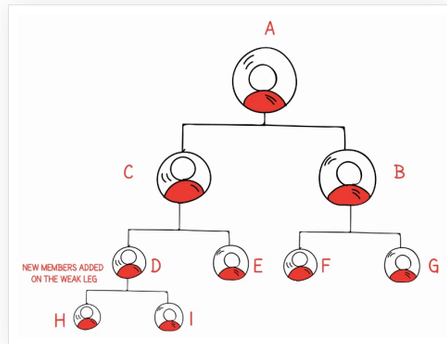
How does a Matrix MLM Plan Work?

Matrix MLM Plan is one of the best compensation plans that balance self-growth as well as support team growth. By fixing a suitable width versus depth relative, payout achieves this balance easily. Network marketing companies with matrix mlm compensation plan use a Matrix MLM software to effectively manage and automate marketing, prospecting, recruiting, training, and payout processes successfully.

What is Matrix MLM Plan?

The matrix mlm plan is defined as a compensation plan with fixed width and depth with first two members on the first level. Once the front line (first two members on the first level) is filled then the rest of the members are added to the next available positions/spots on the tree termed as *spillover*.

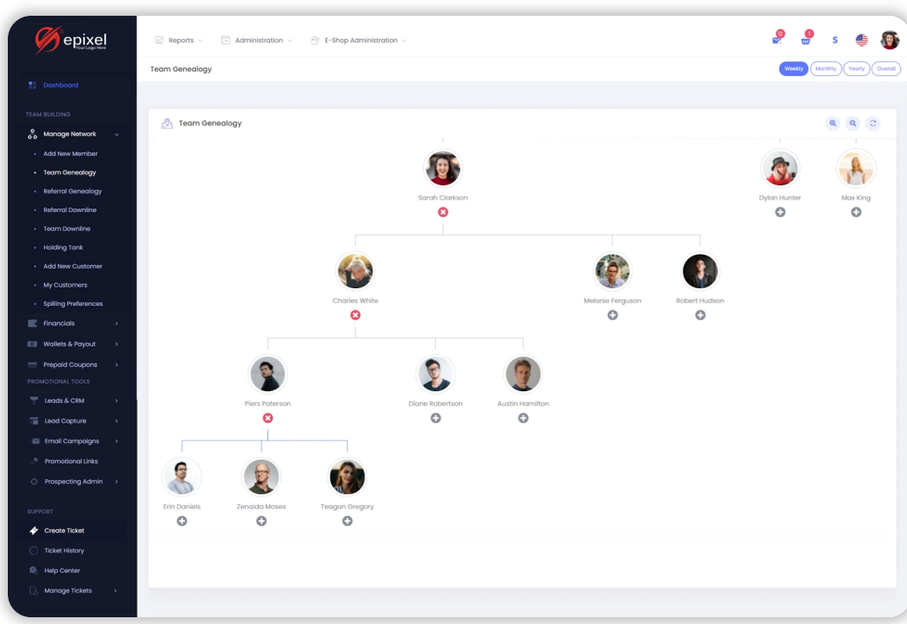
Usually, companies choose a matrix plan over binary plan or unilevel plan for encouraging group sales. Matrix Plan is a unique plan compared to other compensation plans. Matrix companies may choose narrower or deep levels to attract distributors with more compensation possibilities.



(Matrix MLM plan working)

Matrix MLM businesses have to keep track of their commission and network management to run the organization smoothly. An efficient and innovative Matrix MLM software can easily operate and manage the entire business process and help companies build better products and successful teams.

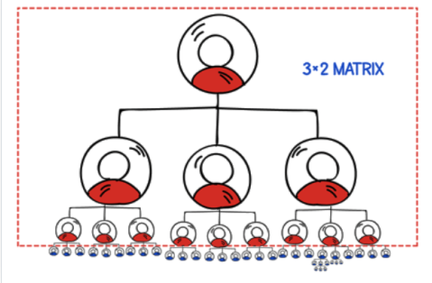
How does the matrix MLM plan works?



(Genealogy Tree in Epixel **Matrix MLM Software**)

Let's explain the plan using an example.

Consider a 3*2 matrix plan, here 3 represents *width* and 2 represents *depth* or *height*. These two elements stay fixed (width and depth). A 3x2 matrix tree will look like,



(3*2 matrix plan)

Here the width (3) is the maximum number of distributors addable on a level. Once the 3 members add up in a matrix tree, the first level is literally completed. The next joining members are placed at the next level (2nd level). So, on the first level, there are only three members.

The process of adding distributors to the next levels (level 2,3,4, etc.) after filling the first level is known as spillover. The position is based on the next available spot.

At the next level, there will be 9 members, and in total, a 3*2 matrix tree will have 13 members (1 [sponsor] + 3 [First level] + 9 [Second level]). A matrix cycle completes once this is achieved.

Distributors are forced to add them in the second or deeper levels as there is a limit in width. That's why a matrix plan is also known as a 'forced matrix plan'. Unlike the unilevel tree where the width is unlimited, the matrix will have a width limit!

There are certain spillover preferences and MLM companies follow them as per their business strategy.

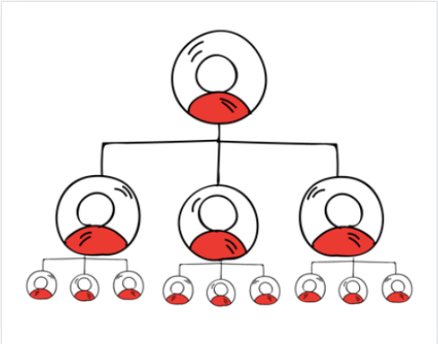
Matrix plan strategy - How is it beneficial for the company and distributor?

"*Matrix plan converts unlimited opportunity to a limited income position*", this particular point focuses directly on the direct selling company's perspective.

Let's make it simple, from the above example, in distributors' view, it's just a 3*2 matrix plan. Literally, yes, it's a 3*2 matrix plan but in the company's point of view it's a 3*unlimited depth plan, wonder why?

It's simple, many distributors exist in the network and when you consider the members above the sponsor, the tree will be a big one.

The highlighted part of the tree is a 3*2 matrix but look at the entire matrix tree. It's big and goes unlimited levels from the company's perspective. Companies regulate the number of compensations by making distributors' completing the matrix cycle (3x2, 2x2).



(Matrix plan)

Compensations in matrix plan

Compensations in matrix plan are the best among all the compensation plans, distributors get rewards for not their efforts but also from the upline's effort.

Sponsor bonus:

Bonus received for adding a new member in the matrix tree.

Example: The distributor X sponsored a new member and adds on the matrix tree. The new member bought a $100 package and the company offers 10% as sponsor bonus.

- Distributor X receives $10 as sponsor bonus (10% of $100).

The distributor will get the sponsor bonus even after completing a matrix cycle.

Level completion bonus:

Commission received for completing each level of the tree. The percentage of level completion bonus varies for each level.

Example: Distributor completes level 1 by adding two new members in his 2*2 matrix.

- Matrix MLM company is providing a 5% level completion bonus at the first level.
- Level completion bonus is set for a fixed $10.
- Distributor X receives $10 as level completion bonus.

Matching bonus:

Upline members receive a percentage of bonus achieved by downline members.

Example: Distributor X sponsors two new members X1 & X2. After two days, distributor X1 adds new members and receives $50 as a sponsor bonus.

- Matrix MLM company provides 5% for matching bonus.
- Distributor X gets $2.5 as matching bonus (5% of $50).

Matrix completion bonus:

Bonus received once a distributor completes a matrix cycle.

Example: Distributor X adds 13 members and completes a 3*2 matrix cycle. The company is providing $50 as a matrix completion bonus.

- Distributor X receives $50 as matrix completion bonus.

Position/Level bonus:

Bonus received when new members joined within the matrix. This bonus does have some resemblance with the sponsor bonus.

Example: Distributor X who is in the 3*2 matrix, adds a new member in the second level. Later on, members added by uplines are spillover under Distributor X's second level. The second level thus got filled. So, once distributor X adds a new member, say Y, then Y will get added to the next available level i.e. third level.

Matrix MLM company provides 5% as the position bonus.

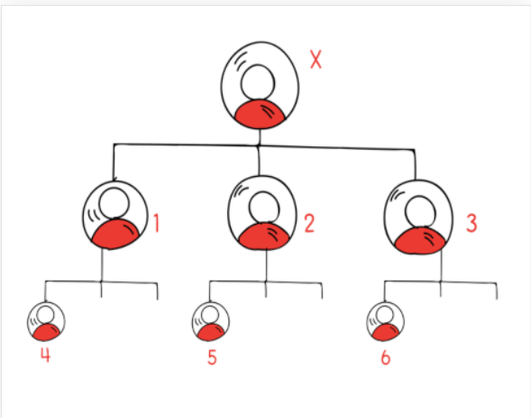
- Both new members have joined in under $100 package.
- Distributor X receives $5 as position bonus because the first member joined within the matrix (2nd level of 3*2 matrix).
- Distributor X didn't get any position bonus for the second member as the new member was positioned outside the matrix (3rd level).
- The positions on the second level were already filled by upline members.

There might be some criteria set by matrix MLM companies for the distributors who have completed a matrix cycle to earn more in the business. Companies may prefer them to rejoin with the same or higher package and reenter them back with a new matrix cycle.

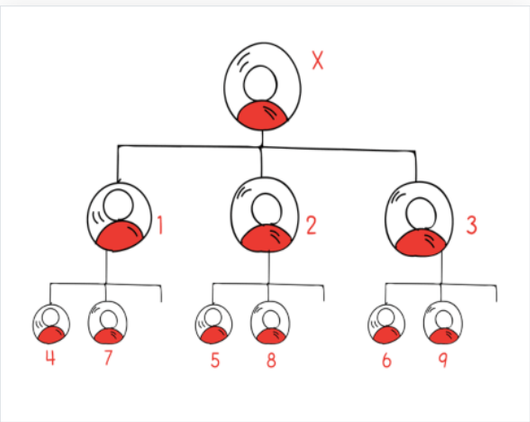
Spilling preferences

In a forced matrix plan, MLM companies can prefer multiple spilling preferences like,

Top to bottom - Left to right: New members are added from the top available positions to the bottom levels as well as from left to right available positions. This preference is set by default in a matrix plan.



(Matrix MLM spillover)



Alternative spillover: After completing the first level, new members are added on the matrix tree in alternative positions under each member in the first level.

For eg: Distributor X adds 1, 2, 3 on the first level. After completing the tree, new members 4, 5, and 6 are added on the tree using alternative spillover preference that looks like,

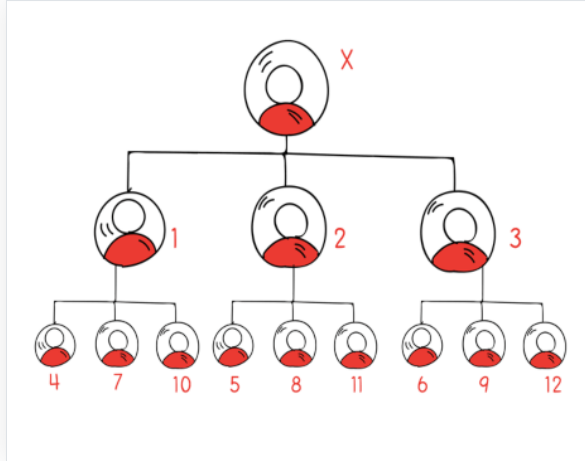
(Forced matrix spillover)

See, in the above picture, 4, 5, and 6 are added alternatively under 1,2, and 3 respectively.

Thereafter 7, 8, and 9 are added on the tree. They are again added under the 1, 2, and 3 adjacent to 4, 5, and 6. Now, the matrix look like,

When next members are added on the tree - 10, 11, and 12, the tree look like,

A matrix tree is now formed.



(Matrix MLM plan)

Sponsor placement: In some matrix plan, business owners or members might get the privilege to add new members to their matrix cycle as per their preferences.

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Advantages/benefits of matrix MLM plan

Promotes group sales: A perfect plan that promotes and increase group sales.

Higher benefits: Deeper the plan gets more the compensations will be, more compensations means more benefits or opportunities.

Active business: Distributors become active once the frontline fills and they automatically start to add more members.

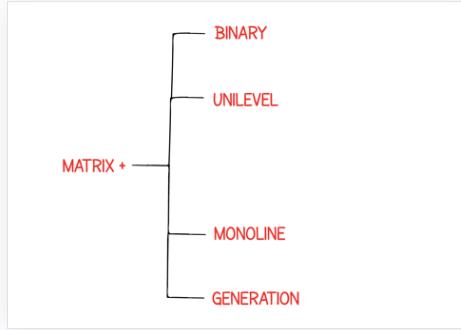
Position compression: If a sponsor drops out from the matrix tree then it leaves a '*hole*'. This hole causes imbalance to commission or bonus payout. Position compression allows admin to fill that hole by moving a downline member to that spot. The empty slot left by the downline member can be later filled by adding the next new members to that spot.

Best MLM Compensation Plans

Hybrid matrix plan

Like the other basic plans, a matrix plan can also be added with other plans to create a hybrid plan. Matrix plan is thus customizable with other plans as well as with other integrations like e-learning, investment-based companies, etc.

Common matrix hybrid combinations are



(Hybrid matrix plan)

Matrix MLM calculator

It's important to know about certain general factors - width and depth ratio is relative to payout. Narrow and deep matrix plans benefit everyone equally.

There are similar general facts about the calculators and they come in handy while fixing a final matrix structure. So, it's better to check the plan yourself before finalizing which is the proper width and depth of the matrix plan.

A matrix MLM calculator can do this job. The job is easy, provide the inputs, simulate, and get the result. Analyze the data and if unsatisfied change the ratio, and try again! Find the proper ratio and then fix it! You can find a free matrix simulator here and the simulation is provided with the catch of pictorial representations in pie charts, and more.

Matrix MLM calculator

Popular companies using matrix compensation plan

#	Company	Revenue(2021) (in billion USD)	Revenue(2020) (in billion USD)	Growth Rate
1	Perfect China	1.50	1.60	▼ -6%

Source: businessforhome.org