



# Commission Specification Guidelines

v1.0

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## Contents

Commission Specification Guidelines .....	2
Purpose .....	2
Organization of Information .....	2
Glossary of Terms .....	2
Member Types .....	2
Compensation Types.....	3
Example:.....	3
Example:.....	4
Hierarchal Organizations .....	4
Pricing and Volume.....	4
Example:.....	5
Ranks .....	5
Compensation Type Qualification and Benefits .....	6
Rank Advancement.....	7
Example:.....	7

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## Commission Specification Guidelines

### PURPOSE

Each company will need to develop their specification that outlines all of the rules associated with their commission program. The information below describes the information needed in order for Exigo to consider your specification complete and ready for programming.

### ORGANIZATION OF INFORMATION

The specification document should contain a glossary of terms, followed by a description of the member types involved, hierarchy organizations, pricing and points, rank descriptions, detailed requirements and benefits for each compensation type and concludes with detailed information by rank to explain the rank advancement requirements, rank maintenance requirements and a summary of benefits.

### GLOSSARY OF TERMS

Please identify all labels, status types, volume types, and programs that you will include in your documentation. *Examples are, definitions of Active, definition of Personal Volume, and definition of Representative member type.*

### MEMBER TYPES

Please identify the different member types that will participate in your commission program either as a source of volume (e.g., Retail Customer) or as an earner of commissions (e.g., Distributor).

For each member type, describe the rules that apply. Some rules to keep in mind:

- Can this member receive any kind of compensation?
- Can this member upgrade to another member type?
- Can this member be included in any of the relationship trees? For example, Retail Customer goes into the Enroller Tree, but not the Sponsor Tree.
- Are there any membership renewal rules for this member?
- Are there any status types that would disqualify the member from earning commissions or advancing in rank? (e.g., Inactive, Terminated, Suspended)

## COMPENSATION TYPES

Please list the names of each bonus as you would want them to appear on a commission statement.

For each bonus, please provide the following information:

- Frequency of payout (e.g, weekly, monthly, quarterly, yearly)
- Which relationship tree is used to determine the payout of the bonus?
- Which member types are allowed to earn this bonus?
- Are there earning caps for any bonus?
- What triggers the bonus?
- What does the bonus pay on? (e.g., volume type, pricing, points, shares)

EXAMPLE:

The following table lists how often Compensation is paid:

Compensation Type	Weekly	Monthly	Quarterly	Yearly
Retail Profit		X		
Quick Start	X			
Builder Bonus		X		
Unilevel Bonus		X		
Team Commission		X		
Executive Matching Bonus		X		
Leadership Bonus Pool			X	
Retention Bonus		X		

Compensation is paid using the following organizations:

Compensation Type	Enroller	Placement Sponsor
Retail Profit	X	
Quick Start	X	
Builder Bonus	X	
Unilevel Bonus	X	
Team Commission		X
Executive Matching Bonus	X	
Leadership Bonus Pool	X	

Other rules relating to compensation:

- When will the compensation be calculated after the close of the commission period?
- When will commissions be paid after the acceptance of commissions? For example, commissions for week ending Saturday, Feb 7 2009 would be paid on Friday, Feb 20 2009.
- What currency will be used to pay commissions?
- What are the payment methods to be used to payout commissions?
- Are there minimum payment amounts (by payment method)?
- Are there country restrictions on payment methods?
- Are there any withholding rules for taxation deductions?
- Are there accounting fees to be deducted from the earnings?
- Are earnings capped? If so, describe by bonus or commission period.

EXAMPLE:

Payment Method	Country	Accounting Fee Amt	Minimum Payment Amt*
Electronic	All Countries	USD \$ 3.00	USD \$ 20.00
Check	All Countries	USD \$ 5.00	USD \$ 25.00

*\*Earnings are accumulated and held until the minimum payment amount is reached.*

## HIERARCHAL ORGANIZATIONS

Describe the relationship organization trees you plan to use for your compensation plan (e.g., Enroller, Sponsor, Matrix, Binary)

For each relationship tree, provide the following rules for each member type that is stored in the tree:

- Which member types can have downline in this tree?
- Are there depth restrictions for the downline?
- Are there any special upline relationships for this tree?
- Are there any width restrictions for this tree?
- What is the structure of the tree (legs or levels)?
- Is there any special terminology for how the occupied positions in the tree are regarded?
- Is there any special terminology for how upline or downline members are regarded? (e.g., upline sponsor or downline placement)
- Is there any special terminology for how legs of the tree are regarded?
- What are the placement rules for how new members are added to the downline in this tree?

## PRICING AND VOLUME

Describe the different price types you plan to use for your products or services. Show which member types are eligible to purchase for each price type.

Include the types of volume that you will assign to your products or services. (Be sure to include your volume types in your glossary of terms). For each volume type, please provide the following:

- Name to be shown on commission statement.
- The bonus(es) that will use this volume type to calculate commissions.
- The value of the volume type if multi-currency supported. List the country/currency specific rules.
- Any accumulations of the volume type that is used for qualification or calculation.

EXAMPLE:

The following is an example of the Pricing and Volume:

			Price		Volume	
Product	Currency	Wholesale	Pref Cust	Retail	BV	CV
Product 1	USA/USD	\$65	\$75	\$80	50	50
Product 2	USA/USD	\$130	\$150	\$160	100	100
Product 3	USA/USD	\$250	\$300	\$320	225	225
Service A	USA/USD	\$500	\$600	\$640	450	450
Service B	USA/USD	\$1,000	\$1,200	\$1,280	1,000	1,000

The following table shows the Price Type paid by Member Type:

		Member Type		
Price Type	Retail Cust	Pref Cust	Distributor	
Retail Price	X			
Preferred Price			X	
Wholesale Price				X

## RANKS

List the names of the ranks in your compensation plan as you want them to appear on a commission statement.

List any special rules for each rank. Here are some rules to consider:

- Which commission period or frequency is used to promote rank?
- Does the rank reset at the beginning of each commission period or frequency?
- Are there any rank levels that can be purchased as part of a signup?
- Can a member type advance more than one rank level in a given commission period?
- Are there different rank levels used for Achieved Rank vs. Paid-As Rank?
- Will a member's achieved rank ever demote?

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## COMPENSATION TYPE QUALIFICATION AND BENEFITS

For each bonus,

- Which member type can earn this bonus?
- Which rank levels can earn this bonus?
- What are the qualification requirements to earn this bonus?
  - Minimum volume amounts
  - Autoship requirements
  - Active status requirements
  - Personal enrollees required
  - Rank level requirements
  - Group volume from teams or legs
  - Generations paid
  - Any capping?
  - Any compression or rollup?
- What are the benefits if bonus is earned?
  - Pays percentage of volume type
  - Pays difference between Retail price and other price types
  - Pays on BV of first order
  - Pays percentage of team or leg group volume
  - Pays percentage of another bonus (matching bonus)
  - Pays share or percentage participation in a bonus pool
- If member not qualified to earn this bonus, does it pay to anyone else?
- Are there any adjustments to the volume of an order if this bonus is paid before subsequent bonuses are calculated?
- Will the bonus be held and carried forward if any qualification rules are not met?
- Are there any requirements from previous commission periods that need to be met in order to earn this bonus? (e.g., maintain rank level for 2 consecutive months).
- Is there compression? (streamlined or standard)

**Note: For Binary plans, please address the rules for the following concepts:**

- Banking Volume
- Carry Over Volume
- Resetting (flushing) Volume
- Cycles or Steps

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## RANK ADVANCEMENT

For each rank level, list the minimum requirements for advancement and maintenance, as well as the benefits for each rank level.

Note: The requirements for advancement and maintenance may be the same, but you should outline them separately just to be sure nothing is missed.

EXAMPLE:

### **Diamond (Rank-12):**

**Advancement Requirements** These requirements must be met each week for four (4) consecutive weeks

(i.e., 4 weeks = the current week and previous 3 weeks)

- 200 PV within the last 5-weeks
- Have two (2) personally-enrolled Distributors that are Active and on Autoship
- 1,000,000 GBV in the Enrollment Tree
  - No more than 50,000 GBV from any single Enrollment Tree Leg
- Seven (7) Enrollment Tree Legs with a Paid-As Rank of Silver (rank 5) or above

### **Maintenance Requirements**

These requirements must be met in the current week:

- 200 PV within the last 5-weeks
- Have two (2) personally-enrolled Distributors that are Active and on Autoship
- 1,000,000 GBV in the Enrollment Tree
  - No more than 50,000 OGBV from any single Enrollment Tree Leg
- Seven (7) Enrollment Tree Legs with a Paid-As Rank of Silver (rank 5) or above

### **Benefits**

- Retail Profit
- Quick Start
- Builder Bonus
- Unilevel Bonus
- Team Commission
- Executive Matching Bonus (0 to 7 Generations)

You should use version control on your document since there may be subsequent revisions or changes.



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Your specification document will be used as the baseline for all future change requests and you will be asked to keep this document up to date to reflect your current version of your commission programming.