



Why are compensation plans such a mystery?

**Binary Matrix**  
**Hybrids Unilevel**  
**Australian**



### The Compensation Plan Primer

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### Compensation Plans...

**What do they all mean?**

**How do you interpret them?**

**How do they impact your company or a company you are considering joining?**

Whether you are new to MLM or a seasoned veteran, The Compensation Plan Primer is a book that you should read and keep nearby for frequent reference. This book takes the multitude of concepts associated with the myriad different compensation plan types and boils them down into easy to learn and comprehend explanations.

Even better, The Compensation Plan Primer will help you see how all the concepts fit together. If you are formulating a compensation plan for a company, trying to figure out ways to improve your current offering or researching the mechanics of an existing compensation plan, this book is an absolute must read.

*continued next page* →

# The Compensation Plan PRIMER

The least understood facet of multilevel marketing (MLM) is compensation plans. Copious resources and systems exist for learning the arts of recruiting, selling and management, while compensation plans have remained the great enigma of the industry.

Why are compensation plans such a mystery? The answer is that they are the one thing unique to MLM that people do not encounter as part of other sales or business relationships. Everyone understands the concept of engaging in work and receiving remuneration in return, however very few people are exposed to the MLM compensation framework prior to joining a MLM company.

Levels, compression, generations, Binary, Unilevel, Matrix – these are just a small handful of the terms that a typical person is not accustomed to associating with a paycheck, but which are commonplace in MLM.

An informational resource for learning the basics associated with compensation plans as they relate to network, or multilevel, marketing.

## THE COMPENSATION PLAN PRIMER

Written by John Pierce and Peter Spary

- ✓ Australian
- ✓ Binary
- ✓ Breakaway
- ✓ Hybrid
- ✓ Linear/Straight Line
- ✓ Matrix
- ✓ Recycling Matrix
- ✓ Unilevel

A resource for selecting a compensation plan for your company

The term "multilevel marketing" (MLM) in and of itself describes the nature of each compensation plan. The MLM compensation plan pays its distributors on multiple levels of sales activity; i.e. on more sales than just those that a distributor himself is responsible for making.

In summary, the key thing to keep in mind when speaking of an MLM compensation plan is that it is intended to reward a company's distributors on the sales efforts of multiple levels of salespeople.

Will my Compensation Plan make me rich?

A common pitfall encountered by new company owners is the notion that the compensation plan will be a source of revenue for the company.

Income Center (General) – an income center is an organization that can build Downlines of compensation plan. Distributors, people in a pay plan, may have multiple income centers of the company). Each income center can build its own Downline. Qualifications are calculated independently for each income center.

Commentary: the "Primary Income Center" concept of income centers.

Left to Right/Level by Level Spilling (Binary)

Compression, fixed width plan

Customer (General) – a customer is a person that wishes only to purchase product at retail price from the company. Customers are not eligible to build Downlines or receive commissions. Customer income is added to that of the sponsoring income center during the commission period. Customers do not occupy a position in the Downline.

Pre-Compression Post-Compression

Compression

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## Here's a sampling from The Compensation Plan PRIMER's table of contents.

What do they all mean? How do you interpret them? How do they impact your company or a company you are considering joining?

Whether you are new to MLM or a seasoned veteran, The Compensation Plan Primer is a book that you should read and keep nearby for frequent reference. This book takes the multitude of concepts associated with the myriad of different compensation plan types and boils them down into easy to learn and comprehend explanations.

Even better, The Compensation Plan Primer will help you see how all the concepts fit together. If you are formulating a compensation plan for a company, trying to figure out ways to improve your current offering or researching the mechanics of an existing compensation plan, this book is an absolute must read.

The Compensation Plan Primer was coauthored by Peter Spary and John Pierce. Both have long been involved with the established MLM industry service provider, MultiSoft Corporation.

Peter has been actively involved in MLM for over a quarter century as a distributor, company owner and service provider. He routinely consults with MLM companies all over the globe and is passionate about his work. John is considered an expert on MLM compensation plans and thoroughly enjoys developing, dissecting and working with them.

Together, they bring a refreshing and holistic approach to taking the mystery out of MLM compensation and its many nuances.

Call 239 945-6433 or visit [www.multisoft.com](http://www.multisoft.com) today to order your own copy of this ground breaking publication. Both Peter and John can be reached at 239 945-6433 and would be thrilled to discuss your compensation plan concept with you. ■

### CHAPTER 1 – OPINION ON COMPENSATION PLANS

WHAT IS AN MLM COMPENSATION PLAN?

WILL MY COMPENSATION PLAN MAKE ME RICH?

LEGALITY

Lotteries

Delivering Value

Claims on Earnings

IMPORTANCE OF THE COMPENSATION PLAN

Keep Perspective

BUILDING A SUCCESSFUL COMPENSATION PLAN

Management

Product/Service

Opportunity

Community

Compensation

### CHAPTER 2 – ON DEFINITIONS

BASIC DEFINITIONS OF COMPENSATION PLAN TYPES CONTAINED

WITHIN THIS PRIMER

Fixed Width vs. Unlimited Width

Australian

Binary

*Breakaway (also known as Group Volume Breakaway)*

*Hybrid*

*Linear/Straight Line*

*Matrix, Fixed Width*

*Matrix, Expanding*

*Matrix, Recycling*

*Unilevel*

COMMON DEFINITIONS

BONUS DEFINITIONS

### CHAPTER 3 – DETAILING THE PLAN TYPES

AUSTRALIAN

*Mechanics, Psychology, Pros & Cons, Best Fit*

BINARY

*Mechanics, Psychology, Pros & Cons, Best Fit*

BREAKAWAY

*Mechanics, Psychology, Pros & Cons, Best Fit*

HYBRID

*Mechanics, Psychology, Pros & Cons, Best Fit*

LINEAR/STRAIGHT LINE

*Mechanics, Psychology, Pros & Cons, Best Fit*

MATRIX

*Mechanics, Psychology, Pros & Cons, Best Fit*

RECYCLING MATRIX

*Mechanics, Psychology, Pros & Cons, Best Fit*

UNILEVEL

*Mechanics, Psychology, Pros & Cons, Best Fit*

### CHAPTER 4 – COMPENSATION PLAN KILLERS

TAIL WAGGING THE DOG

PEOPLE RESIST CHANGE

KISS

LACK OF VOLUME

CHASING A TREND CAN LEAD TO THE END

PERCEPTION AS REALITY