

Methods Of Direct Sales Commission Structures

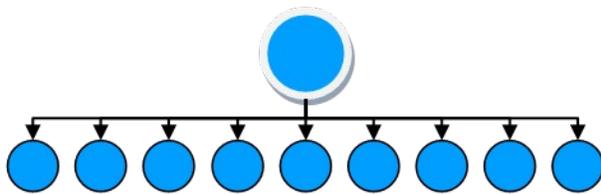
What really separates the different methods of direct sales businesses are the commission structures.

It is actually a pretty complicated subject and adding to the complication of the plans is the fact that many companies pick pieces from different types of programs to implement for their field consultants.

Most companies' compensation structures fall into one of the following and/or may take parts of several plans.

Unilevel Payment Plan

The unilevel plan is the one that most party plan companies use.



It is very easy to understand which is definitely a benefit in itself. Unilevel plans only enable you to personally bring in one line of distributors, therefore everyone you personally sponsor is on your 1st line.

(As opposed to other plans where you can bring people in and place them under someone else.)

There are no limits to how wide your front line can be in this plan, meaning that you can bring in and sponsor an unlimited number of people. They are all placed under you, the recruiter in the first line. The commissions are normally paid out on a limited depth between 3-5 levels deep in various percentages reducing as they go deeper.

The goal of the unilateral plan is to recruit a large number of front line distributors and then encourage them to do the same.

The Breakaway Plan

The stair step breakaway means exactly what the name implies. You climb the ladder to success and when you reach a certain level you break away from your upline distributors. The group that breaks away then runs their organization separately.

The break away distributor earns a higher commission percentage.

There is no limit to the width or number of front line distributors you can sponsor. This program really does not encourage teamwork as income is reduced when a break occurs.

As distributors break away, the original sponsor is still entitled to earn a small percentage (override) from each break away distributor's efforts although this is generally much smaller compared to what they were earning before the break away.

In the "stairstep breakaway" plan, the best income is earned by recruiting as many front line consultants as you can who are great product users or sellers.

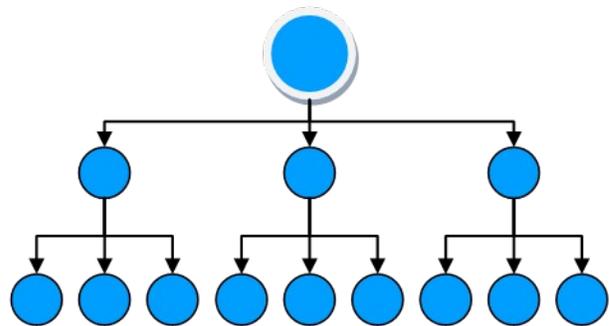
The break away system works really well for long term direct sellers who are able to make up in loss of immediate income by accumulating many teams who have broken away and the residual income makes up for the immediate loss of sales.

What Is The (Forced) Matrix Compensation Plan

The matrix plan, also known as a forced matrix plan, is based around a compensation structure that has a set width and depth for which a consultant is paid.

The width and depth of the plan indicates how you get paid.

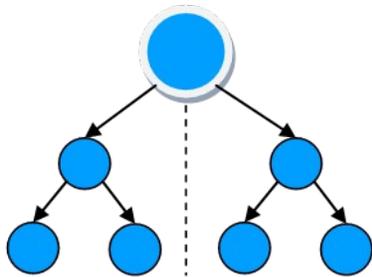
For example a 3 x 5 plan suggests you can only sponsor a maximum of 3 front line distributors and you earn commissions up to 5 levels deep.



This system encourages teamwork because your front line is limited. Any new recruits that are sponsored after your front line is full must be positioned under one of your existing downline distributors.

Understanding The Binary Compensation Plan

The binary plan is all about 2. There are only 2 first line consultants in a team. Each one is called a "leg".



All distributors after the first 2 are then placed under one of your first 2 front line members or under another distributor in the downline. This creates a supportive environment for new members because the best way for you to achieve success is by helping new members to build their organizations.

In the binary compensation plan the goal is to have balance in the amount of volume flowing through either side of your business.



For example if you had 900 sales dollars (or points) in the left leg of your business but only 600 points flowing through the right, you are paid out on the highest leg which is the 600 side.

Because the goal is to balance both of your organizational legs this encourages your consultants to help their weaker members to build their organization and promotes teamwork. Everyone is focused on achieving volume balance and a more consistent , higher commission check.

Like the unilateral plan, the binary plan works better in creating faster and quicker income for the average consultant because 2 front line distributors begin to provide income immediately for the recruiter.

Please let me know if I can be of any service to you as you research your future business or start the planning of a new company.



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