets better. Most matrix programs will only pay commissions on a full level. So if you only have 26 people on your third level instead of the required 27, you don't get a dime.

But not to worry. The program owners still get paid.

In fact that's what this whole thing is about in the first place. The people that devise these repugnant matrix structures know full well the majority of their members will fail to recruit the number of people required to achieve payout.

So what we have is hundreds, maybe thousands of people investing their money and time into a losing situation. A few participants might profit, but most will not. The founders of the program, of course, stand to make millions from this structure.

Opinions vary, but I don't see any reason to work my butt off for nothing. Especially if my efforts are paying huge dividends to someone else.