

## Generation compensation plan

An appealing plan with multiple generations where each generation consists of a distributor and his/her customers together as a single group. The plan is perfect for e-commerce businesses to increase productivity.

### Generation plan - An introduction!

A compensation plan that looks like a unilevel plan but with different generation levels. Each generation level consists of a distributor and his/her acquired customers. Thus the tree structure of the plan branches to various generation levels.

The plan offers good retail profit as well as commissions from the downline efforts. This particular scenario is an advantage for e-commerce business and popular e-commerce businesses choose generation as their compensation plan.

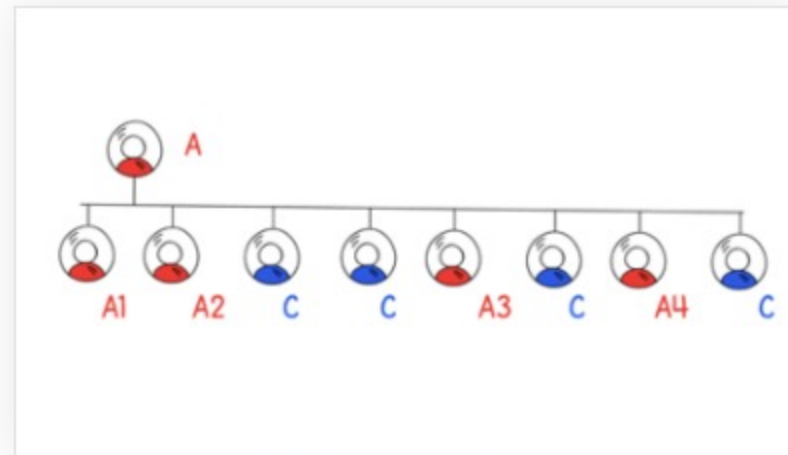
Managing a larger network using the generation plan is a difficult task. How can MLM companies be able to stand up to this task? Technology, you predicted that right!

A generation MLM software with great features will help companies to achieve the task. Brilliant, isn't it? Would you like to learn more about the technology behind this deal?

### How does generation plan work?

The plan is as simple as any other compensation plan. However, it does have some resemblance to a normal unilevel plan. Before explaining about generation plan let's see how it is different from a basic unilevel plan.

The below pictorial representation is a normal unilevel plan.



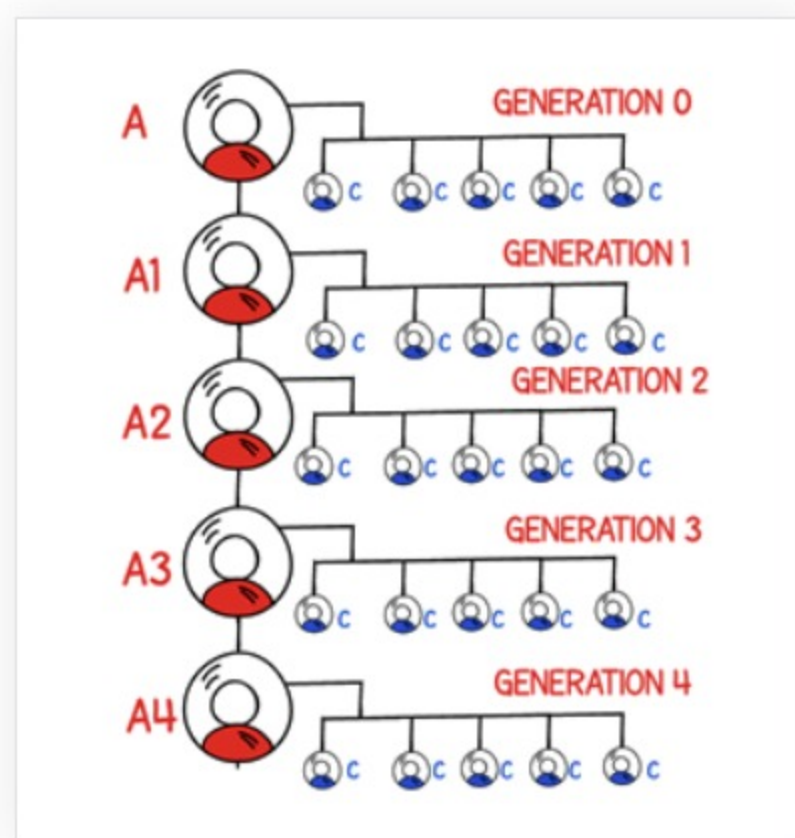
(Unilevel MLM plan)

Have you noticed something from the image? In a distributor's tree, all the customers and referrals are placed in a single business level. This particular method affects the consistency of the plan.

In the direct selling business, not every customer becomes a distributor. They may remain in the system as a one-time consumer or a regular customer but never want themselves as a distributor. However, consumers become distributors if they find good opportunities or they find the products worth selling.

If these distributors and customers are placed under a single level of the tree, then there arise inconsistencies. What might be the possible solution? Won't this issue become more complex in an e-commerce business with good traffic?

Sure, it will!



(Generation MLM tree)

The best solution is preferring a generation plan over other compensation plans. Instead of a single generation level, there will be many generations. Let's use the above example of distributor A to explain the plan.

Clearly, there is a significant difference from the normal unilevel plan. A1, A2, A3, and A4 are the direct referrals of distributor A.

**Generation 0:** This group consists of the sponsor (Distributor A) and his/her customers.

**Generation 1:** This group consists of the sponsor's (Distributor A1) first direct downline and his/her customers.

**Generation 2:** This group consists of the sponsor's (Distributor A2) second downline and his/her customers.

**Generation 3:** This group consists of the sponsor's (Distributor A3) third downline and his/her customers.

Thus there will be many generations in a single generation plan. This particular tree is termed as a generation tree.

**Retail profit benefits:** The profit received by the distributors once they sell a product to the customers outside the MLM system. The distributor gets the products in wholesale rate from the product selling company.

First, get sponsored to a system and then the distributor enrolls in the plan by purchasing a package. They get the products in wholesale price that equals the enrollment package fees.

Distributors then sell their products to outside customers for a retail price. Thus the distributors get a retail profit which is the difference between the retail value and wholesale value. This is beneficial mainly for e-commerce business.

### Compensations in a generation plan

Compensations are achieved once the distributors meet certain criteria set by direct selling companies.

#### Generation bonus:

The sponsor receives a percentage of sales made from the generation groups as a bonus.

**Example:** Distributor X has 5 generations in his generation tree. The company has set 5%, 4%, 3%, and 2% as a generation bonus for each generation level respectively.

Generation 1 makes \$500 worth sales, generation 2 makes \$600, generation 3 - \$400, generation 4 - \$200.

→ Distributor X gets \$73 (5% of \$500 + 4% of \$600 + 3% of \$400 + 2% of \$200)

*\*Sales made on generation 0 is not considered for generation bonus calculation*

#### Referral bonus:

Bonus received for adding new members to the tree.

**Example:** Distributor X sponsors a new member on the business network. MLM company has set 10% as a referral bonus for adding new members to the network.

→ Distributor X receives \$10 as a referral bonus (10% of \$100).

#### Team sales bonus:

Bonus received once the team achieves a specific target.

**Example:** The team made by distributor A achieves \$2300 worth of sales. The company has set a \$2000 target for the team. Upon reaching this target, the team will get \$100 as commission.

→ Distributor X's team get \$100 as a team sales bonus.

#### Retail commission:

The difference between the retail rate and wholesale price is received as commission for distributors.

**Example:** Distributor X enrolls in the business for \$1000 package and receives 10 cosmetics products that worth \$100 each. He then sells this product on his e-commerce website for \$120.

→ Distributor X sells 10 products within two days.

→ Distributor X receives \$200 as retail commission (( $\$120 \times 10$ ) - \$1000).

### Advantages of using generation MLM plan

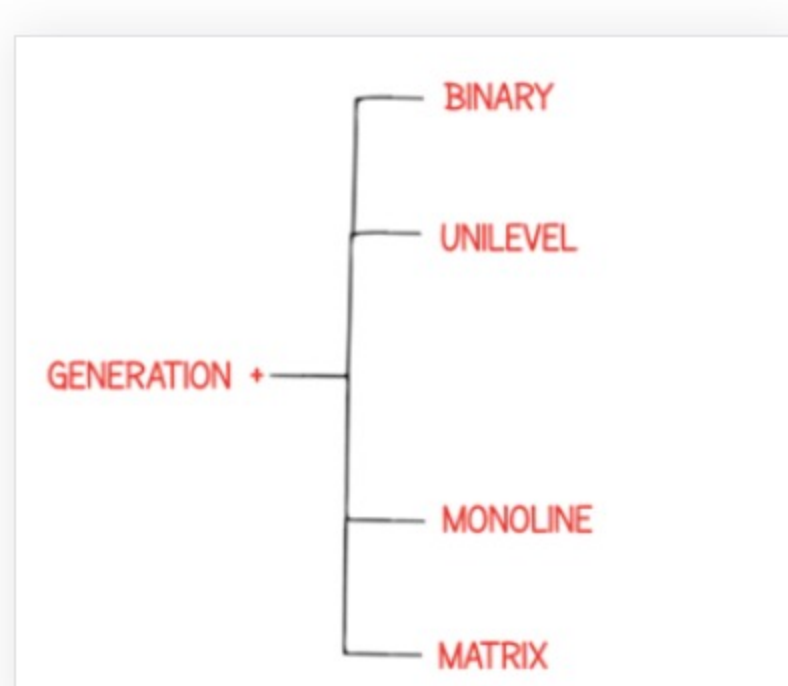
**More profitable:** The plan maximizes the effort by providing more benefits like retail profit, direct commissions, etc.

**Motivation:** The plan motivates distributors and they get more benefits from their efforts.

**Easy to understand:** The plan is easy to understand and there are no clutters for plan seekers to learn.

### Hybrid generation plan

Generation compensation plan like other plans can be combined with other plans to form a hybrid plan.



(Hybrid generation plan)