

DOCUMENTATION ON MULTI LEVEL MARKETING

*DOCUMENTATION
ON
MULTI LEVEL MARKETING
(M.L.M)*

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Chapter 1

Concept Of MLM**1.1) Introduction to MLM:**

Multi-level marketing (MLM), also known as *Network Marketing, Matrix Marketing or Chain Marketing*. It is a business-distribution model that allows a company to market its products directly to consumers by means of relationship referrals and direct selling.

MLM is a way of selling goods or services through distributors. Multi Level Marketing (MLM) is an important component of the direct selling industry. Multilevel marketing plans usually promise to pay commissions through two or more levels of recruits, known as the distributors "down line."

Independent, unsalaried salespeople of multi-level marketing, referred to as distributors, represent the parent company and are awarded a commission based upon the volume of product sold through each of their independent businesses.

Distributors earn a commission based on the sales efforts of their organization, which includes their independent sale efforts as well as the leveraged sales efforts of their downline. Commissions are paid to multi-level marketing distributors according to the company's compensation plan.

1.2) Examples of MLM Company

The most successful MLM scheme is **Amway**. It has millions of distributors worldwide with sales in the billions. At the turn of the century, the average Amway distributor earned about \$700 a year in sales, but spent about \$1,000 a year on Amway products. Distributors also have other expenses related to the business, e.g., telephone, gas, motivational meetings, and publicity material.

List of MLM Companies:

- Influx Multitrade Pvt. Ltd - Pune
- Image Multitrade (P) Ltd - Mumbai
- Puja Syncotx (I) Ltd (PSM)- Bhilwara (Rajasthan)
- Hide Park Farming (P) Ltd (BlueMormon)- Pune
- Inspire India Marketing (P) Ltd – Indore
- Dhanvarsha Universal Trading – Mumbai
- GIC – Mumbai

1.3) Traditional business structure verses MLM:

In traditional business structure, companies having its own distributors on country level, state level, city level and etc. for the distribution of product. So, in this structure, the product price is get increased than its manufactured price because of distributors commission, retailers commission, additional taxes such as transporting, manufacturing and etc. so, end user get that product in some high cost. And as result companies' business growth get affected.

But in MLM, each customer itself a Businessman & End User is directly connected to the company. So, he can get products in low cost as well as they can get incentives as per the performance. So, they will get motivated & increase companies' business.

Some other advantages of MLM over Traditional Marketing:

- No need to stock up inventories of expensive physical products (that means cash that would otherwise be spent could be channeled to advertising the network marketing business)
- No shipping cost involved, either by the network marketing company or it's distributors.
- High compensation payout to the distributors due to the extremely high profit margin for the virtual products.

1.3) Advantages of MLM:

- Fast Growth in Business.
- Low manpower required for marketing, sales, advertising, etc.
- Each of the members receives incentives as per the performance. So, they will get motivated & increase their business.
- The product is sold to customer at lower price than in traditional marketing.

1.4) Need of MLM software:

MLM is the network marketing, there is large information is gathered or have to maintain, and it is not possible to maintain in traditional formats. So this type of huge information is get maintained by MLM software.

MLM or multilevel marketing software describes the tools to manage and organize MLM accounts. Generally web-based and user friendly, MLM tools allow company to track its customers and recruits, as well as organize and report day to day sales, revenue and profit.

Chapter 2

Terminologies used in MLM

➤ **Genealogy:**

Genealogy is a graphical representation of member network. It shows tree like structure of its downline.

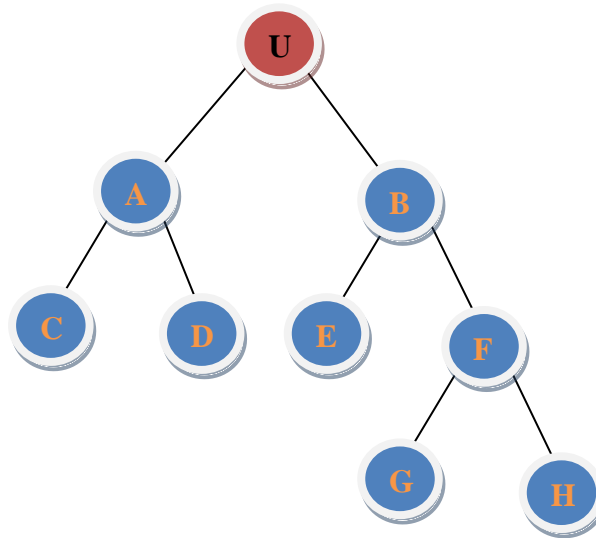


Fig: (1): Genealogy/Tree

➤ **Tree:**

It's a specific structure, in which member are placed. The root of tree is company and branches of tree are formed by different member's network.

➤ **Sponsor / Introducer:**

It is the member who provides direct reference to its downline.

Ex – In fig (1), 'U' is sponsor for A & B.

➤ **Downline:**

It is the term used to denote the group of members under one particular member.

Ex – In fig (1), A, B, C, D, E, F,G,H are the downlines of 'U'.

➤ **Leg Count:**

Leg Count is the down count of a particular member on left side & right side, i.e. left leg & right leg.

Ex - In fig (1), 'U' has following leg counts, left count is 2 & right count is 2.

➤ **Directs:**

The members directly sponsored by a particular member is supposed to known as Directs of that member.

Ex in fig (1), A, B are the directs of U.

C, D are the directs of A.

E, F are the directs of B.

G,H are thr directs of F

➤ **Adjusted to:**

The member to whom the new member is actually get attached, is called as 'Adjusted to' for that new member. The 'Adjusted to' & the 'Sponsor' may or may not be same.

Ex – In fig(1), 'U' is sponsor & also adjusted to of A & B.

➤ **Spill:**

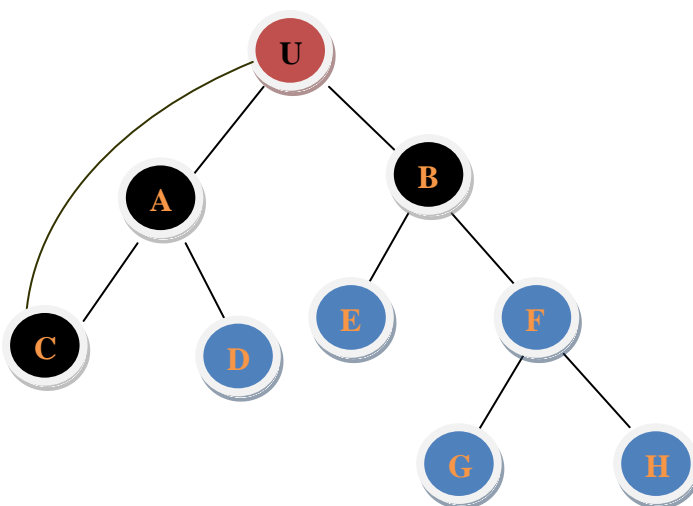


Fig (2):Spill

Third direct onwards all directs are known as 'Spill'. In Binary plan, a member can sponsor 2 IDs immediately, if he wants more ids to sponsor then those ids get placed in his network, get attached to other members called as 'Adjusted to'. Spill can only possible in extreme left & extreme right.

Ex – fig(2) shows that A, B, C are three directs of U.

➤ Types of Spills:

They are as follows:

- Extreme Left or Extreme Right
- Top to Bottom and Left to Right
- Weaker Side
- Manual Spill

➤ Extreme Left or Extreme Right:

In this type, the member is allowed to decide which side he/she wants to join, whether extreme left or extreme right side of the tree.

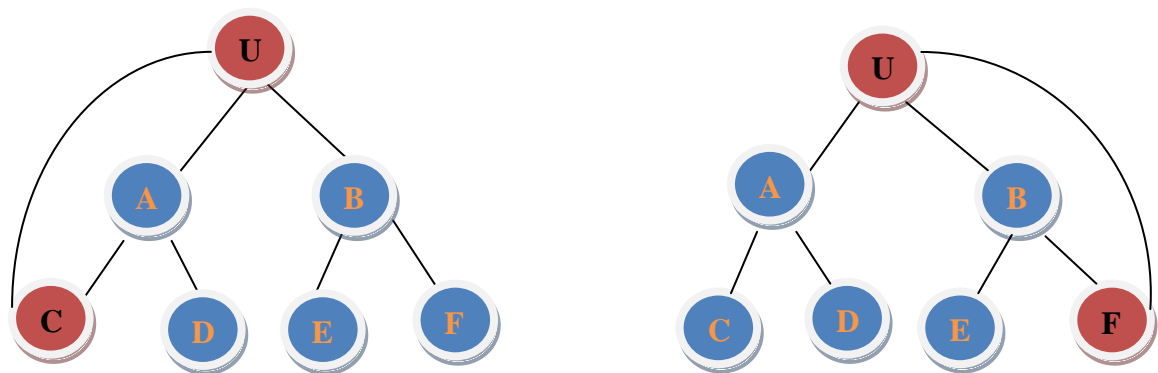
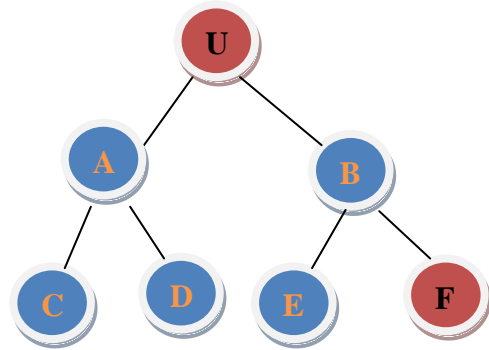
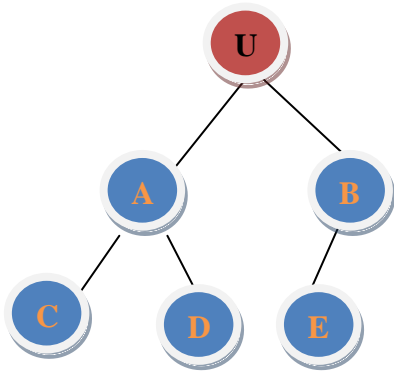


Fig (3): Extreme Left or Extreme Right

Ex: fig(3) shows, Sponsor 'U' can spill his/her third direct either to his/her extreme left side i.e. left side of Direct 'A' or extreme right side i.e. right side of Direct 'B'.

➤ **Top to Bottom Left to Right:**

In this type, the member is added into the structure by checking the structure from top to bottom and from left to right whether any side is empty.



Before Addition

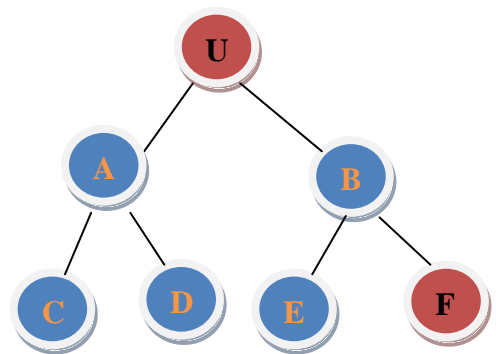
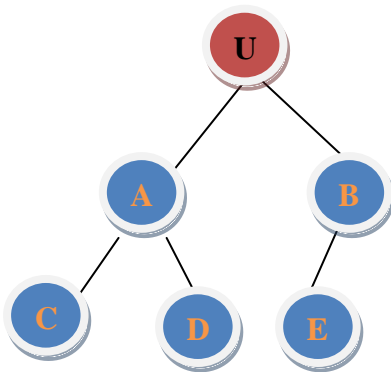
After Addition

Fig (4): Top to Bottom Left to Right

Ex: fig(4) shows that, a new member, suppose 'F' wants to join the company and he/she wants to be placed on the first vacant side, then through top to bottom and left to right method, 'F' will be placed below 'B' on right hand side and beside 'E'.

➤ **Weaker Side:**

In this type, the member is placed on the weaker side i.e. the side which has less member count, in the structure.



Before Addition

After Addition

Fig (5): Weaker Spill

Ex: fig(5) shows that, right side of 'U' has 3 counts on left side and 2 counts on right side, then the new member 'F' is placed on the right side of 'U'.

➤ **Manual Spill:**

In this type, the member can select manually the place where he/she wants to be placed.

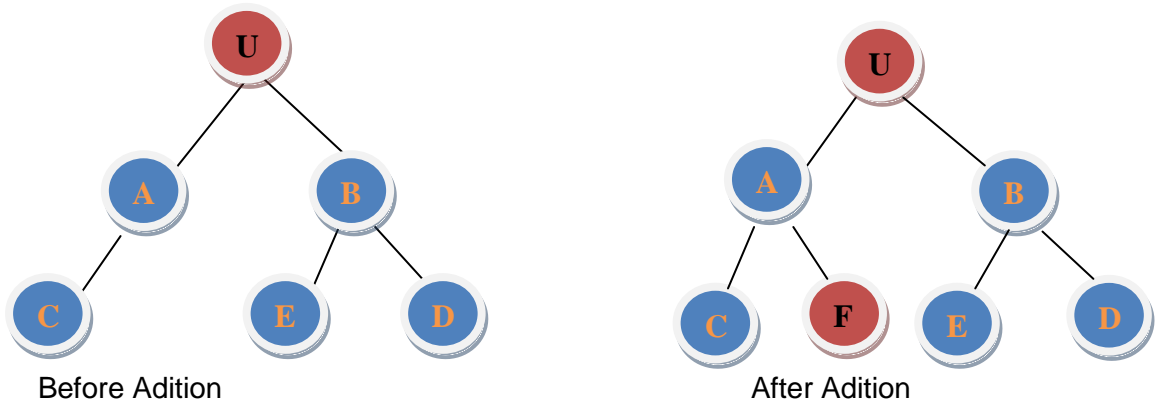


Fig (6): Manual Spill

Ex:- fig(6) shows that, new member 'F' can select any place in the structure wherever he/she wants to be placed.

➤ **Spill Network:**

Spill network is known as Spill's directs network.

Ex – fig(7), 'F' is the spill of 'U' & 'G' is the direct of 'F'. Then G's network is known as Spill network of 'U'. 'H' is the second direct of 'B'.

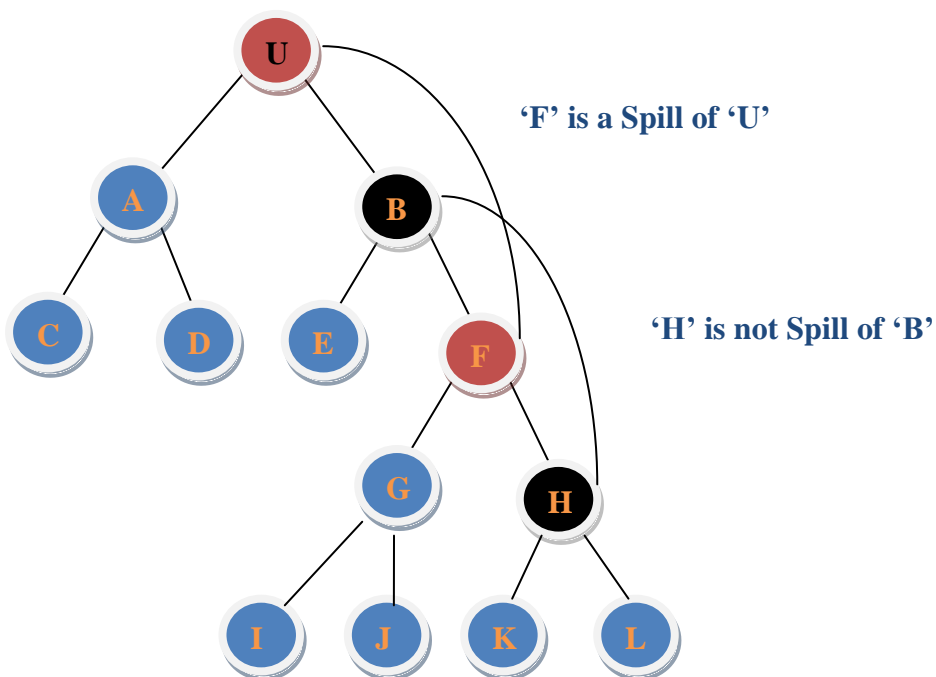


Fig (7): Spill Network

➤ **Upline:**

Members present above the member in chain like structure in mother tree, is known as Upline, who earns money on their downline.

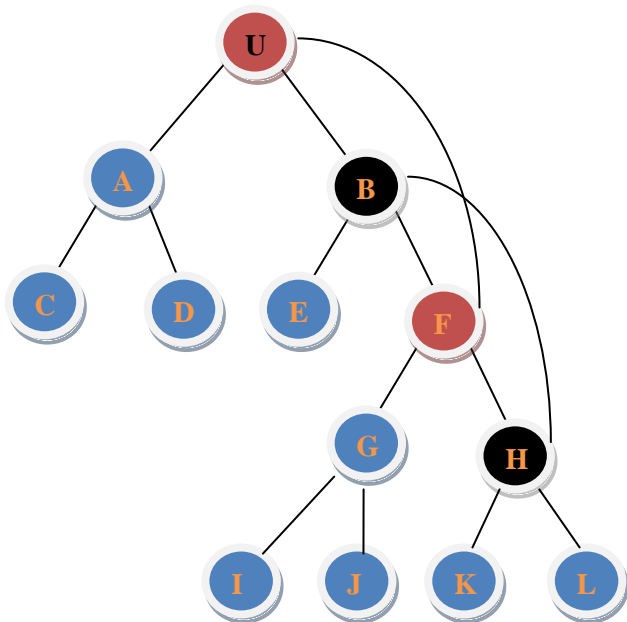


Fig (8) Up Line Structure

Ex – fig (8):U, B, F, H are the uplines of L.

➤ **Direct Upline:**

The adjacent to is the sponsor of the member, is called its direct upline.

Ex –In fig(8) - 'H' is the direct upline of 'L', 'B' is the direct upline of 'E', etc.

➤ **Set/ Pair:**

Set/ Pair is the confirm count of left & right side. Binary Earning depends upon no. of sets/ pairs. Set / Pair may be of 1:1, 1:2, 2:1, 1:3, 3:1, etc.

Ex – Suppose in a company, first set is of 1:2 or 2:1 & then second set onwards considered as 1:1. Here 'U' has two sets/ pairs. One is for 2:1 & another one is 1:1.

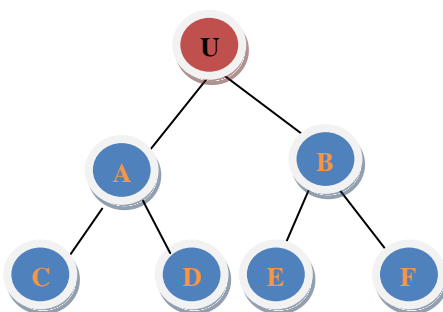


Fig (9): Set/Pair

➤ **Member Leg:-**

Down count of a member is known as leg of the member.

(Total Count = Total Left Count + Total Right Count)

Ex – In above figure – ‘U’ has left count 2 & right count 3, and then U’s leg count is 5.

➤ **Payout/ Incentives:-**

Member will get incentive on his downline network according to business plan. It can be calculated daily/ monthly/ weekly.

➤ **Set Amount:-**

The amount fixed per set as per Company’s rules & regulations is called Set Amount. How set will be formed & what will be the set amount, is decided by the company only.

➤ **Reserve Amount:**

It is a particular amount, decided by the company which is reserved from package cost. Reserve amount is collected for distribution among members.

Ex – Suppose Package cost is 3500/- & Reserve amount is 2000/- per package.

If there are thirty joining in a period, then Company’s Turn Over will be

$30 * 2000/- = 60,000/-$

➤ **Payout Analysis:**

Payout Analysis gives us a detailed idea about the particular payout i.e. it shows total no. of joining, total collection, total reserved amount, total available amount, amount to be distributed, brought forward amount, carry forward amount, TDS, processing/ service charges, advance amount, net amount.

➤ **Carry Forward & Brought Forward:**

The deficiency of amount/ count will be considered as CF and in the next payout, it is called as BF.

➤ **Capping:**

The maximum amount/ pair which can be earned/ considered by a member in a particular time period are called as capping. Capping will have been decided by the company.

Ex - suppose it is 20,000/- If a member earns 50,000/- in certain payout. That member will get only 20,000/- because of capping. Rest amount will be lapsed.

➤ **Royalty:**

Royalty is one type of earning. There is a certain percentage of T.O. of the Company will be distributed between all royalty qualifiers. For royalty qualification, member has to satisfy the criteria, in a certain time period a particular no. of pairs has to form.

➤ **Business Value/Personal Value (Point Value) (BV/PV):-**

The BV's/PV's are predefined for the different products. When member purchase product, he/she will get benefit in the form of BV/PV.

Ex. On purchase of Rs 1000/- from the company, then $BV = 40$.

If member purchase for Rs 5000/- then he will get $40 * 5 = 200$ BV's

Depending on BV's again member can earn income

➤ **Repurchase:-**

Purchasing of products from the company other than joining kit is called as Repurchase. Member will get commission on repurchase.

➤ **Types of Entry:**

A member can join company in different way by using any Paymode like DD, Cash and Credit card or by using E-pin. Following are the types of entries:

a. Paid/ Confirm Entry:

The members who have paid the amount before joining are called as Paid/ Confirm ID. The Paid/Confirm IDs are green in color. Members are joined in various methods like using E-pins, DD and cash payment.

b. Credit entry:

Member joins to the company without paying joining amount, those members are called 'Credit Members' and type is called as 'Credit Entry'. Until recovery of joining amount, a member cannot get any income on a credit entry on its downline. Credit members can get income on paid members only.

c. Free entry:

Those Members who join to the company without paying joining amount is called as 'Free Entry'. Free entries will get income on paid entries in its downline network. Paid entries will not get any income on free entries from its downline network.

d. Partial Paid Entry:

Member joins to the company paying partial amount, those members are called 'Partial Members' and type is called as 'Partial Paid Entry'. Until recovery of joining amount, a member cannot get any income on a credit entry on its downline. Partial members can get income on paid members only.

➤ **Earning:**

The sources of income according to the business plan are known as 'Earning'. It is also called as income / Incentive.

Ex. – Binary, Spill, Royalty.

➤ **Cumulative Earning:**

Cumulative Earning of member means sum of all earnings that a member get by different types of incentive in different payout.

Ex – U gets following income

Payout	Binary Amount	Spill Amount	Total Amount
1	4000	1000	5000
2	3500	500	4000
3	2000	0	2000

In the above example, 'U' gets 11,000/- as total or cumulative earnings in three payouts.

➤ **Deduction:**

All the charges on income get deducted from income as per companies policy.

The ID will get cheque of an amount as Total earnings – Total Deduction.

Ex. If 'U' gets 1000/- as binary income in a payout. If 10% is service charge. Then he/she will get 90% of 1000/-.

Types of Deduction:

a. TDS

Tax Deduction at Source (TDS) is the amount deducted from member's total amount earned during the payout.

b. Process/Admin/Service Charge

According to the company policy some percentage amount will be deducted. It includes service or process charges. It can be 5% on total amount earned.

c. Other

Other deduction includes charity charges, product dispatch charges will be deducted from total amount earned.

➤ Turn Over:-

Turn over is the total collection of a company for a particular period. It depends up on nos. of joining and reserve amount per joining. This is used as distribution amount in a payout.

Turn Over = No. of joining * reserve amount.

E.g. If reserve amount is 2000 and no. of joining is 30 then turn over of company is

$$T.O. = 30 * 2000 = 60,000/-$$

➤ MCA: -

MCA is the abbreviation of Minimum Cheque Amount. It is decided by the company. If net amount is greater than MCA, then only cheque will be processed.

➤ Paid Member: -

The member, whose net payable amount is greater than MCA, is called as Paid member.

➤ Unpaid Member: -

The member, whose net payable amount is less than MCA, is called as Unpaid member.

➤ **Simulation:**

Company reserves a specific amount from package cost for distribution. After a period situation comes where distribution amount is greater than reserve amount.

In such case Company applies a policy in following way:

All members who earn a specific amount, get qualify for simulation. Simulation occurs as percentage wise.

Ex.

Suppose 10,000/- is the specified simulation amount, then all the members who earn cumulative 10,000/- from binary plan are eligible for simulation.

Rest of the members get full amount. Eligible members get that percentage of net amount.

Payout	Reserv Amt.	Amt. to be Dist.	Member	Amt. Dist. Each.	Remaining Reserve Amt.
1	26000	25000	A,B,C,D,E	5000	1000
2	29000+1000	30000	A,B,C	10000	0
3	50000	60000	A,B,C ,D,E,F	10000 for D,E,F and 6666 A,B,C	20000

So table shows A,B,C members are Eligible for Simualtion so the get income as per the Simulation percentage

Simulation percentage= (Remaining Reserve Amt/Required Distributed Amt) * 100.

In this case, simulation percentage=(2000/60000)*100=33.33%

So, all qualified member's A,B,C will get the 50% of the actual payout amount means they get 6666/- each amount.

➤ **Award:**

Company will give some awards and rewards to his members to motivate them by completing some targets decided by company. If a member satisfies some criteria, then those members will be qualified for awards. Member can get award in two ways: one is Fresh and other is Cumulative.

Ex-

No. of days	No. of pair	Award
7	10	A1
10	20	A2
15	25	A3

Chapter 3

MLM PLANS

1) Binary Plan:

In Binary plan, each member can sponsor two direct members immediately under him. But if he wants more ids to sponsor, then those ids are placed in his network as 'Spills', which get attached to other members called as 'Adjusted to'.

Spill can only possible in extreme left & extreme right.

Ex – Any member can sponsor only two members.

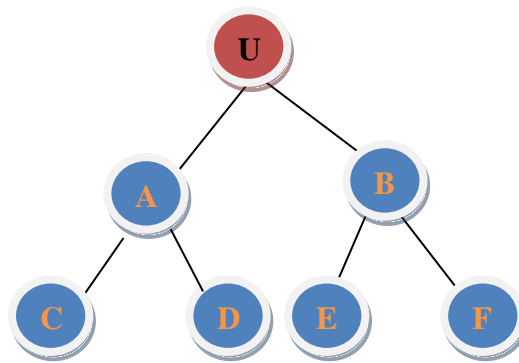


Fig.(9) Binary Plan

NOTE:-

But any member after sponsoring two members wants to sponsor third member, he / she can also sponsor third member by Spill method. Third Directs onwards all directs are called as 'Spills'

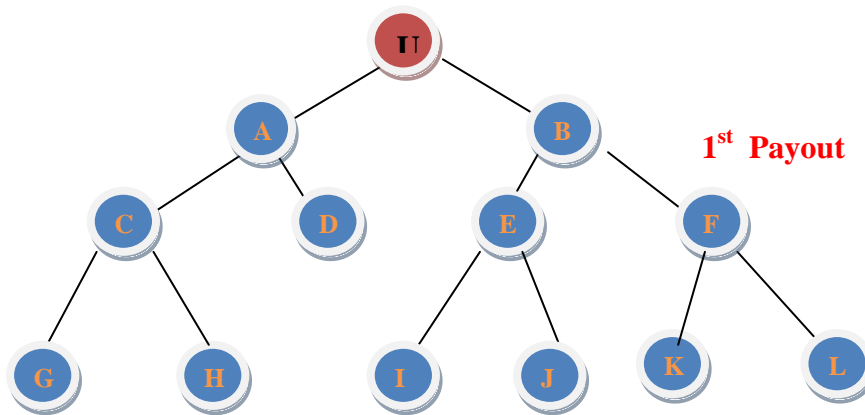
-----Example of Binary Plan-----

Considerations:-

- Ratio required to form a first pair is 1:2 or 2:1 in left or right side respectively.
- After that ratio required 1:1.
- 1st Pair amount is Rs.300
- 2nd onwards gets Rs.200
- TDS amt = 10%
- Service Charges = 4%
- Minimum Cheque amt = Rs.300

Members Joining Date: 01-11-2009

For 1st Payout:-



Calculations on daily basis: (1-11-2009 to 7-11-2009)

For 1st Payout

Member	Left	Right	Leg Count	Paid	Sets	CF	Commission
U	5	7	5:7	1(1:2)+4(1:1)	5	0:1	1*300+4*200=1100
A	3	1	3:1	1(2:1)	1	1:0	1*300=300
B	3	3	3:3	1(1:2)+1(1:1)	2	1:0	1*300+1*200=500
C	1	1	1:1	0	0	1:1	0
D	0	0	0	0	0	0:0	0
E	1	1	1:1	0	0	1:1	0
F	1	1	1:1	0	0	1:1	0

For C, E & F as they do not satisfy the required criteria, they are not qualified for the commission calculation.

Therefore, C, E and F each have carry forward as **1:1**, as per the structure.

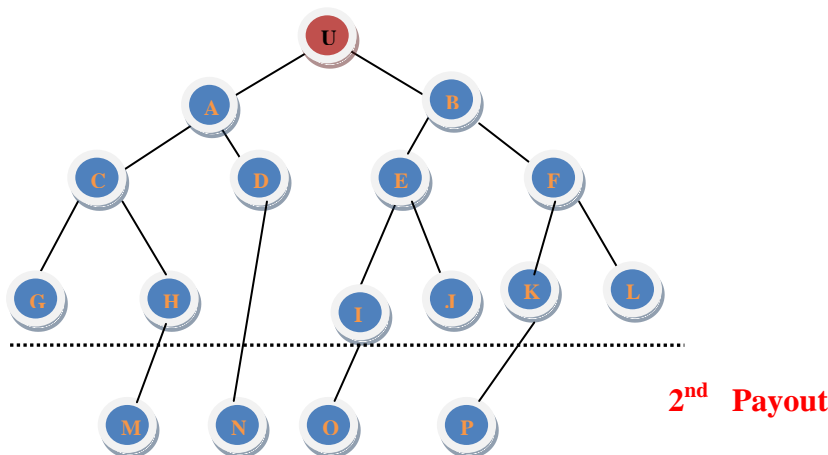
Calculation for Net Amount in 1st Payout:-

Member	Total Pair	Binary Pair Amt	TDS	Service Charges	CF	Total Payable	Net Amt
U	5	1100	110	44	0	0	946
A	1	300	30	12	258	258	0
B	2	500	50	20	0	0	430

Since, the Minimum Cheque Amount = 300, member 'A' cannot get the payment even though he is qualified. The Total Payable of 'A' is carry forwarded into the next Payout calculation.

Member Joining date 8-11-2009

For 2nd Payout:-



Member	Left	Right	Leg Count	BF	New Count	Paid	Sets	CF	Commission
U	2	2	2:2	0:1	2:3	2(1:1)	2	0:1	400
A	1	1	1:1	1:0	2:1	1(1:1)	1	1:0	200
B	1	1	1:1	1:0	2:1	1(1:1)	1	1:0	200
C	0	1	1:1	1:1	1:2	1(1:2)	1	0:0	300
D	1	0	1:0	0:0	1:0	0	0	1:0	0
E	1	0	1:0	1:1	2:1	1(2:1)	1	0:0	300
F	1	0	1:0	1:1	2:1	1(2:1)	1	0:0	300
G	0	0	0:0	0:0	0:0	0	0	0:0	0
H	1	0	1:0	0:0	1:0	0	0	1:0	0
I	1	0	1:0	0:0	1:0	0	0	1:0	0
J	0	0	0:0	0:0	0:0	0	0	0:0	0
K	1	0	1:0	0:0	1:0	0	0	1:0	0
L	0	0	0	0:0	0:0	0	0	0:0	0

Here, Ratio is taken as 1:2 and 2:1 because it's the 1st set of 'C,E,F'.

Calculation for Net Amount in 2nd Payout:-

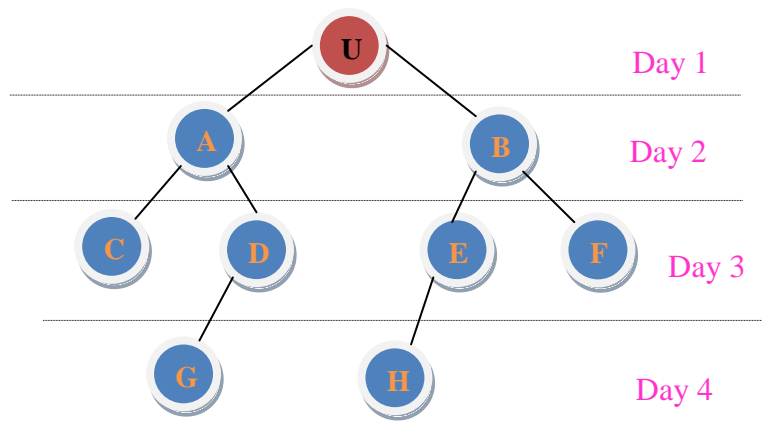
Member	Total Pair	Binary Pair Amt	TDS	Service Charges	CF	BF	Total Payable	Net Amt
U	2	400	40	16	0	0	0	344
A	1	200	20	8	172	258	0	430
B	1	200	20	8	172	0	258	0
C	1	300	30	12	258	0	258	0
E	1	300	30	12	258	0	258	0
F	1	300	30	12	258	0	258	0

Since, the Minimum Cheque Amount = 300, members 'B', 'C', 'E' and 'F' cannot get the payment even though they are qualified. Their Total Payable is carry forwarded into the next Payout calculation.

2) Daily Binary Plan:

In Daily Binary Plan, payout calculation is done daily. It has auto generated scheduler. Here, commission is calculated daily, but all the deduction will be done at time of cheque processing. Company can provide the different condition. But, on each day, no. of pairs is constant. Each member should make those no of pairs to get the commission. If any member fails to make those no of pairs, then those no. of joining count will be flushed out daily. Though member makes more than 1 set, then also member will get only commission on fixed no. of pairs.

-: Example On Daily Binary Plan:-



Considerations:-

- ◆ Pair Required - 1:1.
- ◆ Pair amount - **Rs. 1, 000/-**
- ◆ Pair Capping -1 pair per day.
- ◆ Payout calculation – 1 time per day.
- ◆ System should not carry forward any count or pairs.
- ◆ Payout calculation will be done at **12.00** noon.

Daily Income:-

Member	Day1 Income	Day2 Income	Day3 Income	Day4 Income	Total Income
U	0	1000	1000	1000	30000
A	0	0	1000	0	1000
B	0	0	1000	0	1000

C,D,E,F,G,H have not satisfied the condition of pair, So they will not get any commission amount. So, all count will be flushed out.

3) Hyper Binary Plan:-

It's the earlier version of 'Daily' binary plan. It's the one in which the Set amount is not fixed. The payout calculation was carried out by the Admin department. It consists of following things:-

- Fixed Binary
- Variable Binary
- Diamond Income
- Lapse Pair Income

➤ **Fixed Binary:**

In this, a member will get certain fix amount for particular period / pair and then the amount will vary.

E.g.:- Suppose the member will get the fix amount for the 1st two set only then the amount would vary for next period / pair.

➤ **Variable Binary:**

If a member has more pairs even after the condition for fixed pair is satisfied, then that pairs will be consider for variable Income. It is also having certain pair limit.

E.g.:- Suppose Reserve amt on per joining = 100

Capping limit of pairs = 4 i.e. only 4 Variable pairs are considered and rest are flushed out.

➤ **Diamond:**

If a member still has certain pairs left after the variable income then as per the plan of the Organization if he satisfies the pair condition he is qualified for pair income.

Formula:-

$$\text{Diamond Rate} = \frac{\text{Total no. of joining} * \text{Diamond Reserve Amt}}{\text{No. of Diamond Set}}$$

➤ **Lapse Pair Income:**

After calculating 'Diamond' rate, still if some of the pairs are left out, then they are called as 'Lapsed Pairs'. But certain organizations also pay some income on the lapsed pairs. It may vary from company to company.

➤ **Formulase Used in Hyper Binary Plan:**

$$1) \text{ Variable set amt} = \frac{\text{T.O (Turnover)} - \text{Fix binary amt for total pair}}{\text{No. of Variable pair created.}}$$

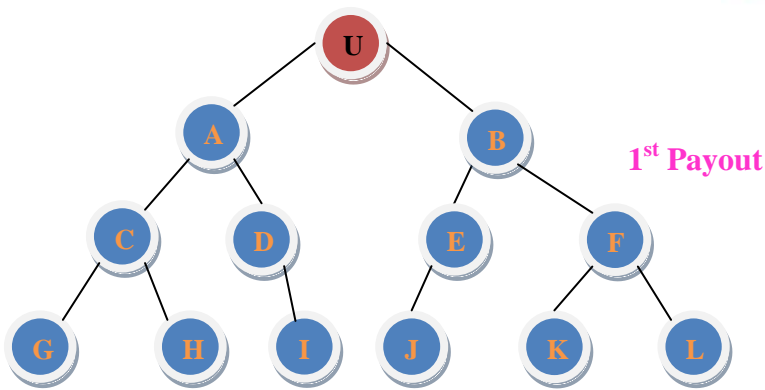
$$2) \text{ Variable Income} = \text{No. of Sets} * \text{Variable Rate}$$

$$3) \text{ Net Income of a member} = \text{Fixed Income} + \text{Variable Income}$$

-:Example On Hyper Binary Plan:-

Suppose there is a 'Hyper Binary' plan having a tree structure as shown below and along with following conditions:-

1. Ratio required to form pair is 1:1 in left or right side respectively
2. Rs.300 per joining will be kept reserved for Distribution for hyper binary.
3. First 2 pair consider to Fixed Binary Pairs.
4. Pair amt is Rs.200/-
5. For Fixed Binary income, capping per day is 2 pairs.
6. First 2 pair onwards all the pairs will be considering for Variable Binary Income.
7. For this income, capping per day is 4 pairs.
8. The amt available for hyper binary income will be equally distributed in eligible Pairs.
9. TDS amt 10%.
10. Processing Charges 4%.
11. Minimum Cheque amt 300.



Calculation for the 1st payout (1-11-2009 to 8-11-2009):-

Member	Left	Right	Total Leg	Fix Pairs	Variable Pairs	CF
U	6	6	6:6	2	4	0:0
A	3	2	3:2	2	0	1:0
B	2	3	2:3	2	0	0:1
C	1	1	1:1	1	0	0:0
D	0	1	0:1	0	0	0:1
E	1	0	1:0	0	0	1:0
F	1	1	1:1	1	0	0:0

In 1st Payout:

Tot. no. of joining = 13.

Total No. of Fixed Sets=8.

Total No. of Variable Sets = 4.

For **Fixed binary amt calculation** = No. of pair * Pair amt.

$$=8*200$$

$$=1600$$

For **Variable binary set amt calculation**

= T.O (Turnover) – Fix binary amt for total pair

$$= \frac{[(8*300)-1600]}{4}$$

$$=200$$

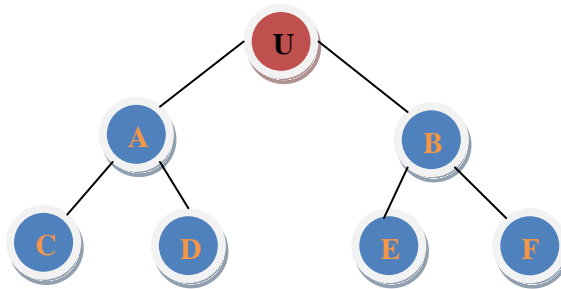
Toatal Payout Calculation:

Member	Fix. Pairs	Vairable Pairs	Fix Income	Variable Income	Toatal Amount	TDS	Processing Charge	Total Payable	CF	Net Payable
U	2	4	400	800	1200	120	48	1032	0	1032
A	2	0	400	0	400	40	16	344	0	344
B	2	0	400	0	400	40	16	344	0	344
C	1	0	200	0	200	20	8	172	172	0
D	0	0	0	0	0	0	0	0	0	0
E	0	0	0	0	0	0	0	0	0	0
F	1	0	200	0	200	20	8	172	172	0

-:Example for Diamond and Lapse Calculation:-

Conditions :-

- Consider Fixed Binary capping =1:1, commission = 200
- For variable capping =1:1, Reserved amt = 100
- For Diamond capping =1:1 = One Diamond., Reserve amount = 50



Calculation of Commission:-

Member	Left	Right	Total Leg	Fix Pairs	Variable Pairs	Diamond Pair	CF
U	3	3	3:3	1	1	1	0:0
A	2	2	2:2	1	1	0	0:0
B	2	2	2:2	1	1	0	0:0

$$\text{Variable Pair Amount} = \frac{(\text{Reserved amount} * \text{total no of new joined})}{\text{Total no of variable set}}$$

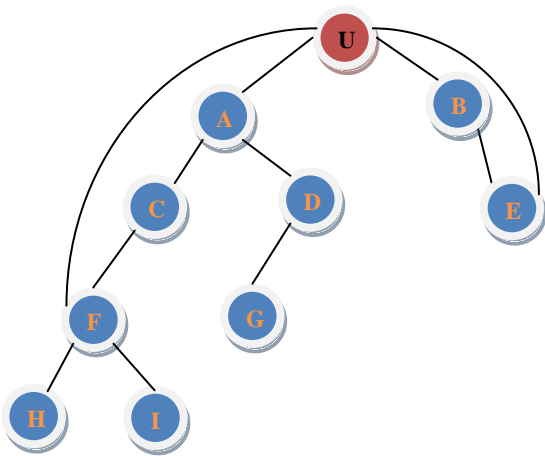
$$\text{Diamond income} = \frac{(\text{Res. Amt.} * \text{total no. of joining})}{\text{No. of Diamond Sets}}$$

$$\text{Lapse pair income} = \frac{(\text{Reserved amount} * \text{No. of new joined})}{\text{Total no. of Lapse Pairs}}$$

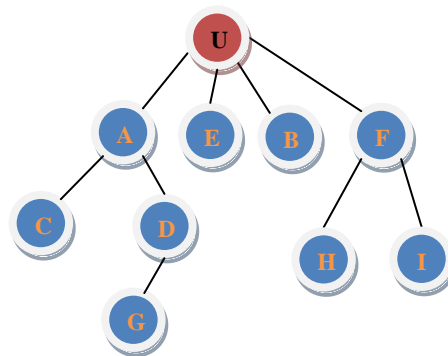
Member	Fix. Pairs	Vairable Pairs	Diamond Pair	Lapse Pair	Fix Income	Variable Income	Diamond Income	Laps Income	Toatal Amount
U	1	1	1	0:0	200	600	300	0	1100
A	1	1	0	0:0	200	600	0	0	800
B	1	1	0	0:0	200	600	0	0	800

4) Level Binary

- Commission is calculated per Joining and per level.
- If a spill is created in binary tree, then for level commission calculation, it is converted to actual tree and then commission is calculated per Joining.
- Ex- Here, commission is calculated by arranging all the members according to their sponsors, which is represented by Actual Tree. Then, the commission will be calculated per Joining and per level.



Binary Tree

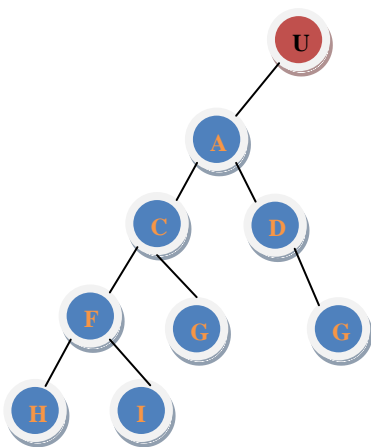


Actual Tree

Single Level:

- ◆ Single Level commission given Joining , though it has only one leg on one side.
- ◆ When he will create another leg, then he will get only binary commission.

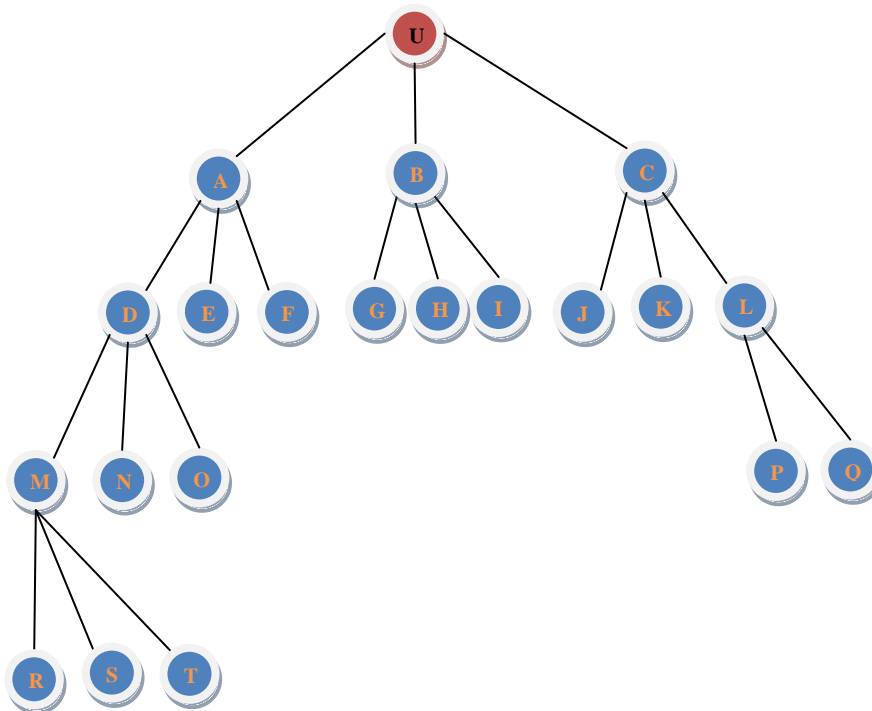
Ex- in following figure, U and C will get only leg commission and all others i.e. A, B and D will get only binary commission.



5) Matrix Binary and Auto-matrix:

- A matrix plan is the one in which the tree grows in 'n X n' structure only. A Binary plan is an example of 2X2 matrix. The structure of Binary Matrix plan is of 1-2-4-8 and so on.
- Other example of Matrix plan is of 3X3 matrix. The structure of this plan is of 1-3-9-27 and so on. These two types of matrix are most commonly used. The user can also use 4X4 matrix but it would create a lot of complication and time consuming.
- In Simple Matrix Plan, the members are placed randomly based on the Sponsor id and its downline. The user is not allowed to select the position. He can only select the sponsor. In this plan, the member will get commission on level basis. In this, the payout period is there and after certain no. of levels is completed, the members earning is stopped.
- If matrix binary is of 2X2, then it is called as "Level Binary" or regular binary.

Consider 3X3 matrix plan:



Here commission is calculated level wise and per Joining wise.

Now in this example U will receive 100 Rs. for each member if that member joins next level of U and will receive 80 for next level in this way commission is received.

Level	Income
1	100
2	80
3	50
4	30
5	20

Payout for 'U':-

The Payout for U

$$\begin{aligned}
 &= (1^{\text{st}} \text{ level commission} * \text{No. of joining}) + (2^{\text{nd}} \text{ level commission} * \text{No. of joining}) \\
 &\quad + (3^{\text{rd}} \text{ level commission} * \text{No. of joining}) + (4^{\text{th}} \text{ Level Commission} * \text{No. of Joining}) \\
 &= (100 * 3) + (80 * 9) + (50 * 5) + (30 * 3) \\
 &= 1360
 \end{aligned}$$

Payout for 'A':-

The payout for A

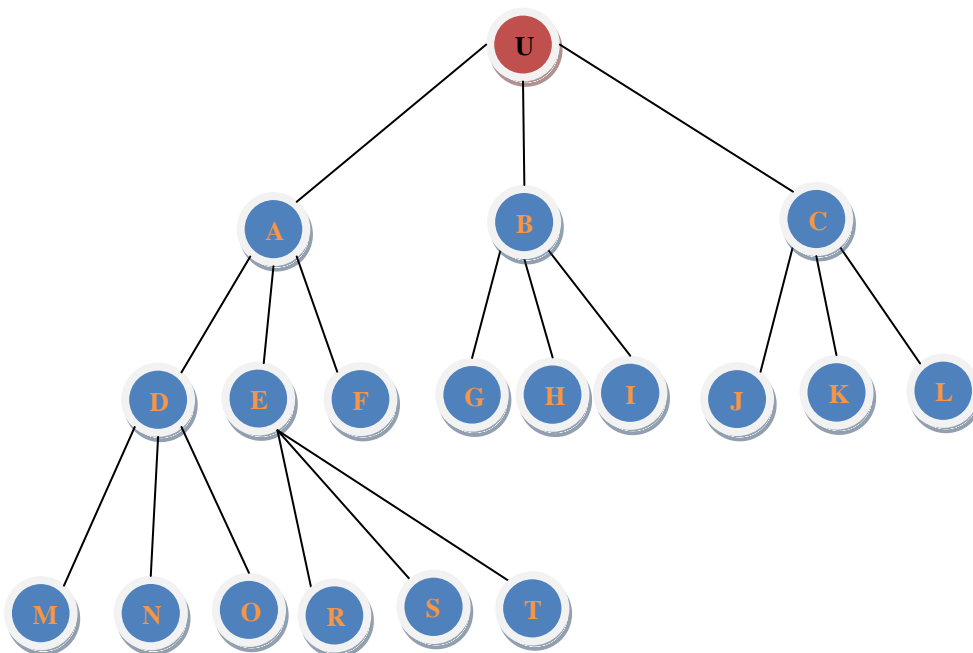
$$\begin{aligned}
 &= (1^{\text{st}} \text{ level commission} * \text{no. of joining}) + (2^{\text{nd}} \text{ level commission} * \text{no. of joining}) \\
 &\quad + (3^{\text{rd}} \text{ level commission} * \text{No. of joining}) \\
 &= (100 * 3) + (80 * 3) + (50 * 3) \\
 &= 690
 \end{aligned}$$

In this way the remaining membres get commission.

Auto-matrix:

The only difference in the matrix and auto matrix is that, in auto matrix, member is even not allowed to select the sponsor. In this, the members are placed sequentially by searching the next vacant place in the structure from top to bottom, left to right.

In this plan there is uniform growth of the tree.



Auto-matrix is modified matrix in which position filling is sequential and so no need of sponsor ID to join.

Auto-matrix Re-Entry possible, one sponsor again joining in a tree. So he get commission for that also.

Total commission = No. of joining * amount per ID.

The commission for a member can last until a specific level is reached. Rest all the calculations will be same.

Note: This plan is never alone it is always clubbed with some other plan either Binary or Generation.

6) Growth Plan:

In this type of plan, the Growth of the Company determines the Growth/ Commission of the Member i.e. number of joining members in a company per cycle.

Growth of the company is a determined by the percentage of target achieved by the company. When ever a company or organization goes for this plan it decides the target that is to be achieved in each cycle. If the organization fails to achieve the target then the percentage of achievement of the target is calculated and the same percentage of amount is distributed to each member.

Note: Depending upon the joining of the new members in the next cycle, the members joined in the current cycle would get the commission based on the rate of growth.

- It is based on the growth of the company, i.e. number of joining members in a company per cycle.
- It can be binary or generation plan.
- Cycle (payout) will be calculated for any period.
- Target of no. of joining will be defined per cycle.
- Cycle calculation will be daily/weekly/fortnightly/monthly.
 - In this plan, there are 12 cycles.
- There are 2 types of incomes:
 - a) Direct growth/Own growth income.
 - b) Referral Growth income.

a) Direct Growth Income:

When member will get join in a company, it will get direct growth income for 12 cycles.

b) Referral Growth Income:

Member will get income for 12 cycles on members referred by it.

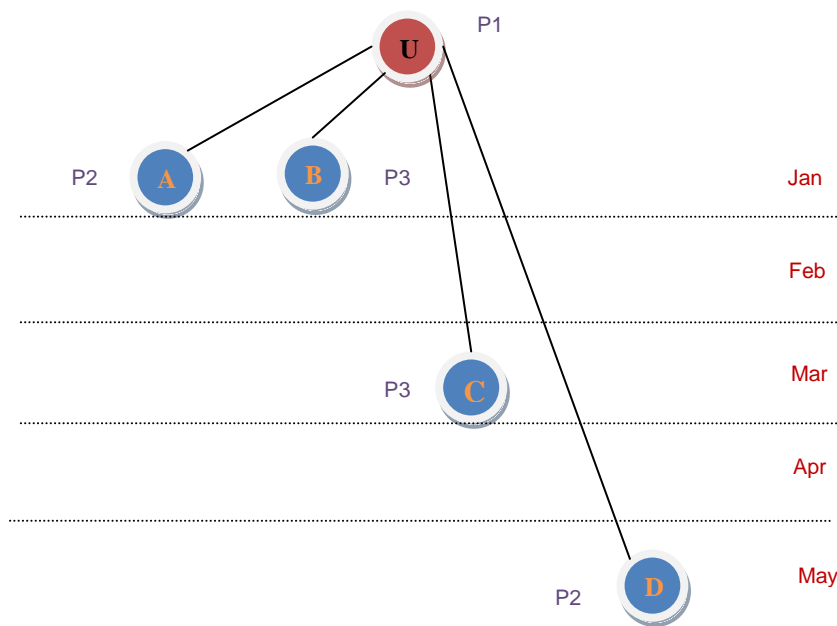
If member refers 2 direct members, then it will get 12 cycles income on first direct and 12 cycles income on second direct.

All income will be according to company growth of that cycle.

In this plan, if growth of company is 100%, then all members of that company will get 100% commission.

If member joins in the company in the 1st cycle of company; then it will get the direct growth income from the company's 2nd cycle, and it will get this income its own 12 cycles.

Exapmle on Growth Paln:-



Consider a Company has following growth plan:

Month	Cycle	Company Growth in %	Direct Growth			Referral Growth		
			P1	P2	P3	P1	P2	P3
Jan	1	100	50	100	150	75	100	150
Feb	2	75	100	200	300	150	200	300
March	3	80	200	400	600	300	400	600
April	4	90	400	800	1200	600	800	1200
May	5	60	800	1600	2400	1200	1600	2400
June	6	63	1600	3200	4800	2400	3200	4800
July	7	45	3200	6400	9600	4800	6400	9600
August	8	100	6400	12800	19200	9600	12800	19200

In this example, U will make four referrals joining to the company; fist direct will join in company's 1st Cycle in Jan, second direct will join in company's 2nd cycle in Jan, third direct will join in company's 3rd cycle in March and Forth direct join in company's 5th cycle in May .

Calculations:

For U's Comision on companies Growth:

Month	New Member Join	Income Member	Package	Direct Growth	Referral Growth	Total Income = DG+RG
Jan	-	U	P1	50(100%)=50	-	=50+250 =300
	A	A	P2	-	100(100%)=100	
	B	B	P3	-	150(100%)=150	
Feb	-	U	P1	100(75%)=75	-	=75+375 =450
		A	P2	-	200(75%)=150	
		B	P3	-	300(100%)=225	
March	C	U	P1	200(80%)=160	-	=160+920 =1080
		A	P2	-	400(80%)=320	
		B	P3	-	600(80%)=480	
		C	P3	-	150(80%)=120	
April	-	U	P1	400(90%)=360	-	=360+2070 =2430
		A	P2	-	800(90%)=720	
		B	P3	-	1200(90%)=1080	
		C	P3	-	300(90%)=270	
May	D	U	P1	800(60%)=480	-	=2820+480 =3300
		A	P2	-	1600(60%)=960	
		B	P3	-	2400(60%)=1440	
		C	P3	-	600(60%)=360	
		D	P2	-	100(60%)=60	

Next months June to December U will get the income .

Cases:

- A) If for any cycle there are more joining against target then the difference will carry forward for next cycle.
- B) If for any cycle there are less joining against target, then a member will get income as,
 $\text{No. of joining in that cycle} / \text{target for that cycle} * 100$

Ex:

Cycle	Target	Jonig	CF	BF	Total Joining	Growth of Cycle in %
1	100	110	10	0	100	100
2	200	150	0	10	160	80

So, all members will get same Growth income % in that cycle.

- C) Re-entry condition:

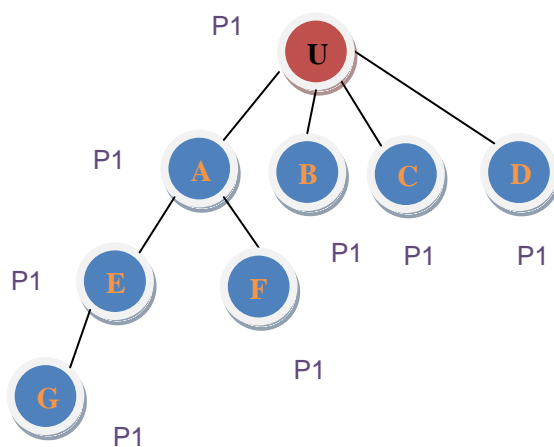
In Growth plan, according to company policy, a member can make re-entry at some cycle no. member has to pay the re-entry amount, where he will get commission on new id as well as on old id. **Re-entry amount will be deducted from its Direct Growth amount or Referral Growth amount or both.**

For new id, cycle will start from 1st cycle, but for old id, the cycle continues till 12th cycle.

7) Generation Plan:

- ◆ In Generation plan, Member can sponsor n no. of directs.
- ◆ The growth in it is left-to-right & top-to-bottom.
- ◆ Only sponsor-id is to be mentioned for the member while joining.
- ◆ Commission is calculated on the basis of no. of BV or PV according to the company's plan.

Ex – In following figure, U,A, B, C, D are directs of U and E and F are directs of A.



Package	BV
P1	100
P2	200
P3	500

Slab (BV)	Commission %
1-500	5
501-1000	10
1001-2000	15
2001-5000	20

1st Payout Calculation:

Group BV is calculated on its downline.

Total BV (Group BV) = Own BV + Own Downline BV.

Member	Own BV	Downline BV	Total BV	Commission %
U	100	700	800	10
A	100	300	400	5
B	100	0	100	5
C	100	0	100	5
D	100	0	100	5

Commission of U=

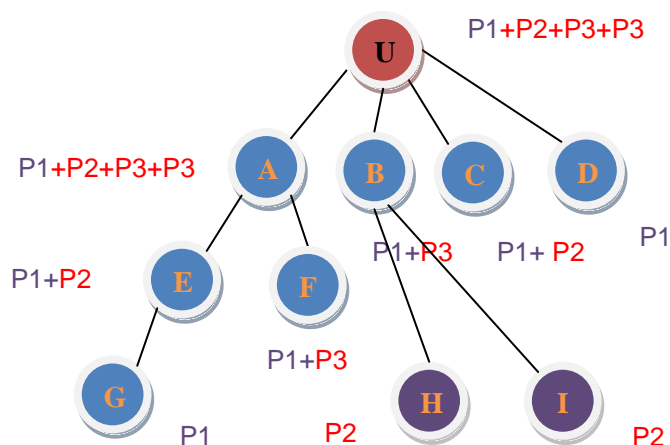
$$\begin{aligned}
 &= [100 \cdot 10 / 100] + [400 \cdot (10 - 5) / 100] + [100 \cdot (10 - 5) / 100] + [100 \cdot (10 - 5) / 100] + [100 \cdot (10 - 5) / 100] \\
 &= 10 + 20 + 5 + 5 + 5 \\
 &= 45
 \end{aligned}$$

Comission of A=

$$\begin{aligned}
 &= [100 \cdot 5 / 100] + [200 \cdot (5 - 5) / 100] + [100 \cdot (5 - 5) / 100] \\
 &= 5
 \end{aligned}$$

2nd Payout:

In following figure, Purple color indicates the new joining and new package in red Color and Blue color indicates old joining.



2nd Payout Calculation:

Member	For this 2 nd Payout Own BV	Total Own BV	Downline BV	Total BV	Commission %
U	1200	1300	3700	5000	20
A	1200	1300	1000	2300	20
B	500	600	400	1000	10
C	200	300	0	300	5
D	0	100	0	100	5
E	200	300	200	500	5
F	500	600	0	600	10
G	0	100	0	100	5
H	200	200	0	200	5
I	200	200	0	200	5

- When you calculate the commission percentages that time you give all Own BV's for calculation
- When you calculate Commission on new pay out you will get new own BV for the calculations.

Commission of U=

$$\begin{aligned}
 &= [1200 * 20 / 100] + [1900 * (20 - 20) / 100] + [900 * (20 - 10) / 100] + [200 * (20 - 5) / 100] \\
 &= 240 + 0 + 90 + 30 \\
 &= 360
 \end{aligned}$$

Commission of A=

$$\begin{aligned}
 &= [1200 * 5 / 100] + [200 * (20 - 5) / 100] + [500 * (20 - 10) / 100] \\
 &= 240 + 30 + 50 \\
 &= 320
 \end{aligned}$$

Commission of B=

$$\begin{aligned}
 &= [500 * 1 / 100] + [200 * (10 - 5) / 100] + [200 * (10 - 5) / 100] \\
 &= 50 + 10 + 10 \\
 &= 70
 \end{aligned}$$

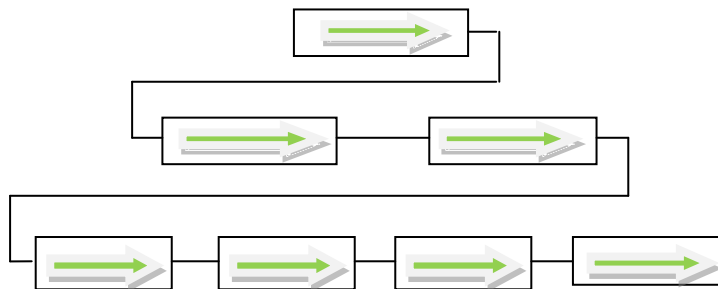
8) BOARD PLAN:

Board Plan is one of the plan in MLM. It is a box type structure, but there is a limitation in levels, after that board will split & two new boards created.

In board, members are placed in FIFO (First Input and First Output) basis.

Board:

Board means it's a box type entry. It may be of 1-2-4, 1-2-4-8, 1-2-4-8-16.



Ex - Figure shows 1-2-4 Board.

For the Board Plan we have following things:

No. Of Boards:

There are three types of Boards:

1. Feeder Board:

This is the first board. When member joins the company he will get entry in Feeder Board.

2. Main Board:

After Feeder Board next board is Main Board. When member of Feeder Board satisfies certain condition then he will get entry in Main Board.

3. Reentry Board:

Most of company's only have Feeder and Main Board. Some of company's also have one more board which is Reentry Board.

When Member of the Main Board satisfies certain condition then member will get entry in Reentry board.

If Reentry Board is not available then member will get entry in another Main Board where Sponsor of the member resides or in the same Main Board positioning from left to right.

No. of Levels:

All the board plans have certain structure which can be 1-2-4, 1-2-4-8, 1-2-4-8-16. For 1-2-4 structure there are total 3 levels. On first level it has only one member. On second level it has two members and for third level it has four members.

Board Position:

Board Plan follows Top to Bottom and Left to Right Approach for deciding position of members.

For Feeder Board following conditions can be applied:

1. New member follows Adjusted to member.
2. New member follows his downline network.
3. New member follows his upline network.

For Main Board following conditions can be applied:

1. New member follows his Sponsor.
2. New member follows his upline network.

Shuffling:

As per the plan member's position get shuffled before splitting.

For shuffling, condition may be that member who has 2 directs will get position before other members in the board.

Splitting:

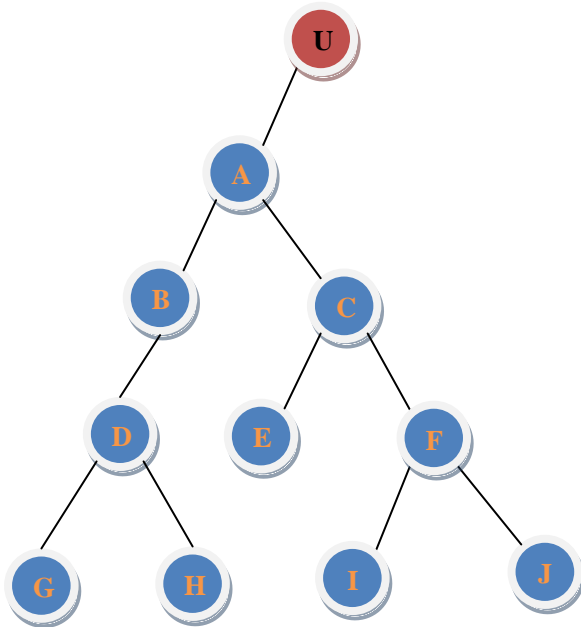
Board will split at that very moment when all the boxes get filled. At no point of time a board will remain without splitting, if all the positions are filled.

Commission:

In Board Plan member will get commission when he moves from Feeder Board to Main Board and from Main Board to Reentry Board according to company plan.

In some cases board member will get commission for new entries in the board

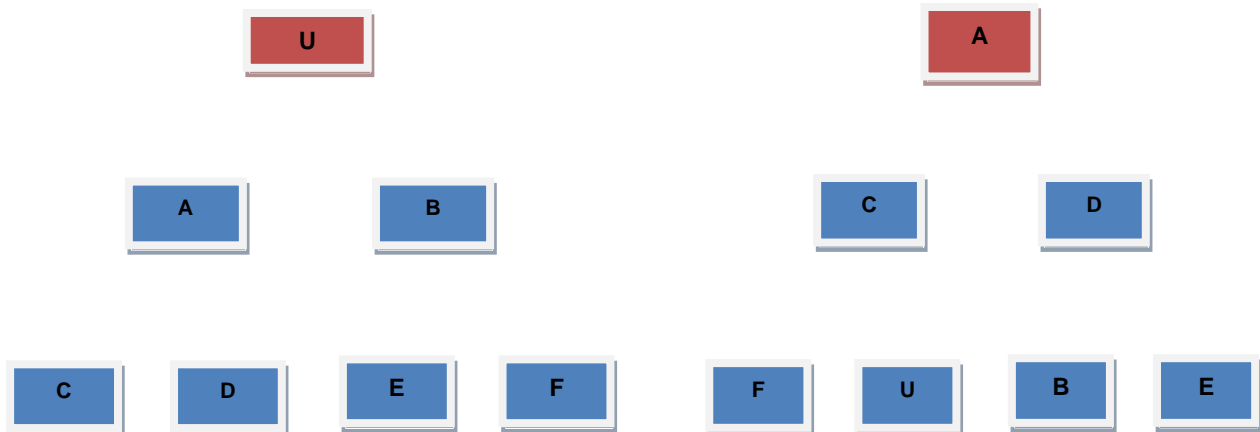
-:Example on Board Plan:-



Binary Representation

Members will get entries in the Feeder Board as follows:

Shuffling:-



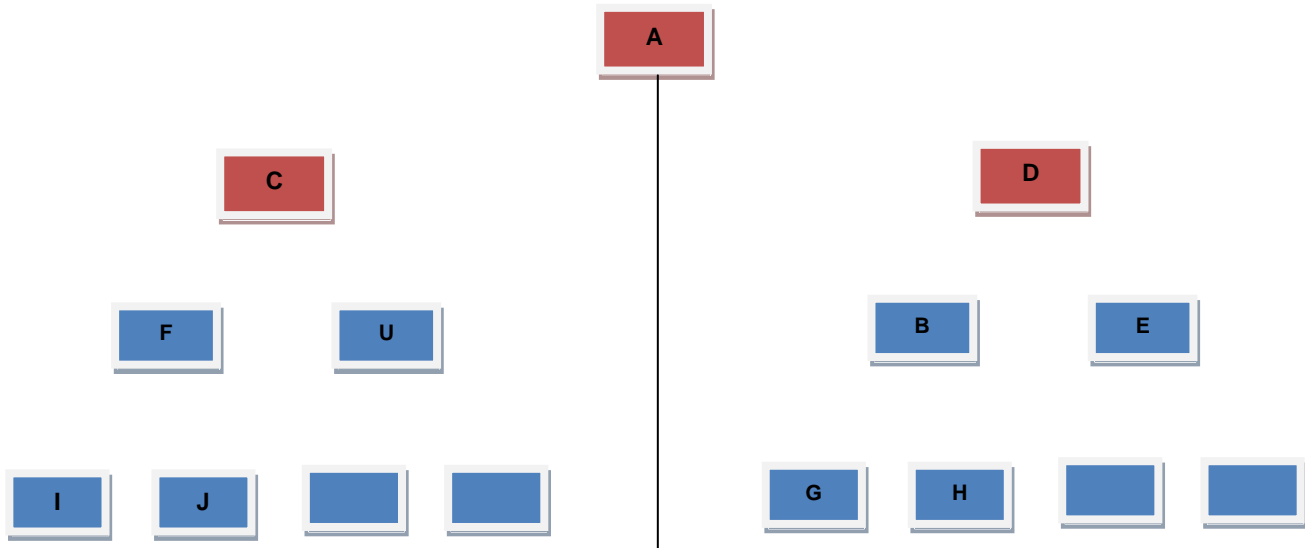
Feeder Board1(Befor Shuffling)

Feeder Board1 (After Shuffling)

Here according to Top to Bottom and Left to Right approach and in FIFO manner members are placed.

In this case, A satisfies the all criteria. So after shuffling the structure becomes as above.

Splitting:-

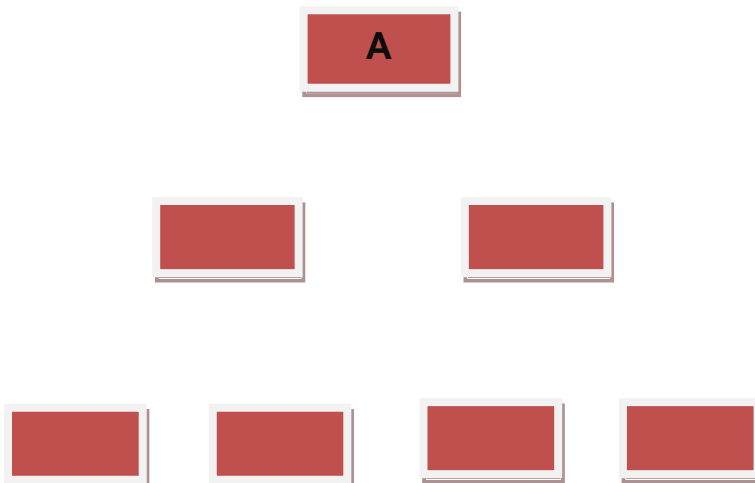


Feader Board 2

Feader Board 3

This is 1-2-4 Board Plan, here when 7th member E enters in the board so board split into 2 new boards and the top most member A get entry in the Main board.

So, after splitting A will transfer to the Main board as qualifier.



Main Board