
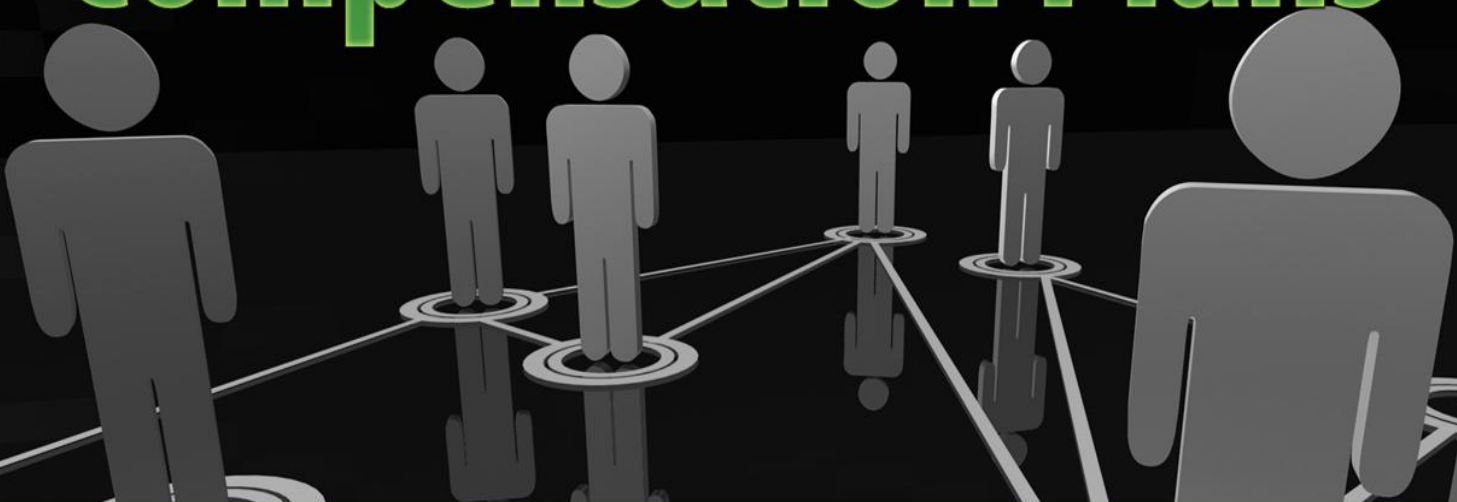


The Big Book Of Network Marketing Compensation Plans



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“Understand The Mechanics Of Compensation Plans Even If You Can’t Pass A Math Exam!”

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The Big Book Of Network Marketing Compensation Plans

**“Understand The Mechanics Of Compensation
Plans Even If You Can’t Pass A Math Exam!”**

Introduction

Welcome To The Big Book Of Network Marketing Compensation Plans.

In this book, you will learn everything about the basics of compensation plans and how it will affect your network marketing business.

Here are a few reasons why this book is highly relevant

- Understanding the plans enable you to maximize all your sales in your network marketing business
- How to handle compensation plan objections even when your upline is not around.
- Train your downlines to show the plan properly
- How to avoid miscalculations so that you will not lose out on any bonus checks
- How to win over other distributors if they cannot rebuff your understanding of compensation plans.

Remember, in the network marketing industry, you must arm yourselves to the teeth. Do not have a shortage of knowledge in this industry because you will need it to train your downlines.

Let's get started right away!

More Than Just Circles!

Compensation plans are more than just circles.

Just as no two people can truly be the same, it is very rare that plans in two different companies can be designed exactly the same arrow by arrow. Let me establish some facts first.

If you were given a choice, would you rather sponsor someone who doesn't know network marketing or someone familiar with network marketing?

The reason most people would choose the second option is simple, you don't need to spend so much time training them and they would bring results well on their own.

Now where would I find these types of people? Of course, **in other network marketing companies!**

But it is not that simple to get those guys over. In life, however, there are no guarantees. You will never know when circumstances will change, when that person might have fallout with his upline or his company might collapse and they might just be hunting for THAT one new opportunity to bring their people to. Timing is important!

Now, some networkers might not agree with me that people might join a new company because of a superior plan. They say it is because of the leadership, influence or confidence that the upline projects. Now I don't disagree with them. But consider this, how can you be **confident, influential or a good leader without thorough knowledge of the plans in the industry?** And, if the prospect happens to be obsessed with marketing plans, saying the right word at the right time would nab you a sale!

Now that we have set the record straight, knowing your plan and their plan well will bring you one step to closing a new sale or sponsoring a new distributor from another company.

You may think pinching other people from other companies might be unethical, but this is a dog eat dog world we live in. Given the chance, I believe 'they' would love to pinch your downlines as well. (**DO NOT attempt this WITHIN your company** as line pinching in the same company can often lead to termination of your distributorship) I am not running a course on ethics here; it is up to you to decide what is best for your business. But my belief is this: if I believe my company offers a better product and opportunity to earn income, I would recruit other networkers. Competition is good for companies anyway.

Equally important also, I don't want to lose my downlines to other networkers as well. Of course, if they decide to leave for whatever reasons, I won't hold them back because it is THEIR business, not mine. But I want to make sure they don't get pulled over **because of my incompetence as a leader** and lose my source of income as a result. This usually occurs when the upline leader is ineffective and deserves to lose his downlines to other networkers because they never trained them well enough in the first place.

Now that we are clear about knowing our own plan and all the other plans 'out there', I strongly encourage you to go to as many opportunity meetings as possible to learn all about them (just make sure you don't get pulled over or your upline will kill you ☹)

Terminology and Jargon You Can't Live Without

If you expect to start a successful network marketing company or build a very large network, **you had better get familiarized with the terminology or jargon!**

Builder

A builder is a distributor who is actively looking for downlines. A builder is not the same as a customer who only consumes the products or recommends them to friends.

Upline

You are in their organization. An upline usually earns commission from your group volume. You may have several uplines possibly up to 10-20 levels in depth. Normally, an upline is responsible for your success. An upline may not necessarily be an upline leader/mentor.

Upline Leader/Mentor

This is an upline that you actively seek counseling from on how to build your business. They are here to guide you and are here to mentor you and make sure you succeed in the business.

Sponsor

You are directly under him or her. Normally they are the one who introduced you to the company.

Downline

They are in your organization. Depending on the nature of the plan, your commission from their group usually is smaller the deeper they are in the organization. Sometimes, your downline's downline could be many levels deep in your organization so you might not even know him personally.

Sideline/Crossline

These people are not in your organization and neither are you in theirs. Basically there are no monetary relationship between your group and the sideline's group. However, depending on the culture promoted in the company, they are either perceived as the worst competitors, or valuable allies. Take note also, that somewhere along the line, they are also in your upline's group, so helping your sideline means helping your upline and his group.

Front Line

These are downlines that are personally sponsored by you or are directly under you. You must be directly responsible for their success because you are the one who introduced them to this business. Furthermore, the development of your frontline will determine the success and failure of an entire downline group.

Leg

A leg is a downline group in your network starting from the person you personally sponsored. He and all the downlines under him are considered one of your legs. A distributor usually develops many legs simultaneously.

Width

The number of people you can personally sponsor. Matrixes and Binaries usually limit the maximum width. Normally a strong downline is one that builds and develops a very large width.

Depth

Depth refers to the level of your downline's downline. A person who has build depth usually has a secure organization.

Override

An override means you are paid a certain percentage over your downline's group. Normally an override is calculated on your frontline only.

Profit Sharing Pool

Profit sharing is a bonus that is paid out to achievers who have reached certain conditions in the marketing plan. A pool is a collection of sales volume from distributors all over the company regardless of whether the sales volume comes from your sideline.

Maintenance

A mandatory (sometimes optional depending on certain criteria) sales volume a distributor must achieve. Often maintenance is done to override your downline, become eligible for profit sharing, or maintain a certain rank or even the distributorship. Normally this is enforced because the company needs to make money as well.

Total Payout

This means that a percentage of a product sold by the company that is set aside for distributors and retail sales only. The company only keeps the remainder.

Clearing Out Common Misconceptions

Let's clear up some common misconceptions regarding compensation plans both for the distributor and the company.

The compensation plan is not important; all I need to do is recruit people

A good plan will make or break a company. Survivability among distributors is one of the main causes of attrition. Would you be as excited as when you first started if you are not making money?

Factors like payout, maintenance and even the joining fee are crucial. If a company has quite a high maintenance and their distributors are not making money, they will drop out even faster.

I will only be a serious builder once I find the best compensation plan

There are people who do not work hard enough in their business, that they blame the plan for their failure.

They blame the plan, the management, or even call them a scam. If you decide to leave a company for a better plan, make sure you leave **strictly based on business reasons and not to justify your failure!**

I must explain the entire plan to the prospect so that he understands
If you explain the plan to a new person, chances are he will get very confused and he might not sign up.

Keep the plan simple and explain in terms of benefits instead of features.

If you are starting your own network marketing company, outlining the benefits and writing in terms of potential earnings is more advisable because most people don't want to think too much.

If I want to start my own network marketing company, all I need is a good plan only.

Ultimately, the success of a network marketing company depends on many factors. The most important factor is who is managing the company. Even a company that is making the most money will still fall apart if it is not backed by a solid management team.

Other factors also include having a viable product. A good product ensures repeat sales and cash flow for both the company and the distributors. The plan should be designed to complement and synergize with all the other elements. At any time, each element should not be designed at the expense of the other.

If the company has a high payout to the distributors, everyone will join the company

If everyone in the company is enjoying extremely high commissions, you must observe the product more carefully. If a product's mark-up is too high, it may be good for the distributors in the short term, but in the long run, high retail mark-up will hurt the consumers and devalue the product.

A product must rely on good repeat sales and reasonable mark-up at the retail level or else the company will not survive long. Most companies simply grab any product and give it a crazy mark-up so that it attracts many builders without any thought of its long term survivability.

Recognizing Basic Plan Mechanics

Now that we are very clear how important it is to learn about marketing plans, let us seek to understand more about its basic mechanics. This will be covered over a course of a few books.

Over the next few pages, I will outline the basic plan mechanics and outline its benefits based on the following topics:

1. What downline building strategies are the best?
2. How well does it synergizes with the product?
3. If I start a company with this feature, what are the strengths and weaknesses?

Point Value to Cash Calculation

Point value, or PV in most network marketing usually relates to a monetary value that translates into how much money you will get after purchasing a product from the company. *An illustration would look like this:*

SCENARIO 1

Let's say, a product costs \$100 and each dollar spent on the product gives you 1 PV:

I get paid on 100 PV for purchasing \$100 worth of products and if I am eligible for 10% override, **I earn \$10**

Hence the dollar to PV ratio is \$1:1 PV – a dollar to dollar equal comparison

SCENARIO 2

Sometimes, the same price of a product will only give you 0.5 PV for each \$1 spent.

I get paid on 50PV for purchasing \$100 in this scenario. If I am eligible for 10% override, **I earn only \$5**

Hence the dollar to PV ratio now is \$2:1 PV – you don't get as much as 1:1 because you have to spend more to earn more points

SCENARIO 3

Certain companies might give away promotions for products and offer **\$1:1.1 PV** so if you **buy \$100, you get paid on \$110** value. At 10%, **I earn \$11 – more commission from the company on the product for less spent buying it,**

Downline Building Strategies

If I need to generate large volume for my group this month, I would ask my downlines to focus more on selling or moving products that give a higher point value. That way, **everyone spends less but earns more.**

Product Synergy

Products on promotions usually give a higher PV ratio. Other products that are outsourced (acquired from outside companies) usually give either a smaller PV or the same PV but a smaller business volume because they have to pay to the outsourced company as well. **These products pay the distributor less but give more variety on the business catalogue.**

Starting a New Company

Giving a high dollar to PV ratio usually encourages the distributors since they get paid more for the same effort. If I were to focus on moving high ticket items (like water filters, air treatment systems or expensive cookware) I would offer a higher PV incentive to distributors to move these items and go for the big bucks.

Payout Transparency

A company's marketing plan must be as transparent as possible and written in a simple way that can be understood by veteran and newbies alike. Payout transparency refers to the portion of money that is paid back to the distributors listed in detail.

Here is an example:

The company keeps 35% of the product. That means **65% is paid out to the distributors**. In this case, the company actually declares the payout in the official marketing plan.

If the percentages are not written clearly, then you will not know where the money goes to



Downline Building Strategies

A transparent payout is useful to motivate your downline especially new prospects who are evaluating the company. By teaching your downline to understand what all these percentages mean, you can effectively close more sales.

Product Synergy

This is very important for the product because too high a mark-up of the product means it will be very hard for retail customers (people who are not members of the company) to afford the product. In Multi-level Marketing, you have to pay to many level of distributors so if a product can sell without being people joining the company, then there is strong demand for the product.

Starting a New Company

Calculate the payout before hand and most of all; decide the total mark-up. Be careful especially in **Binary Plans** (which will be covered in the next book) because you don't want to **overpay** your distributors or else your company will go into bankruptcy.

Buy Back Policy

A buy back policy is a clause in the company's terms and conditions where it protects its distributors in case they quit their business and want their money back. Normally this applies more to offline companies.

A very strong company usually has money back guarantees for their products even after the product has been used halfway or if the product is totally used up. This kind of satisfaction guarantee normally compels the company to absorb the risk because there will always be lots of quitters in network marketing or people who want to rip the company off trying the product for free.

In most countries, they offer either a 10 day cooling off period, or a 6 months to one year period where they will refund 90% to 100% of the products (whether used or unused depending on the company) due to the laws of the country or by the Federal Trade Commission.

Downline Building Strategies

A buy back policy forces the upline to be at his best because the moment a downline exercises a buy back policy, he might lose future potential income or even has his commission recalled or deducted. This is quite normal as in network marketing, the upline must go all out for the downline and make sure they succeed. A good way to prevent buy backs is to train the downline to be good product users so that even if they quit in the business, they will always remain loyal customers.

Product Synergy

In network marketing (or direct selling), testimonial of a product is critical as it is the driving force of the industry. Citing a money back guarantee gives prospect the confidence to try the product.

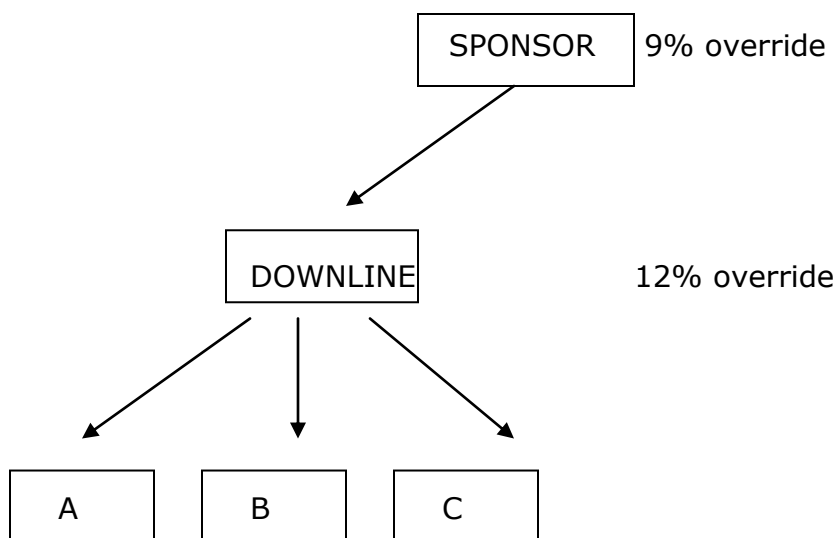
Starting a New Company

If you decide to include a money back guarantee in your new company, you must be very careful as you are absorbing the costs for any type of refunds. It is no point to keep a customers money anyway no matter how much you try to stop them from getting back as complaints to the consumer associations or even BAD word-of-mouth can destroy your reputation. In the end of the day, you must make sure your product is superb or else people will accuse your company for being a Ponzi or Pyramid Scheme.

Breakaway

Breakaway is a feature found in most Unilevel or Stairstep plans where a downline reaches a target faster than his upline.

Here is an example:



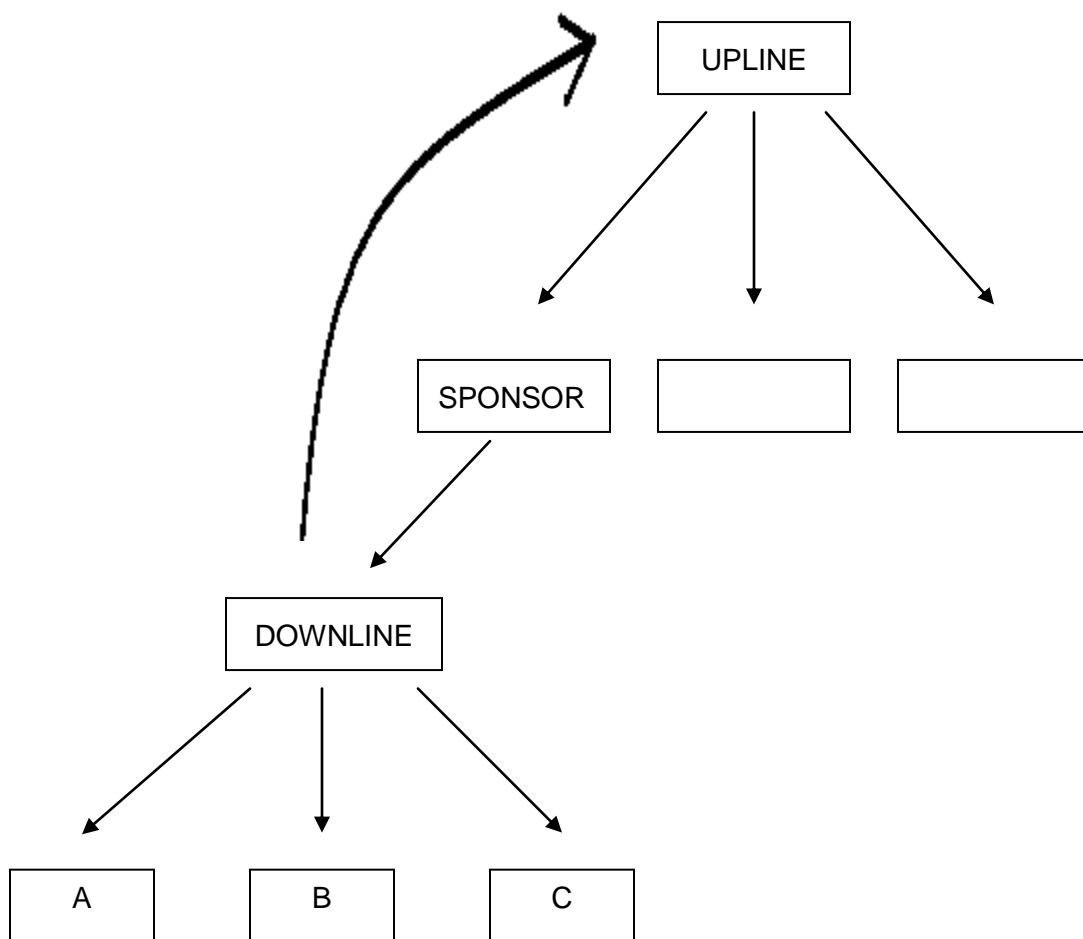
Let's in this company, you need to recruit three downlines in order to advance from having a 9% commission to 12% commission. The SPONSOR has to recruit 3 downlines then only he goes to 12% but his downline achieves this criterion before him.

This is a very common scenario on network marketing because you can't possibly as a downline to slow down (it is HIS business after all) and different people put in different amount of effort.

Depending on the company plan, a breakaway in this case means that the upline will no longer be eligible to receive commissions from the downline group forever. The commission that is due to the UPLINE will go to HIS

UPLINE (the one even higher up) who has achieved the rank higher than all those under him. In some cases, the downline will even bypass his sponsor and his entire group will join his new upline

(see diagram)



Downline Building Strategies

It is very important to understand that the upline and the downline are all part of a team and as a team you have to work together. At the same time as helping the downline, the upline must work his own share as well. In some cases, depending on the relationship within the team, the downline may opt to 'wait' for his upline so all can achieve the goal together without leaving anyone behind.

Proper team planning and relationship building is very important to prevent factors like **sabotage** (the upline deliberately 'slowing down' the downline to prevent breakaway).

Product Synergy

In spite of the disadvantages of breakaway, it is very important for the upline to put in a lot of hard work. For example, if an upline sees his downline growing very fast, he will work harder to generate more product sales so he will be eligible for bonuses and also 'catch up' with his downline.

Starting a New Company

Breakaway has his advantages and disadvantages. The advantage is that it rewards distributors for hard work. Whoever recruits more or moves more products gets more rewards. This is very important for the company as you don't want to pay out unnecessary commission to free-loaders. The disadvantage as the company, you must strike a balance between to fairly reward all parties. This is tricky and requires planning.

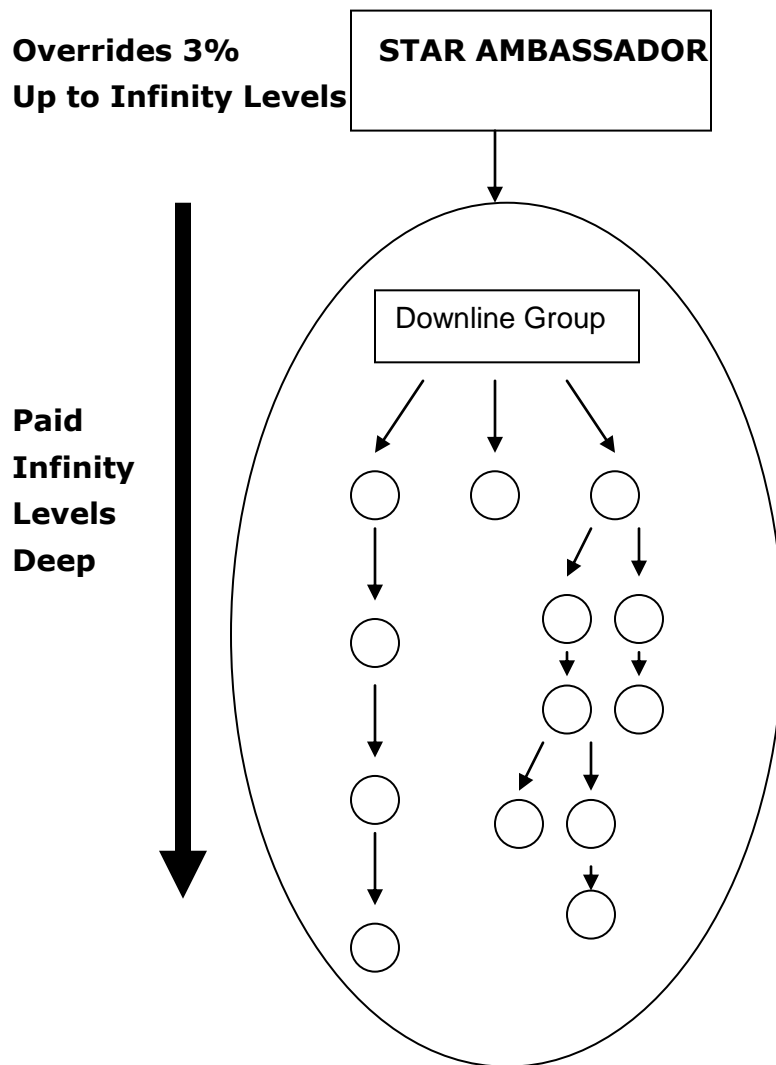
Infinity Bonuses & Blocking

A company may pay an achiever up to infinity levels of commission once he has built a solid organization.

Normally this reward system is useful for people who step up to the challenge to be leaders and are willing to work depth in his organization.

Infinity bonuses also reward those leaders who help their downlines no matter how deep below they are within the organization.

Observe the diagram below:



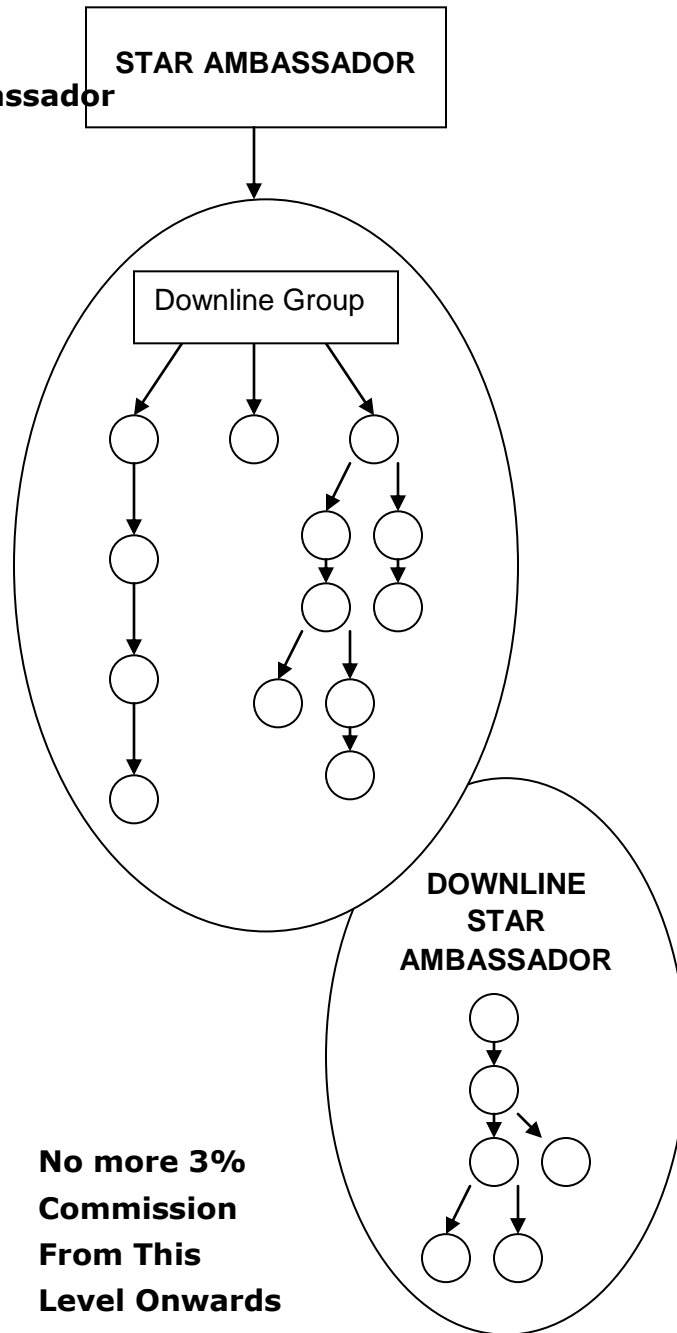
As you can see, the star ambassador is like a leader who is servicing his entire downline group and therefore, he deserves to be paid 3% from everyone in the group.

When a downline reaches a level that is similar or higher than the upline (in this example, let us call him a STAR AMBASSADOR), the upline usually only receives infinity level overrides up to the downline that is also a Star Ambassador. This feature is known as **BLOCKING**.

Observe the next diagram:

**Overrides 3% up to
Infinity Levels until
The Next Star Ambassador**

**Blocked
At the
Next
Star
Ambassador**



Note: There are more bonuses to be awarded to the upline for nurturing a strong downline. Normally in the form of bonuses or eligibility for higher ranking.

Downline Building Strategies

Identify the strongest ones in your downline group and train them to become leaders so you will be able to leverage on them. In other words, that downline will keep on building the group long after you have stopped being directly involved with them. Although you may not draw infinity bonuses from their group, the company usually will give you a leadership bonus on the downline leader's group. Usually the leadership bonus is smaller than the override or retail bonus, but **it is like getting a smaller slice of a much, much larger pie.**

Product Synergy

Infinity bonuses can be really powerful and generate massive residual income if done right. If you were to train all your downlines in your group to be loyal product users, and you were to get 3% from all the volume, you will earn something like this:

3% * 1000 downlines (each buying \$500 every month) = \$15,000 monthly!!!

Starting a New Company

If I were to start a new company and give out infinity bonuses, you have to be very precise on the blocking system especially when you are using a binary plan (because of overpaying).

This is a topic that is very plan specific which I will not discuss here but will be explained in a later book.

The rule of thumb to remember is this:

**Reward leadership and do not cater
to free loaders!**

Pros and Cons of Accumulation

What is accumulation?

In typical marketing plans, accumulation is a system of rewards that allows the distributor to save up purchase products and accumulate the point value to reach the next rank. For example: If I need 10,000 points to go from 5% to 10%, I can purchase 3,000 points in the first month, 2,000 in the second and the remainder 5,000 in the final month so I would achieve the rank.

Advantages of Accumulation

- It gives the distributor a longer time frame (sometimes no time frame) to move from one rank to another giving them less pressure and less stress
- Volume gained from sales in previous months doesn't get flushed away. Meaning, you can gather the volume, go away on a 3 month holiday, and you can **start immediately again as though you haven't left.**
- Protected against the effects of **demotion** (see later chapters)

Disadvantages of Accumulation

- Encourages **Front Loading** and **Buying Position** (see later chapters)
- No time frame means no pressure. No pressure means no incentive to go out and look for sales so giving too much time frame also works both ways.
- If there are no repeat sales in the business, **you will have a hollow organization.** Most people stop buying or recruiting once they hit a new level in an accumulation system. In other words, since there are no quotas, you can have **10 Super Diamond Ambassadors** in your organization who don't buy anything.

Downline Building Strategies

To overcome the shortfalls of accumulation, educate your team to be good product users. Emphasize on teaching them to buy stuff that has a high consumption and higher repeat sales (like vitamins or skin care products). This way, you will not only have income from recruiting opportunity seekers, when each downline has their own set of customers and are consumers

themselves; they will generate more volume from their own purchases than from recruiting a new downline.

Remember: repeat sales are what keeps a business running long term.

Product Synergy

Just like a normal business, it is very important to have market demand. The reason why the government has scrutinized the network marketing industry or has so many rules and regulations is because most unscrupulous companies use the product as an excuse to run a business. How do you spot one such company? Simple. The market will saturate with **many people accumulating lots of product** but once there are no repeat sales, the company will collapse and those former distributors will be left with tons of stock that nobody wants. **The litmus test would be this: If the company were to disappear tomorrow, will you immediately think of how to get rid off or liquidate your stocks, or find out where to get more of them tomorrow onwards?**

Starting your Own Company

In addition to having good repeat sales, the company must also focus on enforcing an 80/20 or 70/30 rule where 70-80 percent of the products purchased by a distributor should be sold to customers and the remainder 20-30 percent is used for personal consumption. This will counteract the negative effects distributors accumulating products only for the sole purpose of reaching the next rank faster.

Buying Position

In certain network marketing companies, there are some instances where the purchase of additional products and/or account will enable you to climb the ladder of network marketing success faster by giving you a jump start.

Examples would be something like this:

- Buying high volume of products in **Stairstep** plans to start at a higher rank
- Purchasing 3 (instead of 1) tracking centers in a **Binary** plan
- Buying names of multiple accounts and **stacking them under each other** so that income from the networks all flow back into one person's pocket

This often has received criticisms within the industry and certain governments have outlawed extremely **high entry fees** (companies that encourage a new distributor to join at very high costs or purchasing insane amounts of products to start their business). Regardless of the controversy, there are many, many companies that allow you to buy positions so it is very common in the industry and your own choice to embrace it or not.

Downline Building Strategies

If I were to build a network of leaders, I would want all my downlines to move in the same direction with the same aim. I would communicate to all my people that if they want to succeed in this business, they are expected to join at the highest entry level and at the maximum auto-ship level (monthly purchases). We want to build strength and not cater to the weakness of others. It may seem harsh, but unless you are willing to pay the price, you must invest to a point it hurts then only will you have the drive to succeed.

Product Synergy

Choose products that are easy to move. In other words, if I were to come in at a high-entry level, I would select products that are **very easy to retail**. There are people who treat all their initial purchases when they join as an investment and neglect selecting the right products. There are some who

even buy all the high-ticket products only. There is nothing wrong with doing this. Just bear in mind that in order to operate a business, **you need cash flow**. Retailing products give you easy cash flow and less financial pressure. You can also choose products that come in packages because they are usually cheaper to buy in a set and you can retail those products separately and get more profit.

Starting your Own Company

Emphasis on buying position is acceptable as long as the products that come with it are reasonably priced and it matches the demand in the market. As I had mentioned before, there are many unscrupulous companies who distribute useless products. A good way to give more value for people is to include better selection of products in the form of packages so that they pay the same relative value and have more products to use.

A good way to generate more sales is through converting your preferred customers into distributors by offering them the same incentive of a preferred customer with an accumulation system that allows them to buy cheaper the more they consume: just like a loyalty program.

Caution: Front Loading and their Dangers

I especially wish to highlight the dangers of front loading in a separate chapter in relation to the 2 topics above because through proper understanding of these features in the marketing plan will prevent people from losing money in the network marketing industry.

Front loading or inventory loading is more of a business maneuver where a distributor decides to **buy lots of products** in an effort to meet his quota or target faster and even buy his way up the ranking system (not usually at the entry level of the business).

Front loading can also occur when new distributors buy positions especially those at a medium to higher level. I have personally seen people invest more than \$100,000 in buying products when joining a network marketing company.

More than they would like to admit, they are more interested in climbing the ranking and not as interested in using or selling all those products. Their decision in purchasing those products is purely to be in a more strategic business position (higher rank means better income) and most of the time, those products sit in their store rooms or under their beds.

I would like to stress that there is no crime or unethical actions in doing this. However, the danger is that many people fail to control their finances properly and that leads to financial struggles and ill feelings towards their company and their upline.

Furthermore, many people new in this industry make the serious error after they buy up their position. They sit around thinking that their 'investment' will grow. This kind of thinking is **extremely wrong** because after you have bought your position, you are not making any income (in fact people who build their network the 'slower' way has a more stable income than you) and

you should work even harder to build your network since you have spent more money than before.

In the end of the day, network marketing requires a good business mindset in order to succeed. Being able to plan your finances is one thing.

Just like people in the real world, they work very hard to make a living promising to buy gifts and vacations for their families but only winds up putting more hours into their work; in network marketing many distributors tend to spend their hard earned money **buying up more positions, volume, or tracking centers** so they can earn more in the future, at the same time neglecting their families. Striking a balance is very important.

Lastly, front loading has the potential of **DEVALUING** a product if executed wrongly. Let us say a new distributor joins a company and buys up \$10,000 worth of products. If he decides to quit the business, what is the first thing he would do? **Try to cut losses! He might even try to sell off his products way below his costs!**

Now, if the company encourages front loading and there is attrition by the masses, imagine everyone doing the same thing to the product. In the end of the day, the overall value of the product will drop so much that the entire retail market will no longer be viable (*why should I get the product from the company? My friend sells them much cheaper*).

In the end of the day, remember:

- Only front load if you are financially able and have a large social network
- Have a fair assessment of your abilities and be prepared to go all the way
- Pace yourself in your business. Don't overspend and hurt yourself financially
- Focus on high demand products with repeat sales

The Dreaded Demotion

Demotion is a marketing plan feature (that is usually not transparently stated in most marketing plans) that is very important to consider in evaluating a plan and pacing yourself month after month. Demotion means **dropping from one position to a lower position or rank in a network marketing company**.

For example, let's say a **Silver Rank Producer** works hard to become a **Gold Rank Producer**. The next month he fails to reach his target and he drops back to a Silver Rank Producer. This normally results in a loss of potential income or even resetting his quota back to square one.

Demotion can also occur in certain plans where people are qualifying or challenging a certain position in a plan where they require distributors to produce large sales volumes in a short period of time. If they fail to reach their target, they do not necessarily drop in rank but they have to build their volume all over again. They may not lose all of their volume but retail some of it as they roll into another month to start qualifying again.

Downline Building Strategies

How can we use demotion to your advantage? It is often said in life that **we are not pulled up to success but rather, we are lifted up to success by the people around us**. This is even more so in network marketing because there's no way you can succeed alone. You need the support of your downlines if you wish to beat your quotas and get to the next rank!

You must develop 2 very important factors within your network. **TEAM RAPPORT** and **MARKETING PLAN EDUCATION**. If you or your downline is in a qualifying phase, you must strategize with your entire team because volume needs to be created to achieve the target. Teach your downlines that if they support their upline now, they will become a good upline and in future, their downlines will support them as well. With everyone doing a little each day, achieving the target is not difficult.

If you educate your downline enough and they support you enough, they will realize that you as a qualifying upline is in a challenging phase and they will feel that **your success is in their hands!** They don't want you to fail and will work hard to help you reach your target (while they earn most of the money because it is THEIR sales. They are merely helping you fulfill your 'conditions'). Use demotion to build the urgency in your team!

Product Synergy

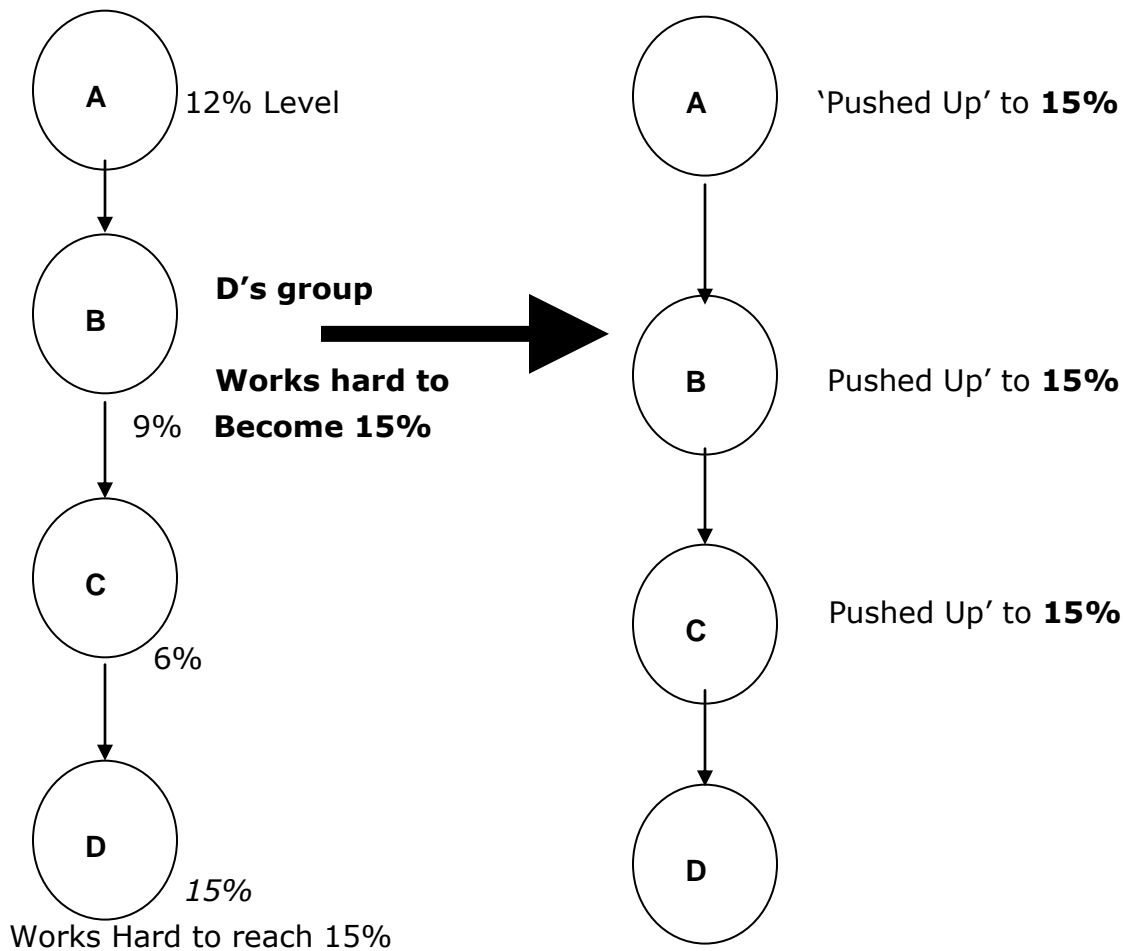
Demotion is not a worry for the distributor if he has a large customer base. On a personal level, the only real fear demotion poses is when they stop doing **maintenance** or cancel their **auto-ship**. This only occurs when the distributor is having financial struggles or is not making money from their business and they decide to stop buying products from the company.

Starting your Own Company

I will not touch so much on whether to design a marketing plan with or without demotions due to the subjective nature of network marketing product. But here is *one basic rule to follow*: **Will demotion affect the distributor too much in a positive way or negative way? Only you know your own product and your distributors.**

Push-up: Taking the Short Cut

Push up is a feature in some network marketing plans where a downline achieves a position higher than his upline and all his upline immediately gets 'promoted' to the same rank as that downline. Allow me to illustrate:



This diagram shows that as long as the person at the bottom reaches the rank, all his uplines gain the **BENEFIT** of being in a higher rank (but not the commission from the **SALE**). Certain push-up systems may differ. This diagram illustrates what is known as **Single-Line Push-Up**. Other forms of push ups may have other conditions.

Downline Building Strategies

Although push up may offer benefits for the upline, I personally feel that this form actually develops weakness rather than encourage people to look for downlines. Network marketing is a copycat business where the downline will copy what the upline is doing. If the upline is 'waiting' for someone to push him up, the downline who joins will want to do the same and you will have a huge organization of people waiting for each other to produce the volume. Lead by example.

Product Synergy

In relation to the above, ultimately products must move in order to generate commissions. Having a higher rank through push up but no personal sales volume only looks good in the eyes of others (ranking wise) but deep down in your heart you know that you are not making money. If you do benefit from push up, focus rather on creating volume for yourself in that month because it costs less to buy products you can sell later due to the higher commission payout you are getting.

Starting your Own Company

A good plan to develop with a push-up system is one that rewards leadership and development of downline rather than having people wait for each other to create volume. A typical marketing plan today usually pays residual income to distributors who have successfully developed two strong legs rather than one. Don't design push up systems which reward too much for finding downlines that either buy in to the position (hence letting the upline benefit without doing anything) or letting the downline do all the work while the upline gains without doing anything. Set the rank limit at something reasonable.

Turning Maintenance into Profit

Let's face it. No one likes forking out money even when they are making millions. What is Maintenance? Maintenance is the sales volume a distributor has to buy from the company (or minimum group sales in some instances), in order to fulfill conditions set out by the company such as:

- Prevent demotion
- Generating group sales volume
- Entitlement for commissions or overriding downlines
- Eligibility for bonus pools paid either quarterly, half-yearly or yearly
- Minimum order to maintain a high rank (leaders who are earning more are expected to purchase more products)

But the most important factor of all is that network marketing companies need to make money as well.

Regardless of whether the company determines maintenance to be mandatory (therefore they enforce auto-ship in order for the distributor to be in business), optional or have no maintenance at all, the key point to remember for all parties to be successful is that VOLUME must be created. In other words, **everybody needs to buy something!**

Now I will share with you a little trick how to make everyone pay maintenance willingly without having people to fork out money grudgingly.

The trick is to work depth.

If you want all your people to do maintenance, the simplest way is to go all the way down in your organization and help the newest people to build the most volume. Don't worry about volume in the middle. If the person at the deepest level generates a large sales volume that month, do you think all his uplines all the way up to you will make a lot of money? Now, if they are making money, do you think they will have trouble paying maintenance?

This works no matter what plan you are in! People get more fired up when they see people at their deepest levels moving because depth gives

more security. If the company doesn't require maintenance, then they will still willingly buy products because they will be making more money and buying products allows them to increase their percentages so they can override more! This will cause a chain reaction all the way upline and suddenly you will have volume bursting from your entire network!

Downline Building Strategies

A good leader will never stop building depth within his networks because attrition occurs when the one at the bottom drops out and the same chain reaction occurs: only backwards. Suddenly you will have no one left in your organization.

No recruitment = No income
No income = No Maintenance
No Maintenance = No volume
No Volume = NO PROFITS!

No matter how far down your downline is or how little you are paid at that level (sometimes you may get even less than 0.5%) keep helping them generate the volume and make money. Don't pass the baton of leadership to your downlines too early and expect them to build depth for you until you know they are truly ready.

Product Synergy

This point can never be emphasized enough even if I have to repeat it 10 times:

Teach your people to use and love the product!

Maintenance is usually an issue with distributors when they have **NO MONEY** to maintain or **DO NOT LOVE THE PRODUCT**. Cut down your expenses in the supermarket if necessary to sustain your business. If your business sells vitamins, buy from your own company instead of the pharmacy. If your business sells health drinks, buy from your own company instead of the supermarket. Once your people make the product a part of their lives, they might even buy more products from the company than the minimum auto-ship.

Starting your Own Company

There are pros and cons of having maintenance and not having maintenance. Remember these few principles when designing your own marketing plan:

1. No Maintenance takes the pressure off new distributors financially because they don't have to spend money. **This minimizes attrition at the beginning.** However, if your organization is very large and nobody is maintaining, you will have to concentrate more on recruiting new blood (because new people pay higher entry fees). High level distributors might even quit and bring their entire networks elsewhere because he is not developing residual income (no volume generated monthly). Unless you have a fantastic product, make sure you enforce some form of maintenance. You don't want just one-time sales only.
2. Don't force too high a maintenance on your distributors at the start. You can set up a system that gradually increases the minimum maintenance as the distributor climbs up the ladder. You can even make maintenance optional and still allow them to draw commissions but not bonuses (which requires maintenance to be activated). Design a plan with an easier learning curve.
3. One other way is to use a variation of an auto-ship system which automatically deducts your commission to use for mandatory maintenance ONCE their commission exceeds the maintenance amount. This system is good because you don't need to collect money from the distributors or members, and the system runs automatically. I would recommend this type of system more for Internet based network marketing companies which deals with digital products.

Using the Knowledge Effectively

Each plan will be explained in a few sub-headings.

(1) Plan Structure

There is a diagram associated with each plan. This will explain how the commissions are paid out, as well as the typical network building strategies. I will also illustrate typically what type of companies use this kind of plan structure.

(2) Advantages

Plan advantages are very crucial to build a long term business. If you haven't decided which network marketing company to join, or you are thinking of moving to another company (for whatever reasons), this information will give you a very good idea how to build your downline, especially if you are moving your entire network to another company.

(3) Disadvantages

Not all plans are created equal. There will always be aspects where some plans excel where others don't. Furthermore, as mentioned in the chapter above, you know where the weak points of other network marketing plans lie and you can use them to your advantage.

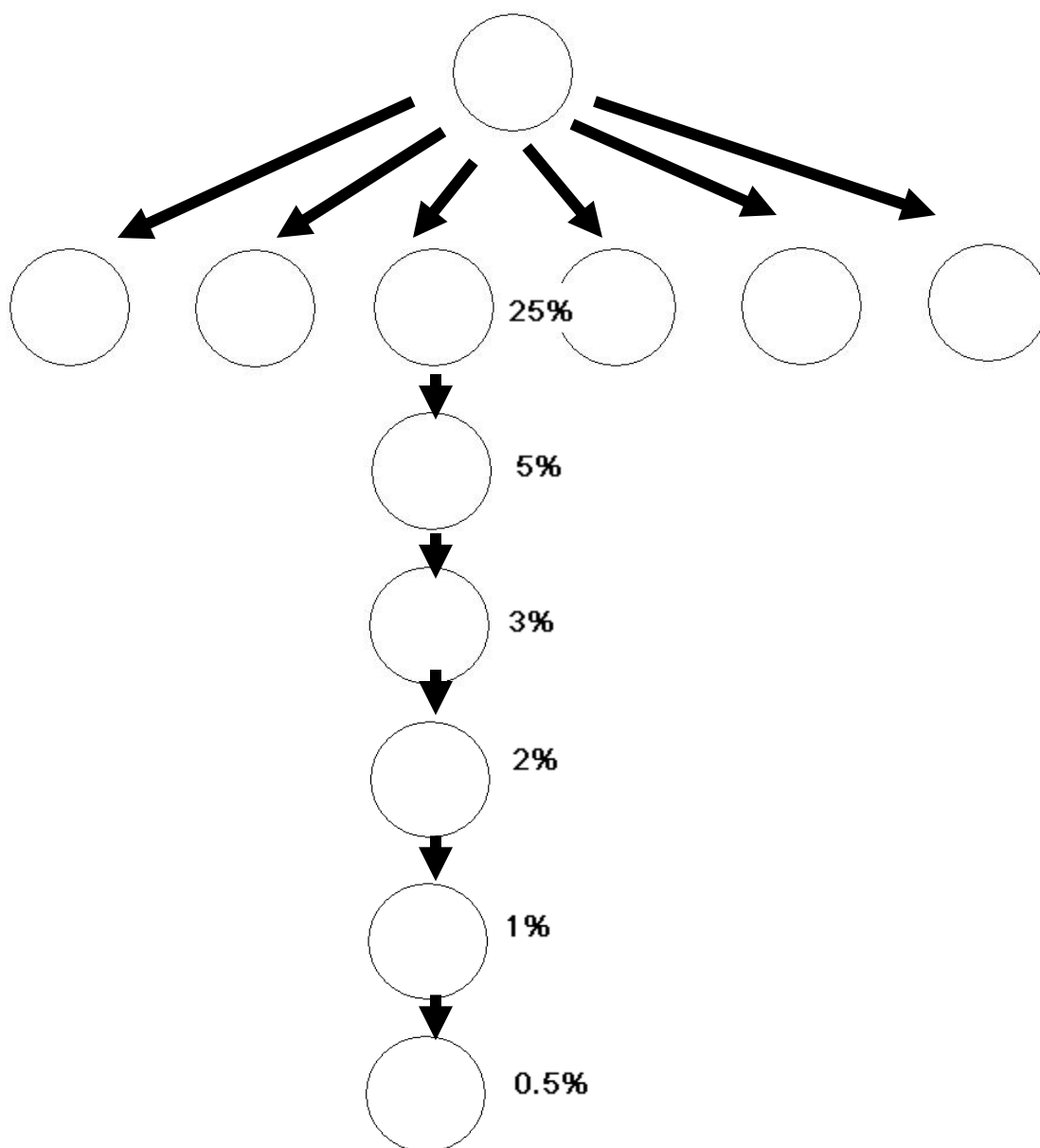
(4) Placement Strategies

Placement of your downline is crucial. Most of the time, this strategy also applies to companies which allow you to have multiple accounts (usually husband and wife, boyfriend and girlfriend, or brothers and sisters.)

NOTE: All plans illustrated here are presented in the **rawest** form and for you to understand and dissect the basic concepts. The information here is designed to **guide** only, not as a law. There are many hybrids and variations available in the market today. What I write here is the basic, fundamental structure of where most plans derive their ideas from. Check with your upline or company to be 100% PRECISE about your company's plan.

Unilevel: Unlimited Width and Depth

The Unilevel plan is one of the oldest types of plans in the market. It basically allows you to sponsor as many people as you want at your level. According to the diagram, there are six people on your 'frontline' and more can be sponsored as you like. Your downlines can also sponsor as deep as they want until infinity levels with no restrictions.



In a Unilevel, the commissions are usually **fixed percentages of generational overrides**. This means that whatever commission paid to you as generated by your downline is determined by **how deep they are in your organization**. As you can see from the diagram above, the ones where the six circles are at the front line, is given the highest percentage (because those are the people sponsored PERSONALLY by YOU.) You get the most money because they are your hard work. The commissions deeper down the level is smaller because the work was not done by you (or rather, indirectly because the new people are sponsored by your downline, hence a result of your hard work).

A simple mathematics will show actually the bulk of the money is made in the deeper levels, even though the percentage is smaller.

Level 1	You find 6 frontlines: $6 * \$100 \text{ volume} * 25\% \text{ override} =$	\$150
Level 2	Those 6 find 6: $36 * \$100 \text{ volume} * 5\% \text{ override} =$	\$180
Level 3	Those 36 find 6: $216 * \$100 \text{ volume} * 3\% \text{ override} =$	\$648
Level 4	Those 216 find 6: $1296 * \$100 \text{ volume} * 2\% \text{ override} =$	\$2592
Level 5	Those 1296 find 6: $7776 * \$100 \text{ volume} * 1\% \text{ override} =$	\$7776
Level 6	Those 7776 find 6: $46656 * \$100 \text{ volume} * 0.5\% \text{ override} =$	\$23328

At the end of the day, because of the duplication power, you will get paid the most when you build a massive organization at the deepest levels because there are the most people there.

This type of plan is seen in a lot of the older companies (since the 50's) and they revolve around physical products. Although there are Unilevel Internet companies who use some sort of hybrid plan. Although the Unilevel plan is quite similar to the Stairstep plan in terms of structure, the commission payout method and building techniques differ very much because one is based on fixed levels and the other increases your 'rank' based on volume sales.

Advantages of Unilevel

Unilevel is very simple to design, very straight forward calculation. The design allows you to sponsor as wide as you want if you are very aggressive and have a large network. The company determines beforehand, how the percentages are paid out and it trickles down based on the depth of the network so it **gives higher rewards** to those who are willing to put in the effort **to recruit**, rather than wait for their downlines to recruit.

Usually the fixed percentages of generations in the network also guarantees some form of income when your downlines move faster than you. Let's say you recruit one and he recruits three, you earn \$25 (1st level) and \$15 (2nd level – $\$5 \times 3$), you make **\$40**. On the other hand, your downline makes $\$25 \times 3$ which gives a total of **\$70** which is more than you even though all those guys are your downline.

So, to summarize:

- Unilevels are have a straightforward calculation which lets you know exactly how much you will earn every level making it **easier to calculate**
- You can build as wide as you want. Even if your downlines are not active, you can still build as many new legs or groups as you want
- **People get paid for their hard work in a fair and consistent way**
- You don't have to place people under people in an effort to motivate
- There is no demotion of percentages because they are all fixed.

Disadvantages

There is a limit to how many generations you can split the commissions. So typically when someone is very deep in an organization, the monetary motivations is not that attractive (you only get paid 1% at the fifth level) so if the majority of the work is done by YOU and not yet duplicated to your downline, then you will have to maintain your network by yourself even if it means helping with the same effort for less.

One big difference in the Unilevel compared with Stairstep is most Stairstep requires at least 2 active legs then will commission be paid out feasibly. In Unilevel, **ONE active leg pays** you all the commission (which is not wrong in

itself) but lazy people would just find one downline and leave the group building or nurturing to their sponsor to do all the 'dirty' work while he gets all the commission.

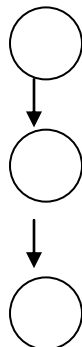
- In the deepest levels, you get paid very little or even ZERO (because certain companies only **pay up to certain levels** and beyond that, you get nothing)
- Because there are less commission at the deeper levels, there is less motivation for the up-upline to close sales for them unless they want to secure their group
- If all the people in the middle of your organization abandon their downlines, you will have to help those there and you will earn little while the sleeping partners earn commission without putting in any more effort
- As mentioned in the paragraph above, lazy 'one legged pirates' can be troublesome freeloaders
- If you have to place people under your downlines (all three of you could be friends), you earn much less because instead of getting **25%**, you get only **5%**
- It is virtually impossible to duplicate a perfect structure (even $6 * 6$ is already a struggle).
- If you do not duplicate your efforts well in your frontlines, you will be the only upline making money from your **sunflower** shaped organization.

Placement Strategies

Placement for Unilevel is very straightforward. You can buy up as many accounts as you want and place them one after another shaped like a Popsicle. This will allow you to get commissions from the same person twice or three times.

Account 1 – 25%

Account 2 – 5%



Account 3 – 3%

Account 4 – 2%

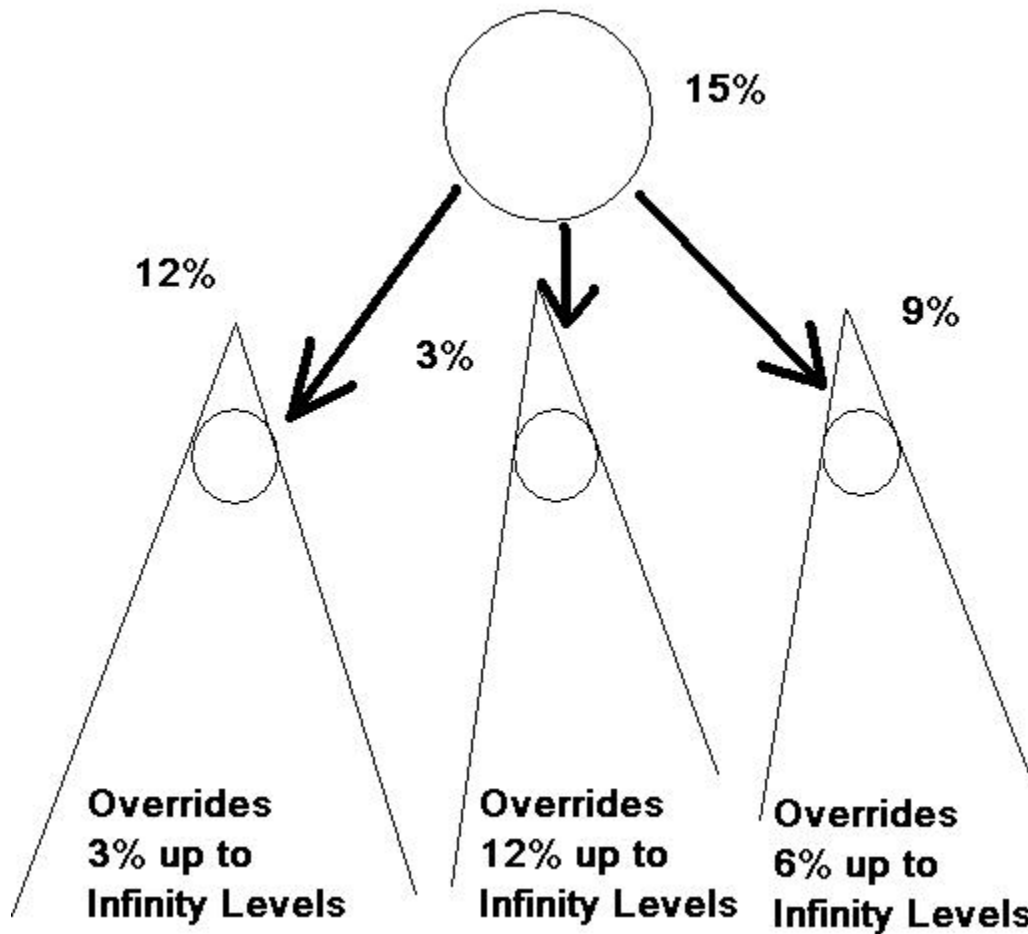
NEW DOWNLINE



So total you can earn up to **35%** commission because all the 4 accounts belong to the same person. The new downline recruits someone and you can easily get up to **11%**.

Note: Do not attempt opening many accounts if you are forced to do MAINTENANCE every month or else you will go bankrupt before you build a big group!

Stairstep: Climbing the Ladder of Success



This is the typical layout for Stairstep plans. Their percentages are not fixed from the time you join till much later in your business because the percentages you get differs based on how you build up the volume within your groups.

Let's use some numbers for illustration sake.

- 3% level- \$1000 minimum volume required
- 6% level- \$3000 minimum volume required
- 9% level - \$7500 minimum volume required
- 12% level - \$12500 minimum volume required

15% level - \$20000 minimum volume required

In Stairstep, you calculate your commissions based on the entire group regardless of who did the volume within the group. You just need to keep track on your frontline and what his percentage is to determine how much commission you get. The difference between your percentage and what you 'payout' to your entire group is the difference you keep multiplied by the total volume of that group.

Here is an example:

You have personal sales of \$1000.

The leg on the left achieves \$15000 and is in the 12% category.

The leg in the middle achieves \$2000 and is in the 3% category.

The leg on the right achieves \$9000 and is in the 9% category.

Therefore your **TOTAL GROUP SALES** is \$27000 and that puts you in the **15% range**.

You make 15% over your personal sales of \$1000 which is **\$150**

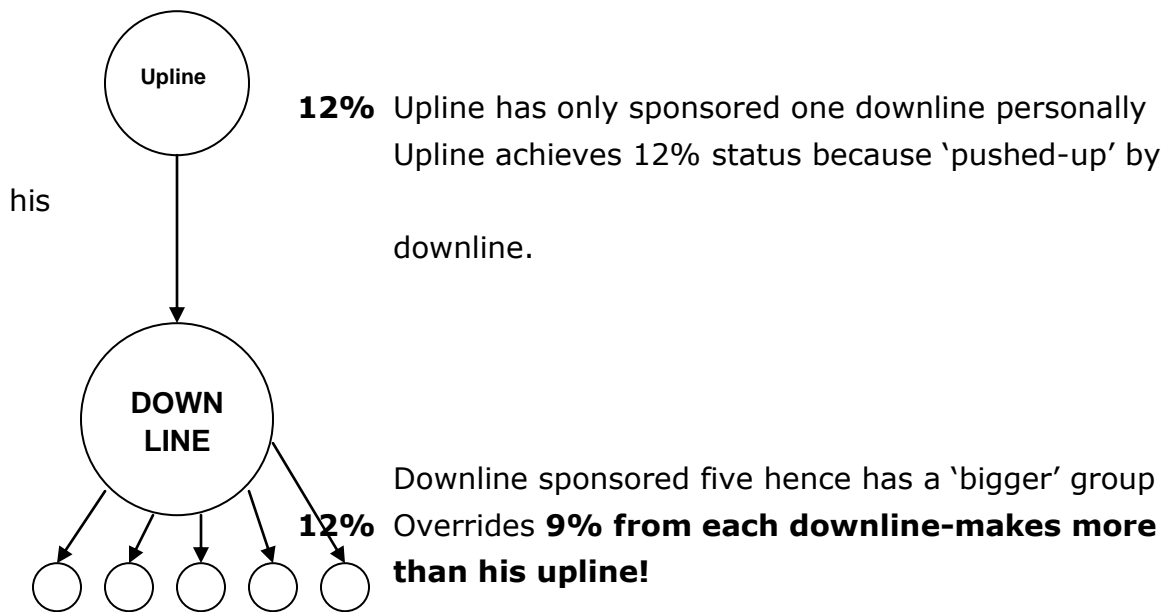
The left leg, you make $\$15000 * 3\%$ (which is 15 minus 12) difference between the group which is **\$450**

The one in the middle, you make $\$2000 * 12\%$ (which is 15 minus 3) difference between the group which is **\$240**

The one on the right, you make $\$9000 * 6\%$ difference which is **\$540**

Grand Total: \$1380

Now that we get the idea how the stairs work, notice this:



Each of the 5 at this level contributes \$2500 volume

They are at **3% each**

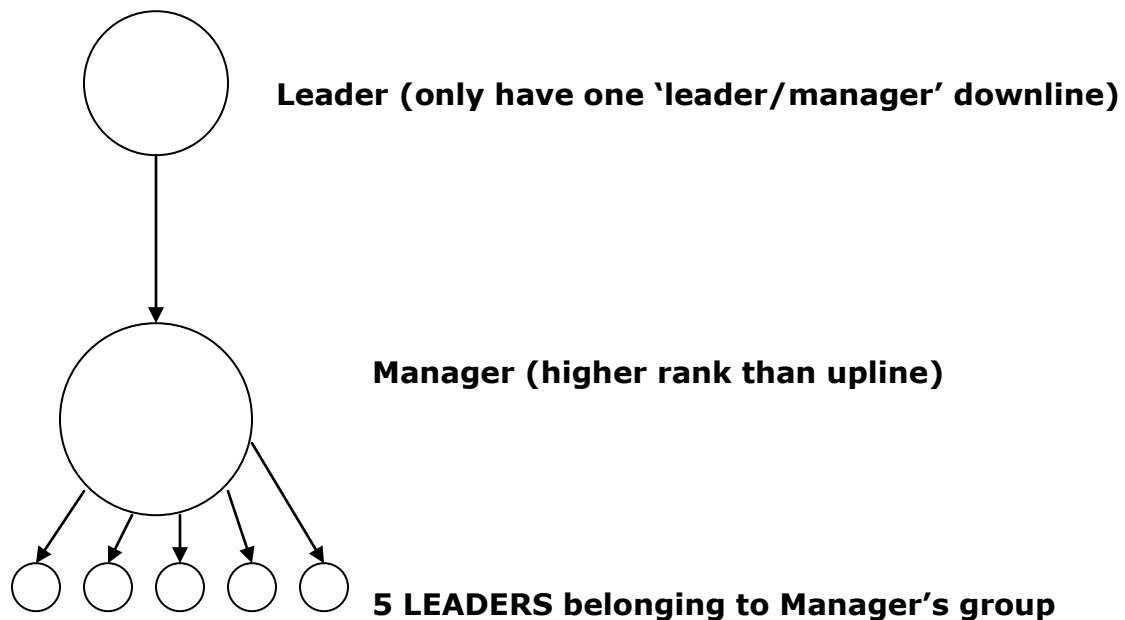
Climbing the Stairstep ladder will reward those who build more width and develop those groups. **The downline who works harder than his upline can earn more and climb the ladder faster than his upline.**

Assuming a typical ladder looks something like this

3% → 6% → 9% → 12% → 15% → →

LEADER 3% bonus → → MANAGER 2% bonus → → ACHIEVER 1% bonus

Lets say you achieve LEADERSHIP for maintaining a 15% group for 3 months and You achieve MANAGERSHIP for developing 5 LEADERS



To summarize:

Stairstep differs from Unilevel in these aspects:

Unilevel has fixed generation (normally 5-10 levels) overrides while **Stairstep allows you to override up to infinity levels** if your rank or position is higher than your downline group.

Stairstep is the most popular plan in the market today, used by the oldest to the most successful companies today. They are also mostly physical product based.

Advantages

According to most plan experts, the Stairstep plan is one of the most stable forms of marketing plan in the market today. They have a very good breakdown of commission paid level by level and reward those who not only recruit but develop those recruits. They are stronger than Unilevel in the sense that even when their frontlines are not moving but the downlines under the frontline are, the payout is not as vulnerable to smaller depth commissions as in the Unilevel is because **as long as your rank is higher than your frontline, all sales volume there are calculated the same all the way down to infinity levels.** Most important of all, **this plan rewards based on performance more so than other plans.**

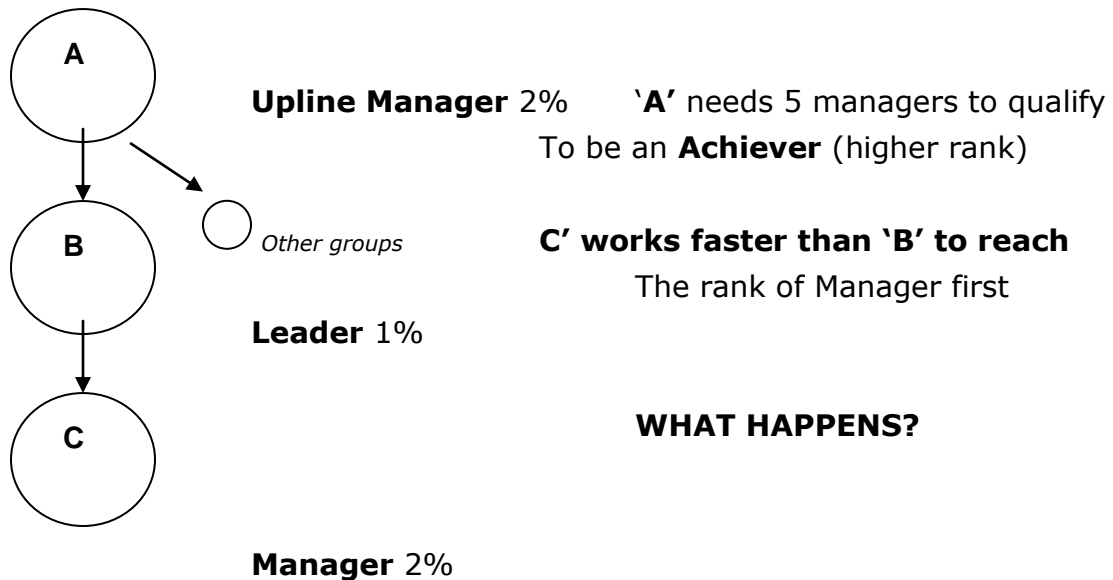
So to list down all the good points:

- Stairstep is most popular and is based on hard work and leadership
- You can draw commissions up to infinity levels deep
- When you motivate the guy at the bottom of the line, all his uplines up to you will get really fired up because all will receive the benefits of his bonuses.
- Achieving a 'position' is a very glorious event in step and ladder because most network marketing companies glamorize their position (e.g. Being a *Diamond World Team Manager* sounds really awesome)
- You can build as wide as you want AND as deep as you want and make profits!
- If you recruit a group of friends, you can place them in the same line and there will not be conflict of interest among the same group while everyone benefits

Disadvantages

Sunflower frontline syndrome is very common because there is no way you can duplicate human beings 100%. When people drop out, they just move on and sponsor another, so the failure rate is very high in Stairstep plans. In other words, a new guy joins, tries for a while and quits and his upline feels he is **not the one** then he abandons him and moves on to another and another until he **finds the one.**

Breakaway is also a serious issue in most Stairstep plans. I will illustrate in a diagram below:



'A' has a tendency to **NEGLECT 'B'** because he has already fulfilled his **criterion of building 5 managers with one of them fulfilled in 'C'**. In other words, 'A' doesn't 'need' 'B' anymore and goes on to focus on **OTHER GROUPS** and developing managers there.

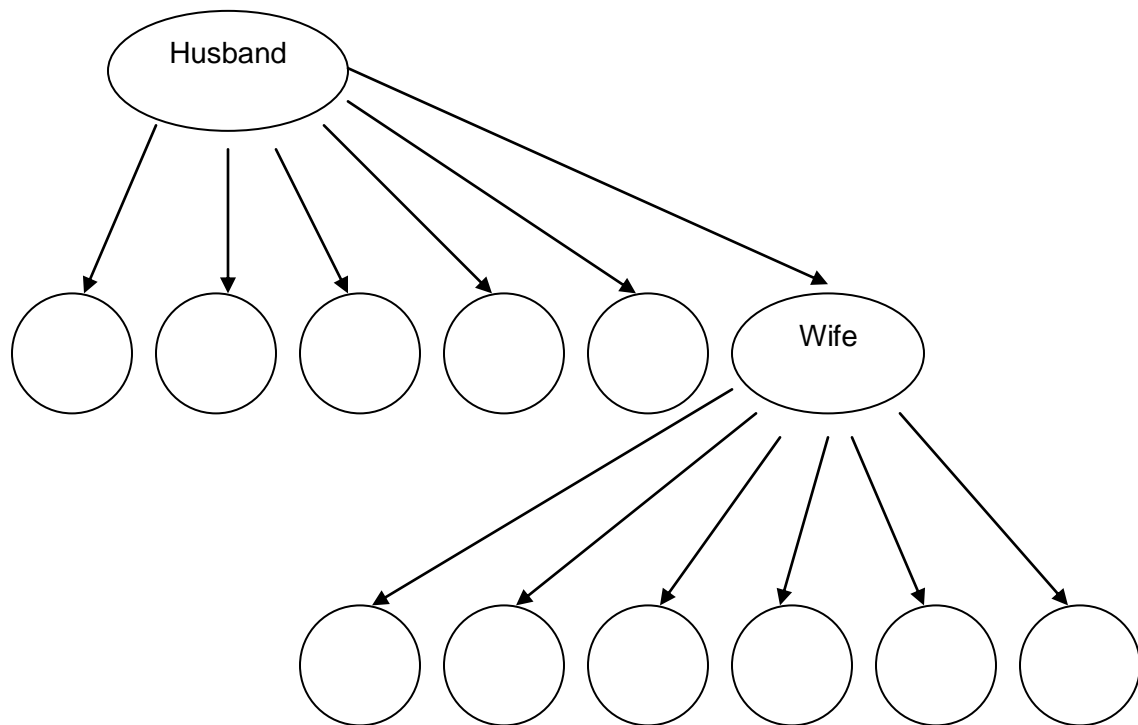
To summarize the biggest weaknesses of Stairstep are these:

- If there is no demotion in the plan, it encourages **inventory loading**. This is very common where people are short of certain sales volume and he buys the remainder up for that month.
- Inventory loading is very dangerous if done incorrectly because he is not buying the product for his own personal usage but for gaining points. If this happens on a global scale, a lot of products will **DEVALUE** because often people who overstock will 'get rid' of the product selling it at a cheaper price.)
- No spillover (discussed in the next chapter)

- Breakaway encourages SABOTAGE where the upline deliberately tries to slow down (as in 'B's' case on 'C') the downline directly or indirectly.
- You often need to work with many, many different legs at the same time because most plans need you to go as wide as possible in order to succeed.

Placement Strategies

Start building ONE account at a time. Once your minimum required width is secure, you can open a new account under the 1st one and park those under there.



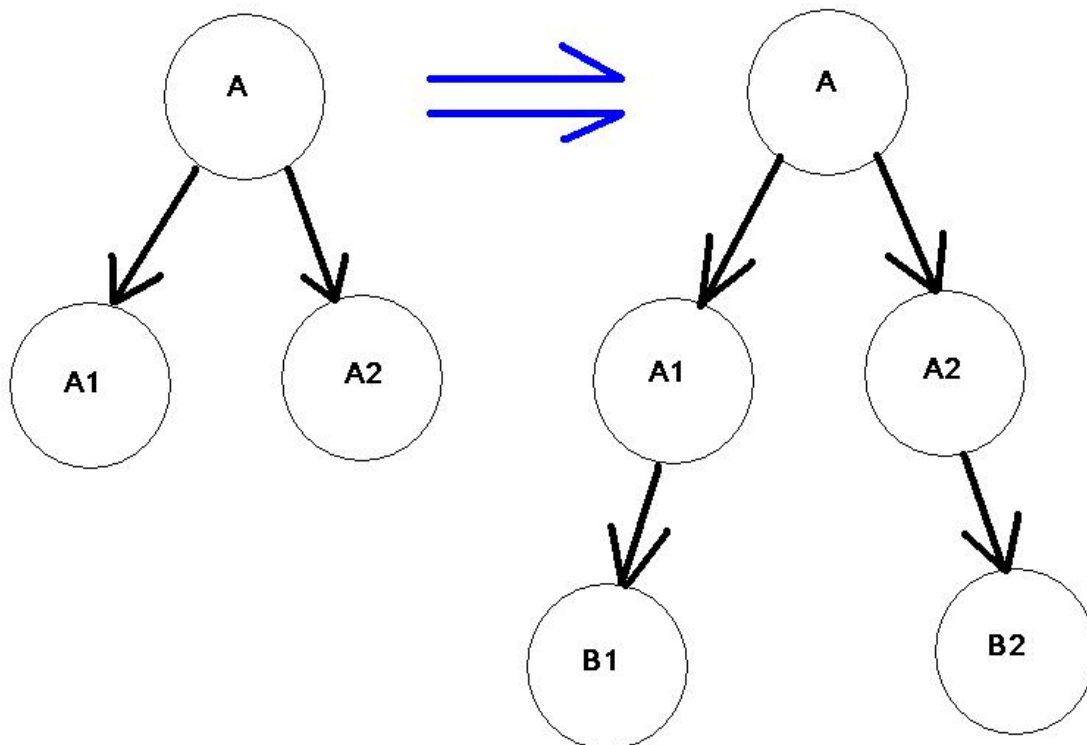
The wife in this case is the 6th account because if the company needs to secure 6 wide, the new account can belong to the wife. The new frontlines can be parked under the wife because normally people expand new legs past the minimum width requirement.

You make double income from there on when all the groups are secure and you can achieve your next rank faster when you build your wife's account.

Binary: Two at a Time

A binary is a unique type of plan that limits your width to **2 people** but you can draw commissions up to infinity levels. Most of the time, additional people sponsored by a distributor must place those people UNDER their downline. This is called a spillover.

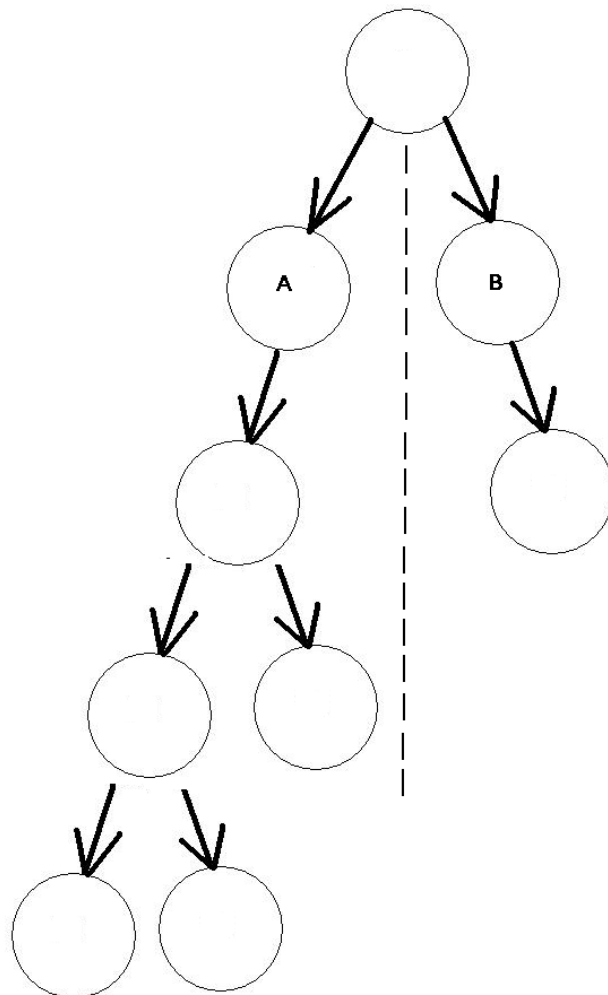
e.g. 'A' has 2 downlines A1 and A2. 'A' is very aggressive and finds 2 more, he places them under A1 and A2. Therefore, both A1 and A2 gets new downlines without personally sponsoring anybody.



How does the payout of commissions work?

The payout is done by the comparisons of both sides of each separate leg. One leg usually products more volume than the other. The diagram below will illustrate:

Group A is the **Strong Leg** or **Power Leg** Group B is the **Weak Leg** or **Profit Leg**



Lets Say group A generates a volume of \$5000 and group B generates \$1000.

If the upline gets 20% overriding, he gets paid only **20% of \$1000** which is **\$200** even though the his entire group's total volume is \$6000

If he wants to earn more commission, he must focus on building the weak or profit leg by placing more people there or increasing their sales to **MATCH** the strong or power leg. This is often known as **Balancing** or **Matching**.

All types of companies use this plan structure ESPECIALLY Internet network marketing companies which deals with digital products. Why this form of plan is popular with Internet companies is because the lack of human interaction and massive numbers on the Internet can stack downline below downline (automated signup) causing a very large group to be generated within days or even just minutes!

Advantages

The main advantage of the Binary plan is that you only need to **BUILD TWO LEGS**. In theory, you only need to find two and those two find two and so on. **It is significantly more realistic to build and duplicate two compared with building five or six.**

The element of spillover is also good in the sense that when a new company starts and the pioneers have a lot of interested prospects, they can build a MASSIVE organization within a few days by placing people in the right structure.

- Binary is easier to build compared to Unilevel or Stairstep
- The upline's business can support the downline through spillover, compared with Unilevel and Stairstep where the your upline will *rarely* place people under you
- You can receive commissions up to infinity levels so it doesn't matter who generates the volume as it is all considered within the same leg
- If you belong in the profit leg, your upline can go all the way down (even if you are many generations away from him) and help you to build your group as though he has personally sponsored you because it doesn't matter how deep you are as long as your groups grow, HIS commissions grow as well.
- You can purchase additional accounts or tracking centers to maximize your commissions (explained in the later section below)

Disadvantages

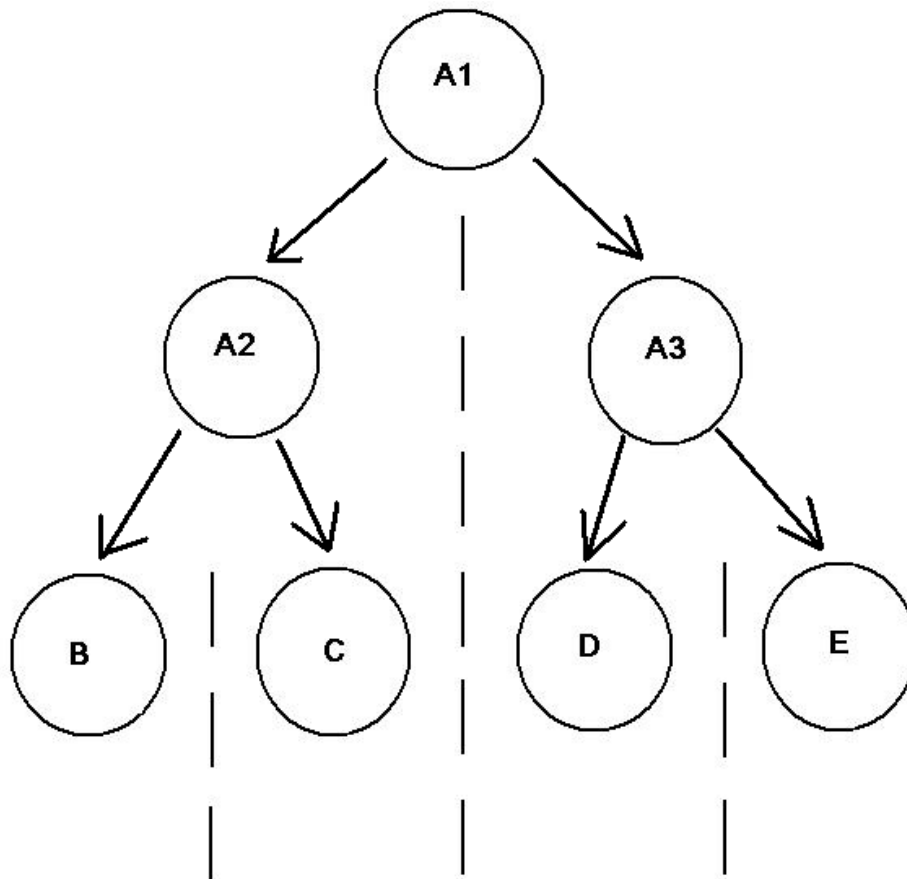
There are many disadvantages of binaries noted by experts:

- Spillover encourages laziness and attracts lots of freeloaders because they keep expecting their upline to place people below them
- A lot of the commissions in the Power Leg or Strong Leg usually goes back to the company if they are not matched or balanced
- Binaries are 'generally' considered unstable and short-term where you build a fast and big network but collapses due to saturation and difficulty in balancing
- You have little control on where your downline places the spillovers
- Companies that do not calculate their plan properly may wind up OVERPAYING their distributors causing the company to COLLAPSE due to financial problems. This is due to paying out up to infinity levels.
- Mathematically speaking, if a company is unscrupulous, they can terminate a distributor if his group gets way too big to the point he is earning more money than the company itself!

Note: Binaries are not dangerous; it is PEOPLE that abuse plans or poor planning by poor management that causes these kinds of rumors. Ultimately, it is how you lead your people and your partnership with the company that determines a long term business.

Placement Strategies

Most people strongly recommend building a network with three accounts or tracking centers. How does this work out? See the diagram below:



Account A1, A2 and A3 are owned by the **SAME PERSON**. He has to recruit 4 people but he can earn maximum up to **THREE TIMES** the commission compared to just having 1 account. Assuming B, C, D and E each does \$100 volume.

A1 earns on \$200 (because of A2 and A3's total volume is \$200/\$200)
A2 earns on \$100 (because of B & C's total volume is \$100/\$100). A3 as well.

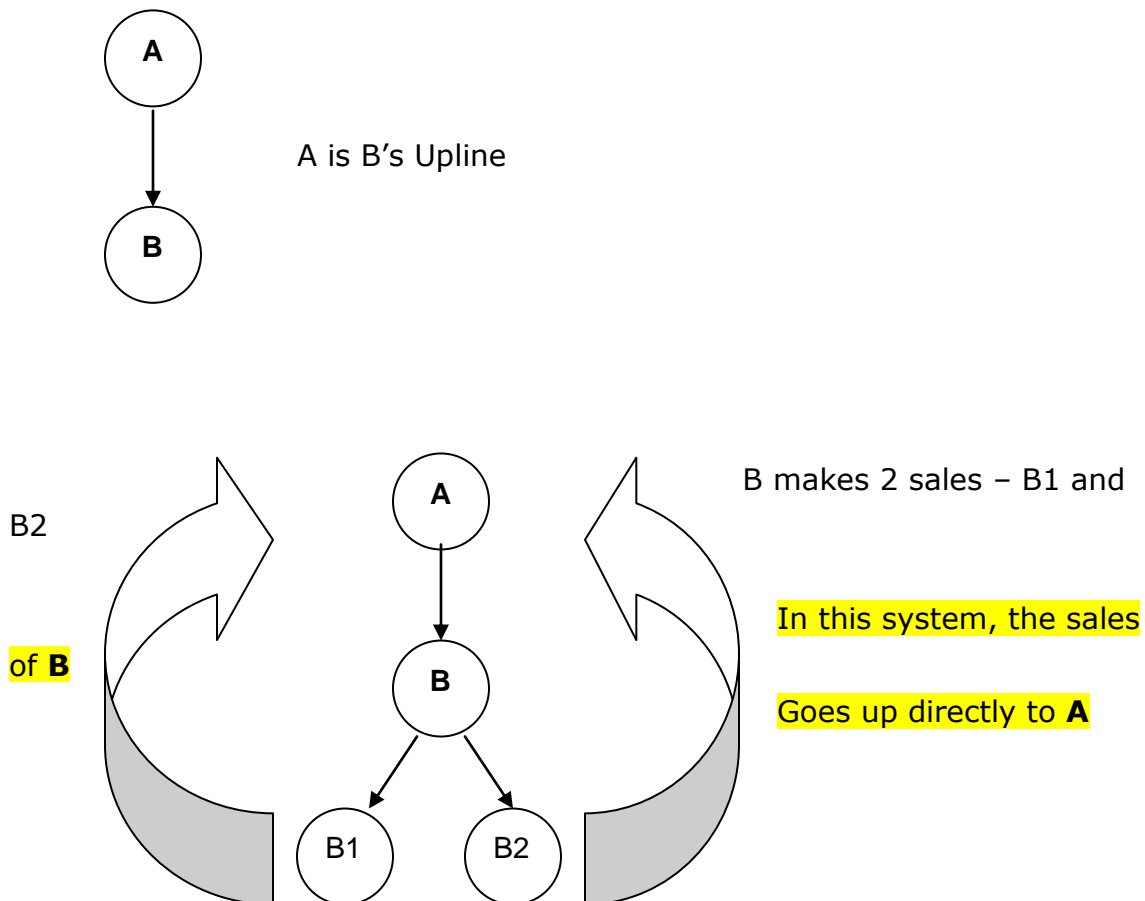
HIS TOTAL COMMISSION is calculated on \$200 + \$100 + \$100 not to mention A1 overriding over A2 and A3's commission as well. If he had one account only, he will only make money based on \$200 group volume and no additional accounts to override from.

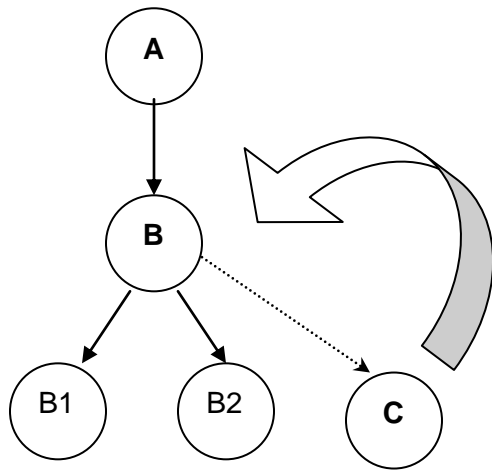
MOST PEOPLE WILL RECOMMEND ONE GUY HAVING 3 ACCOUNTS BECAUSE IT MAXIMIZES THEIR COMMISSIONS AND IS EASY TO DUPLICATE

People who buy only one tracking center will lose out a lot of commissions and they are typically people who want to try the product at discounts but are not serious builders. There are also people who invest in **7 accounts** but need to find a lot of people themselves (about 8 legs required to sponsor).

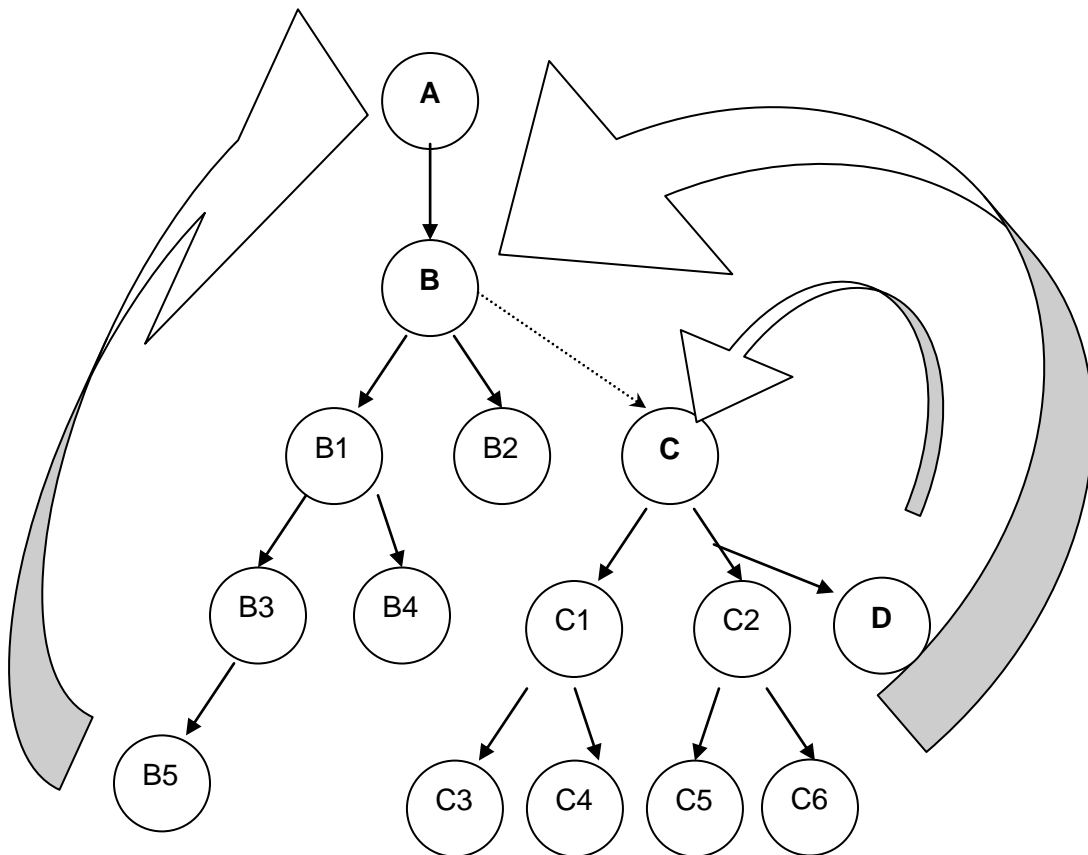
Two-up – The Art of Giving Away

The two up plan is not very straight forward but is very rewarding if built correctly.





'B' Sponsors his third downline which Is 'C', he earns the sale from 'C' Notice C is the THIRD downline he sponsored After 'B' has given away his first 2. All downlines recruited by B1 AND B2 WILL ALL GO TO 'A'



Basically you give away the entire group of the first TWO people to your sponsor.

All the 'B' group people will be given to 'A' while all the 'C' group will be given to 'B'.

Any downlines you sponsor beyond your first two, those groups will all belong to you, If you were to sponsor A, B, C, D, E, F:

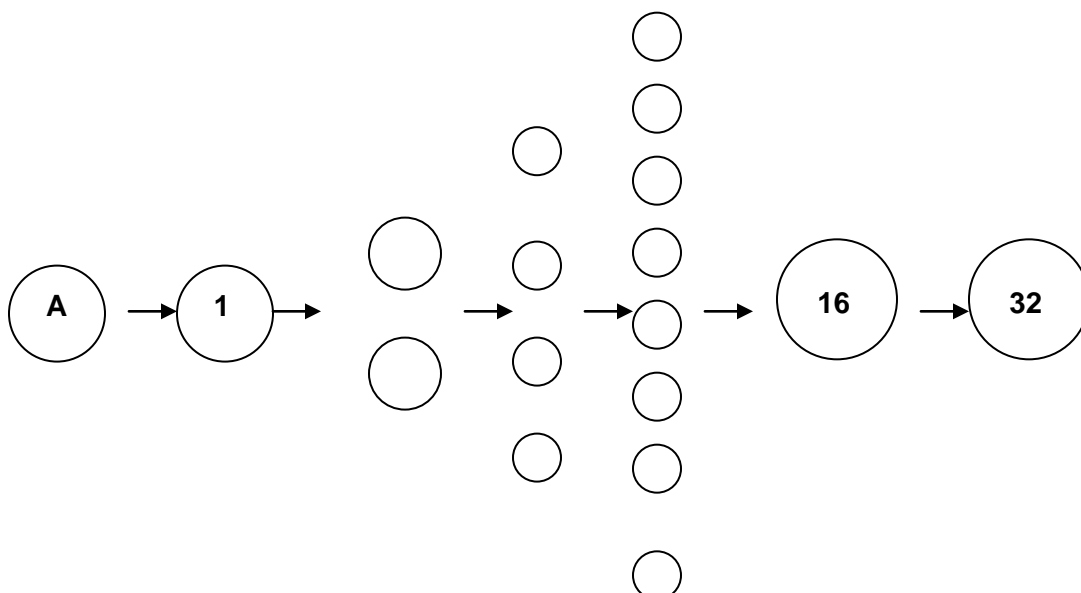
The first 2 groups of C, D, E, F and THEIR first two sales will all go up to YOU.

You can build this plan **AS WIDE AS YOU WANT** and you can also get the **SAME LEVEL OF COMMISSIONS** also **AS DEEP AS YOU WANT**.

This plan not as common as Unilevels, Stairsteps and Binaries, but they tend to occur in offline or online programs that are doing ONE TIME SALES because the nature of giving away downlines is very tricky and is used to build the network. Two-ups usually appear in hybrids with other plans just like Unilevel benefits and Stairstep benefits are often synergized.

Advantages

This plan is very good because of the unlimited width and depth where you are able to draw commissions. Basically the people after your first two, if duplicated carefully can grow to a massive organization like this.

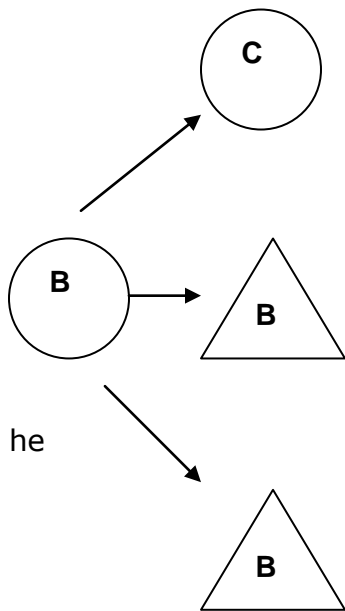


With just 2 people bringing 2 people, you can build up to thousands in theory. Notice also that this is the only group which you can build. You can develop as many groups like this as you want.

- This has all the advantages of Unilevel and Binary (infinity levels) without the weakness of lower commission at the deeper levels.
- The duplication effect is very powerful as 2 become 4 then 8 and so on.
- You can have multiple streams of this duplication as well depending on how many people you want to personally sponsor.

Disadvantages

Besides often mistaken as a Binary (for people who are afraid of Binaries) the biggest disadvantage of the Two-up is obvious. Human beings are selfish by nature and will try to give the weakest of their downlines as their first two. This kind of thinking is extremely wrong and I will draw a picture below to show you why, when duplication occurs can go hay-wire:



Notice: 'B' has 3 downlines in front

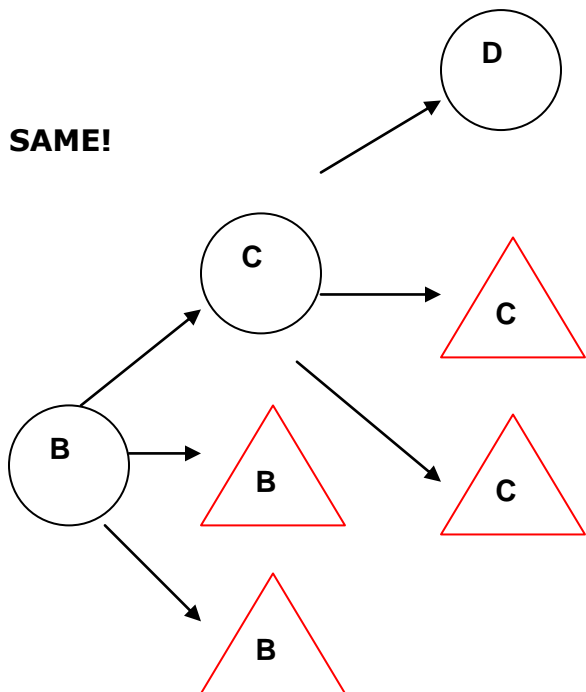
Actually, B has only sponsored ONE!
The two triangles that he is supposed to give away
are actually accounts he bought himself!

B earns sale from his new downline C and thought

'Got away' from 'losing' his sale to his upline...

But watch what happens next...

SAME!



**C found out what B did...
AND DUPLICATED THE**

B gets 2 more new sales,
BUT THAT IS ALL HE IS EVER
GOING TO GET FROM C

What happens is that this is
going to duplicate a HOLLOW
ORGANIZATION of what is
called **CATS AND DOGS!**

All you get are fake downlines.
Those in Red are not real and
you can't get commission
elsewhere.

At the end of the day, don't be greedy or selfish because what example you set is going to be duplicated.

One more reason why this plan has a big weakness is the downline who may not play with 'cats and dogs' put the WEAKER downlines as his first two. Normally companies set conditions to keep the 1st two active in the network to keep the business running. If you leave your weakest first, they will drop out very quickly and you will be forced to replace them or else you will lose your bonuses or overriding commissions!

Placement Strategies

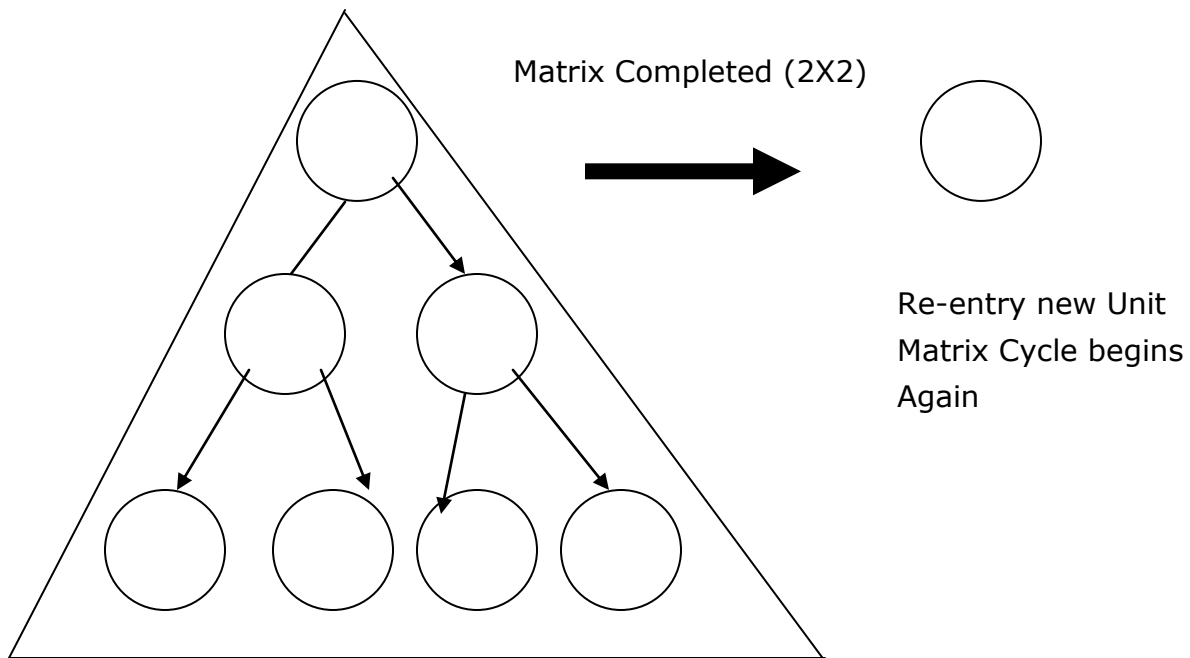
Remember when placing your downlines, **DO NOT** follow the example in the diagram on the page before.

Now a good placement strategy will be like this. If you can afford to maintain 2 accounts, it would be wise to place the third downline (your wife/husband/boy/girlfriend/) AFTER you have got two strong downlines to secure the 1st two slots.

Note however that this kind of strategy is useful only if the two-up plan is combined with some sort of Unilevel plan where you get generation bonuses. Otherwise it is not feasible to buy so many accounts as Two-up plans only pay the commission to one person and not two.

Matrix: Reloaded

Matrix plans are very numerous and are most often found on the Internet. A matrix has a limited width and depth. When someone says a 2X2 matrix, it means that the maximum width you can have is two downlines and the maximum you can build unto is 2 levels deep.



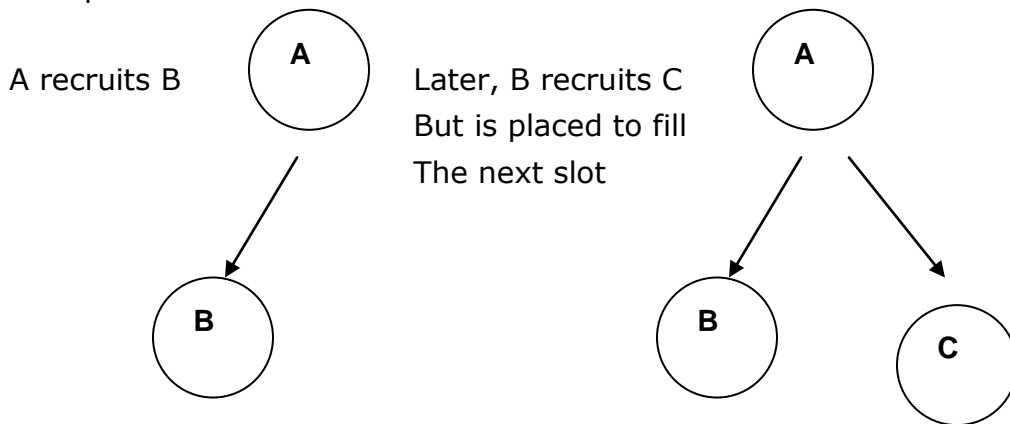
When this happens, the matrix is considered **COMPLETE**. You get paid a commission when the matrix is completed and you are often given another new account to run the matrix again. This is known as **RE-ENTRY**. This new re-entry unit is placed (depending on the marketing plan) either under your sponsor or in any matrix you wish to complete.

When each person focuses on completing his matrix or his downline's matrix, the matrix cycles more and more often and each person can get paid many times over.

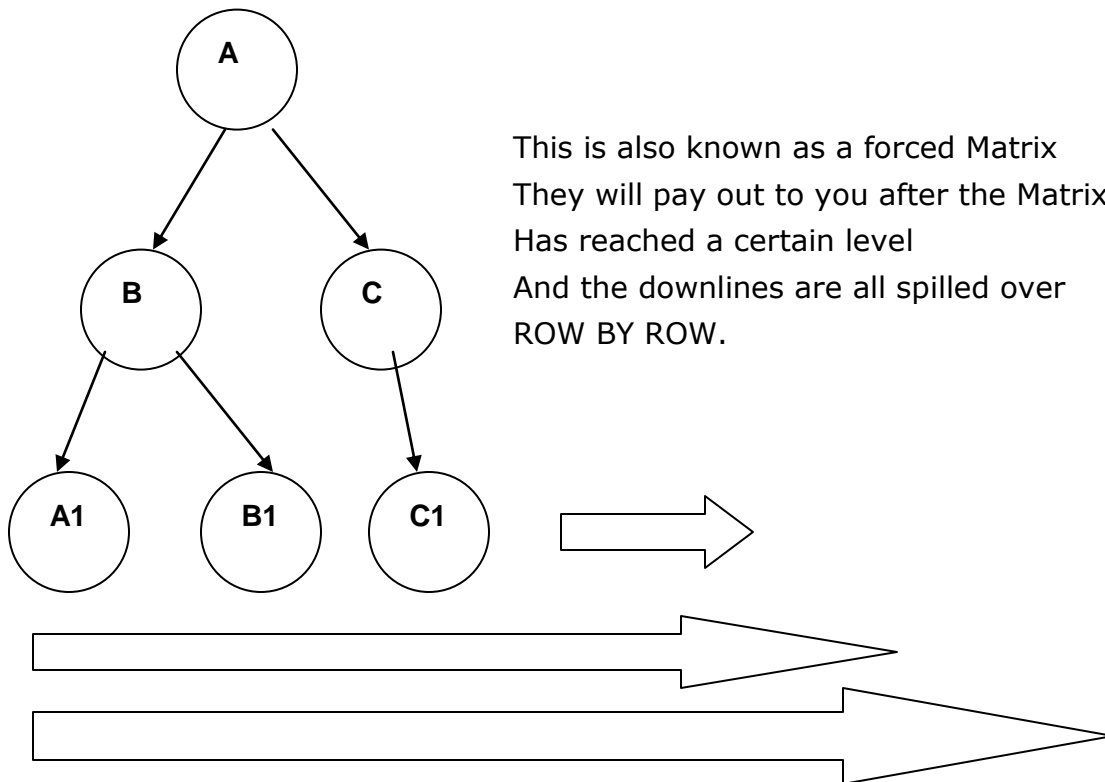
Some matrixes are automated by the computer system all you need to do when you sign up a new person is to write who is the introducer (you) and the system automatically fills the matrix for you.

When you find your minimum number of people to qualify, you 'move up' the matrix until you fill your matrix.

There is one more popular variation of matrix that goes under ONLY ONE big tree. This matrix uses a pre-order tree and 'forces' the new recruits to fill the next position.



A, B and C each recruits one respectively and later the matrix looks like this



There are just too many variations of Matrixes out there that I can only describe briefly how the system works. Many different versions have differing width and depth (e.g. 3X10 or 2X3) and pays out differently. They don't have uplines or downlines in the traditional sense in network marketing but they track the people via their referrers.

Advantages

Matrix plans that are participated by lots of people can duplicate easily and as soon as the matrix starts cycling, it will cause a chain effect filling one another's matrix and everyone will earn lots of commissions very fast. The key is in the duplication. Re-entries speed up the whole process and by duplicating the speed with each person finding a minimum of two and those people find their people as well, the money can move up to the craziest amounts.

Basically, Matrixes are:

- The fastest type of plans around
- You get spillover very easily
- Re-entries make the payout faster and gives you more opportunity to make more income without looking for as many people
- If you join early and recruit fast, you can earn a lot of fast money in a short time

Disadvantages

Most matrixes either collapse or become unsustainable after many cycles.

- In Forced Matrixes, the more people you recruit, the wider the base of the pyramid becomes and it will be very hard to fill the bottom (even with re-entries) especially when everybody are waiting for spillover, they stop recruiting. The whole system will come to a grinding halt when people stop recruiting
- The cycles will also stop cycling after awhile due to saturation
- Most **ILLEGAL PYRAMID SCHEMES** or **PONZI SCHEMES** like to use Matrixes to roll money because often there are no products involved.

Placement Strategies

There is only one good way to play a matrix plan, join early and work as hard as you can. There are too many types of matrixes out there to give a very specific strategy. If the company offers a forced matrix, try to buy as many

accounts as you can early in the start so you can cycle early. Otherwise, don't get involved with a Matrix especially when it is heavily saturated. **MOST IMPORTANT OF ALL**, do your due diligences when checking out a company especially if it is online to see if it is a pyramid scheme or Ponzi scam.

Summary

WHEW! What a ride!

Thank you for reading if you have read everything from the top to the finish. If you find these to be heavy stuff, it is even more worth it to know what is out there. Anything that makes money definitely requires hard work and careful study.

That's right; we have come to the end.

Let me just share a few more tips before we part ways:

Remember in network marketing:

- It is not sufficient to have a plan; you must WORK YOUR PLAN!
- Plans only work when you are recruiting. SEE THE PEOPLE!
- If you don't work hard, any plan won't work. DON'T BLAME THE PLAN!
- SHARE THE PLAN with your downlines. They may need this info more than you do!

Now that you are armed with all the information you need, your network marketing success awaits you. Start TAKING ACTION NOW!