

The sources of finance available marketing essay

[Business](#), [Marketing](#)



INTRODUCTION Clean homes. Clean Streams. Clean air. Clean Conscience. That's the promise of Melaleuca's innovative Eco Sense cleaning, laundry and dish products. Our goal is to provide consumers highly effective products, with minimal environmental impact, using the best of science and nature. Whenever possible we look for safer, natural formulas that provide the same or better cleaning effectiveness as harsh, harmful chemicals. Our formulation methods give our products a competitive edge, and you peace of mind. Dust, dirt, and grass stains are a fact of life--whether on your floors, furniture, dishes or clothes! Many cleaners use harsh ingredients that rely on chemical reactions to eat away dirt. Unfortunately, these harsh chemicals also damage fabrics and surfaces as they clean. Melaleuca provides a safer, economical, and more effective solution for your home cleaning needs. And no one concentrates products like Melaleuca. Eco Sense products are ultra concentrated, up to 6x concentrated, to give you an outstanding value. Concentrated products use less plastic, less water, and less fuel to deliver them direct to your door. We strive to deliver only the highest quality products. We believe we have a responsibility to help people create clean, healthy homes and protect the environment, both outside and inside your home. We invite you to learn more about our amazing products and discover the EcoSense difference. From Melaleuca's humble beginnings in 1985 to a billion dollars in sales in 2011, Melaleuca continues to focus on its mission of "enhancing the lives of those we touch by helping people reach their goals. They do this in four major areas: physical health, personal health, financial health and environmental health. In the summer of 1985 we at Melaleuca had a vision of helping average people get ahead financially. The idea was to

create a business model that would take the risk out of starting and owning one's own business, and would not require the purchase of inventories or any other major investment and would allow people the opportunity to market extremely effective, high quality natural health oriented products that would help people live more vibrant healthier happier lives. Our theory was that it was not our business to establish what their goals should be. But whatever their financial goals were, it would be our job to help them reach those goals. We did not want to start a " get rich quick scheme", but something that would endure from generation to generation. TASK 1 Make a thorough research on the above company, identify and briefly explain the sources of finance available for the expansion in the distribution of its line of products and highlight the implication of such sources of finance. In 1985, VanderSloot founded Melaleuca, Inc , a multi-level marketing company that sells nutritional supplements, cleaning supplies, and personal-care products and he has been president and chief executive officer ever since. Melaleuca operates internationally, with U. S. operations centered in Idaho Falls, Idaho, and Knoxville, Tennessee. " Independent marketing executives" receive commissions from Melaleuca for each purchase made by people they refer, and from sales made by their customers and by people their customers refer, through seven " referral generations" customers buy directly from Melaleuca's website or retail locations. The company refers to this arrangement as " Consumer Direct Marketing, a term it has trademarked. Half of the legacy distributors from Oil of Melaleuca left after the new company was formed. Inc. magazine included Melaleuca on its Inc. 500 list of the fastest-growing private companies in the United States every year from

1990 to 1994 before inducting the company into its Hall of Fame in 1994. Melaleuca's sales flattened in 1998, and VanderSloot "discovered that some senior directors were living off their residuals and doing little in the way of recruitment." This resulted in "a new policy that reduced payments to those who didn't either bring in new converts or help others do so." As of 2004, the company's revenue had subsequently grown at a compound annual rate of 12%, and 25 percent of revenue originated from Taiwan, Korea, Japan, Australia, New Zealand, and the United Kingdom. The company reported in 2005 that one in 60 Taiwanese households purchased its products monthly. Melaleuca reported gross sales in excess of one billion dollars in 2011 and \$1.13 billion in 2012. VanderSloot established a research and development department that evolved into a 20-person staff, including three PhD chemists. The company's current portfolio consists of more than 350 products. According to Melaleuca, 62.2 percent of the company's monthly sales come from customers who are not and have never been distributors and another 23 percent who were once distributors continue to buy the product for personal use. Vander Sloot says that the company has a "business model for those people who want to supplement their income. According to Dan Popkey of the Idaho Statesman, Melaleuca had 800,000 customers for its household and nutritional products as of 2011. Roughly 37 percent were also part of the company's sales force of independent contractors, referred to as "marketing executives," and about 90 percent of the sales force averaged less than \$2,100 in annual income from Melaleuca. According to Laura Onstot of the Seattle Weekly News, a 2006 company report stated that the average annual income for 72 percent of Melaleuca's

marketing executives was \$90. VanderSloot estimates that roughly 190, 000 marketing executives " earn a check from Melaleuca each month," 20, 000 of whom " make their primary living through the company." As executives recruit, their title changes and they make more money. Melaleuca is a member of the United States Direct Selling Association (DSA), a trade association. In 2008, VanderSloot began a three-year term as one of the eight members of the DSA's board of directors. In December 2009 VanderSloot and his wife contributed \$10, 000 to the DSA's political action committee (PAC). Between 1991 and 1997, Melaleuca was investigated by Michigan regulators, the Idaho attorney general's office, and the U. S. Food and Drug Administration for various marketing violations. In 1991 Melaleuca received a cease-and-desist order for violating Michigan's anti-pyramid scheme laws. In 1992, Melaleuca signed a consent decree with the states of Michigan and Idaho agreeing to " not engage in the marketing and promotion of an illegal pyramid. Subsequently, according to Adam Yeomans of the Orlando Sentinel, " officials in both states cleared the company's marketing plan and blamed 'renegade' distributors for any problems. In its voluntary agreement, the Idaho Attorney General found the company's policies and product catalog did not violate Idaho law, but that " certain independent marketing executives of Melaleuca... failed to comply with certain policies of Melaleuca, and that the actions of these independent marketing executives are in violation of Idaho law. In 1997, the U. S. Food and Drug Administration sent Melaleuca a warning letter for " false and misleading" claims about two of its supplements

SOURCES OF FINANCE

As Melaleuca continues to expand across the globe, its manufacturing facilities are also expanding to meet the

demand. Just shortly after opening its state-of-the-art, 153, 000 square-foot distribution centre in Idaho Falls, Melaleuca announced a similar, 222, 000 square-foot facility in Knoxville, Tenn., in the fall of 2008. Melaleuca also operates a manufacturing facility in FengPu, FengXian, Shanghai, China and distribution facilities in eight other locations around the world, including China, England, Taiwan, Japan, Australia, Korea and Singapore. Last month, Melaleuca announced yet another ground breaking of a \$6 million, 38, 000 square-foot " powder plant" that will be responsible for manufacturing all of Melaleuca's increasingly popular instant powder drinks. As Melaleuca's line of instant drinks—including Sustain Sport, Attain, Access, and Proflex—have become increasingly popular, Melaleuca CEO, Frank L. VanderSloot, announced it was time to expand the company's facilities to meet the increased demand. The new building, which will be located next to the new Distribution Centre in Idaho Falls, will take about 12 months to complete. Over the past four years, Melaleuca has spent over 122 million in expanding its manufacturing, distribution, and corporate facilities. The demand for Melaleuca's wellness products has continued to increase as Melaleuca has refused to participate in the " recession." TASK 2

From the above, explain the importance of financial planning for Melaleuca Product and describe the impact of finance on the financial statements. Melaleuca's Compensation Plan is designed to reward independent Marketing Executives who develop customers for Melaleuca products. The income you earn from your Melaleuca business is determined by three factors: the number of customers you have, the amount each customer purchases each month, and your effectiveness in building a marketing organization that includes other Marketing Executives

who help you expand your customer base as they build their own marketing organizations. The key to understanding the Melaleuca Compensation Plan is to remember that all commissions and bonuses earned are based on the sale of products to end consumers. " End consumers" are customers who purchase products to use in their homes. You do not earn commissions and bonuses for recruiting or signing up customers—but you will be paid commissions whenever those customers buy products. And that can mean monthly residual income for years to come. Recently, Melaleuca added several powerful bonuses that more directly reward the all-important business building activities of referring new customers and working with your personals to advance their business. For the first time ever, some of these new bonuses will be paid weekly to those leaders who refer customers and build their business in a quality manner. Melaleuca delivers environmental wellness and seeks to make our homes and environment cleaner, safer places. When we opened our doors in 1985, only a small percentage of typical households based their shopping decisions on whether the product was better for the environment. According to a recent Harris Poll, 69 percent of consumers today make their purchase decisions based on whether the product is better for the environment than the competition. People want products that actually make a difference to the environment. They just need to know where to find them. Over the years, financial wellness has often been talked about but rarely practiced. Borrowing your way to wealth was a commonly accepted way of life. But in today's economy, people who tried to borrow their way to wealth are upside down. They've learned the hard way: there is great peace and security in living debt free. An NBC News survey

reports that in 2012 getting out of debt ranked as more important than other financial concerns like buying a home or saving for retirement. People want a realistic solution for financial freedom. We talk a lot about personal wellness at Melaleuca: intellectual, inner and family wellness. People want to learn. People want time to pursue meaningful relationships. Family wellness and fulfilling charitable work have taken more of a priority than they did 10 years ago. Nowadays, displaying the appearance of wealth is not the end goal. Instead, people want time freedom, inner peace and security. In a recent Pew Research survey, people ranked what they value most. Sixty-seven percent said having free time was most important. Having children, doing charitable work and living in accordance with their values ranked ahead of being wealthy. The information on this site explains the Compensation Plan, and is not representative of what any Marketing Executive will earn. Any representation or guarantee of specific earnings would be misleading. Success with any business takes hard work, diligence, perseverance, and leadership. Success with Melaleuca will depend on how effectively a Marketing Executive exercises those qualities. Impact of finance on the financial statement. Melaleuca, The Wellness Company, a manufacturer of 350 health and wellness products for consumers around the world, has become a significant economic driver and contributor to Idaho's economy, according to a new economic impact study by Idaho economist Will Jenson. All told, Melaleuca generated a total economic impact of \$591 million to Idaho's Gross Domestic Product (GDP), 4, 300 jobs, \$169 million in labor income and nearly \$32 million in state and local taxes last year. Jenson, who directed the study as an independent consultant, is an economist for the

Idaho Department of Labor as well as an economics adjunct professor at Idaho State University and Brigham Young University-Idaho." Ever since we laid down our roots in Idaho 27 years ago, Melaleuca has always been committed to Idaho," said Melaleuca CEO Frank VanderSloot. " There is no better place and no better people anywhere in the world!" With 1, 739 employees living in Idaho, Melaleuca not only provides opportunities for employment at its 10 facilities in southeast Idaho, but it also creates thousands of jobs for workers in industries who benefit indirectly from Melaleuca operations. The company sustained more than 4, 300 local jobs last year. According to the Idaho Department of Labor, there were 60, 207 jobs in Bonneville, Jefferson and Madison Counties in 2011. That means that Melaleuca creates approximately 7. 8 percent of all jobs in those three counties. Melaleuca's total labor income impact was \$169 million in Idaho in 2011. Employee compensation was more than \$85 million, providing a stable source of income for its employees. Industries indirectly impacted by Melaleuca operations also have sizable payrolls, accounting for \$36 million in labor income. These two sources of labor income created an additional \$48 million in income for workers in businesses where Melaleuca employees and its secondary workers typically spend their money. These wages allowed people to purchase all types of local goods and services as well as support civic groups, churches and philanthropic giving. The company began in 1985 with eight employees and eight products. It has now grown into a worldwide organization with more than 3, 200 employees, 800, 000 customers and an independent sales force of nearly 300, 000 people. In explaining the overall relevance of these findings, Jensen said that Southeast Idaho is fortunate to

have an economic engine that heavily contributes to the region's economy. Given that Melaleuca continues to demonstrate strong growth, the company's impact in Idaho will only expand. Melaleuca, The Wellness Company, enhances lives by developing, manufacturing and marketing more than 350 natural health and wellness products. These health, home cleaning, pharmaceutical and personal care products are designed to be safer and more effective than brands purchased at traditional drug and grocery stores.

TASK 3 Obtain a financial statements of the company showing its two (2) consecutive latest annual statement. Computer for its profitability and liquidity ratio. Compare and comment on the result of two (2) year calculation.

Profitability Ratio of Melaleuca Refugee Company

Profitability Ratio

YEARS

2011

2012

Net Surplus Margin

755, 436 \$ / 4, 375, 160 \$

= 0. 17 : 1

937, 325 \$ / 5, 090, 820 \$

= 0.18 : 1

(Net Surplus / Sales)

Return on Total Assets

755,436 \$ / 1,542,283 \$

= 0.49 : 1

937,325 \$ / 2,572,861 \$

= 0.36 : 1

(Surplus Available to Common Shareholders / Total Assets)

Return on Equity

755,436 \$ / 949,745 \$

= 0.8 : 1

937,325 \$ / 1,887,070 \$

= 0.5 : 1

(Surplus Available to Common Shareholders / Equity)

Gross Surplus Margin

0 / 4,375,160 \$

= 0

0 / 5,090,820 \$

= 0

(Gross Surplus / Sales)

Table 1: Comparison of Profitability Ratio (Values extract from Appendix 1 & 2)

Liquidity Ratio of Melaleuca Refugee Company

Liquidity Ratio

YEARS

2011

2012

Current Ratio

1, 516, 902 \$ / 592, 638 \$

= 2.56 : 1

2, 568, 059 \$ / 685, 791 \$

= 3.74 : 1

(Current Assets /

Current Liabilities)

Quick Ratio

(1, 516, 902 \$ - 0 - 0) / 592, 638 \$

= 2.56 : 1

(2, 568, 059 \$ - 0 - 0) / 685, 791 \$

= 3.74 : 1

((Current Assets - Inventories - Prepayment) / Current Liabilities)

Table 2: Comparison of Liquidity Ratio (Values extract from Appendix 1 & 2)

Explanation of the Comparison of the Profitability Ratios

Net Surplus Margin

Ratio for year 2011 - 2012 is equally to 1 such as if there is an increment of sales; it will be 0.17 surpluses and 0.18 on 2012. Net margin on 2012 is higher compared to year 2011 is shown on the above table. It occurs due to the differences in between the total income of the both years.

Return on Total Assets

Ration for year 2011 - 2012 is equally to 1 due to a dollar of total assets.

Each of the ratio total assets for both years is 0.49 and 0.36 surpluses equally. Thus, the return amounted of the assets had increased in 2012 due to deficient in 2011.

Return on Equity

Ratio for year 2011 - 2012 is equally to 1 as 1\$ is the equity and the surpluses will be 0.8 and 0.5 respectively to the same shareholders.

Difference between year 2011 and 2012 is 0.3 owing the huge diverge.

Gross Surplus Margin

Zero for gross surplus as it is not valid in the company.

Explanation of Comparison of the Liquidity Ratio

Current Ratio

As referred from the table shown above, both respective years ratio value is equally to 1. This mean if 1\$ is the current liabilities, then 2. 56\$ and 3. 74\$ are the current assets for 2011 and 2012. Also, according to the table, is clearly shown the ration in 2012 in higher in 2012 due to the liabilities in 2012 increased.

Quick Ratio

As referred from the above table, the quick ratio on 2011 and 2012 respectively are 2. 56 : 1, 3. 74 : 1 due to company does not have enough inventories and prepayment.

TASK 4ANALYZE MELALEUCA'S BUSINESS ENVIRONMENT THROUGH ITS CONSOLIDATED RESULTS AS SHOWN IN THE FINANCIAL STATEMENTS. The Melaleuca business model not only offer representatives an opportunity to earn money with an industry leader by using household products and referring them to others, but the Melaleuca business also provides an opportunity for those who use the company's products to play their part in working to create a safer home and a better environment. The Melaleuca business has been led for the past 25 years by their CEO Frank Vandersloot. Mr. Vandersloot's mission statement is simply " to enhance the lives" of the distributors that helped bring this company just shy of \$1 billion dollars in annual revenue last year. The Melaleuca business offers products ranging from personal health and wellness, dietary supplements, and even to safer environmental-friendly household cleaning products. Melaleuca Incorporated

is a company founded by Frank VanderSloot in 1985. Mr. VanderSloot conceptualized the company with the main purpose of helping people with their finances. The company currently sets headquarters in Idaho. Melaleuca has literally changed the lives of the millions of distributors that have profited from its generous compensation plans. People who have purchased the products and have benefited from it have also experienced significant improvements in their health. Throughout its several years in the business, the company has earned more than \$800 million and has provided various opportunities for people looking for opportunities to earn. MLM companies have emerged recently and are quickly increasing in number, and rightly so. More and more people are looking for fresh business opportunities that can help them earn money through several easy ways. These people may have been affected by the global economic recession, losing their jobs. Some others partake in MLM businesses in order to supplement their insufficient income from their day jobs. There are also still those who wish to be completely freed from their commitments to jobs that do not pay that well and provide little room for growth and development. MLM has attracted these individuals because people can easily earn money from commissions from their sales. The MLM business functions in such a way that it sells and distributes products and services through independent individuals known as distributors, who in turn, receive commissions from their sales. More so, distributors can organize a downline organization that is basically composed of individuals that have been recruited into the business. The members of the downline are also distributors, but in a sense help the recruiting distributor to rake in more money by giving a commission from their sales.

What is more, companies are also offering many different compensation plans and bonuses, rewarding the distributor with cars, cruises, and the like for their excellent performance. As such, more and more people who are looking for a means to earn a stable income venture and start their own MLM business. Melaleuca is just like any other business. As any other business, Melaleuca prioritizes sales more than anything else. Though many companies may deny this, the fact remains that a business is put up to bring in profit. As such, the company easily welcomes new distributors or representatives though there are already a lot of them in the company, which ultimately proves to be a difficulty for these people who joined the company to earn money. Also being a company that was started decades back, Melaleuca adheres to traditional marketing strategies and heavily relies on personal relations and face-to-face communication. This leads to the lack of modern marketing methods that can actually help the business to thrive. Indeed, several problems plague the industry. The company can remedy these problems. Melaleuca should no longer allow new representatives, what with the enormous number of its current representatives. Better yet, they could revoke the membership of inactive and inefficient representatives so as to give way to those who are interested in joining the company and can bring in better results sales. The company can also keep pace with the changing times by providing effective representatives a personalized website that they can use to reach out to the wide market through the use of the Internet. The role of Internet marketing in the improvement of your business as a whole is insurmountable. The Internet is basically the most vital and essential element of your MLM

marketing campaign. An online marketing campaign can be started with the aid of several platforms. Blogs can also be created through several different websites, and are essentially inexpensive. Internet marketing plays an extremely important role in your online MLM campaign. It is the initial point of contact between you and your potential clientele. This is what mainly tells the clientele about you and your business. This is what also decides whether possible business transactions will take place or not, since it forms the important first impression that most consumers and people looking for business opportunities base their decision upon. Internet marketing significantly contributes in the failure or success of your online MLM campaign, what with the many platforms and its ease of use as an inexpensive promotional tool. Multi-level marketing has truly become a popular business for everyone since it provides individuals several opportunities to earn. Recent years have been defined by the extensive research and studies that have led to innovations and breakthroughs that have inevitably changed the world as we know it. Technology has generally made our lives much easier and eliminated the hassles of commonplace activities that once seemed unavoidable. The Internet is among the most popular and efficient products of technology that have easily gained a place in society and without which the life we now know may seem impossible. The Internet has also spawned several different products that have living a breeze. Consequentially, online marketing promises excellent results that can define the success or failure of your multi-level marketing business. No distributor can easily make money without many adversaries in the form of fellow representatives. Earning the amount of money you actually need to

sustain your finances can be difficult when a lot of people offering the same products as yours are all over the place. What is more, there are a lot of strategies that can be utilized to get an edge over the competition. However, Melaleuca fails to make use of these methods to improve the careers of its representatives, such as Internet marketing. Also being a company that was started decades back, Melaleuca adheres to traditional marketing strategies and heavily relies on personal relations and face-to-face communication such as the meticulous parties a representative has to host. This leads to the lack of modern marketing methods that can actually help the business to thrive. A lot of people have already ventured into the MLM business industry. As so, competition has become stiff and earning can become quite difficult.

Individuals should have an advantage over their competition so as to stand out and succeed. Moreover, technology is something that has utterly made everything we do very much easier. Modern-day technology has given rise to several advances that has ultimately changed the world as we know it, and the things we usually did, and for the better. The Internet is among the many useful things that have surfaced as a result of much research and studies. It provides access to vast networks of information and connects people with one another. Indeed, it has become an indispensable tool as we go on our daily lives. The role that a website plays in Internet marketing and in the improvement of your business as a whole is insurmountable. The website is basically the most vital and essential element of the online marketing campaign. The website contributes in the failure or success of your business.

CONCLUSION While removal of Melaleuca is a mandate for public agencies, one of the remaining obstacles is that private landowners have generally not

implemented control practices. While it is technically illegal for private individuals to possess Melaleuca, very little is actually being done to force them to remove it from their property, with the exception of a few proactive municipalities. Thus, while infestations of Melaleuca have declined on public lands, they are flourishing on private lands. These stands on private property may lead to new infestations or reinfestation in areas already treated, thus undermining public control efforts. A comprehensive strategy that includes private landowner incentives and enforcement is needed for inducing these landowners to adopt recommended control practices for Melaleuca.