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Easy Party Plan

Sample Party Plan Compensation Plan

DISCLAIMER: This document is a hypothetical compensation plan for a Party Plan company. The details and configuration of this comp plan may or may not work for any specific company, and no representation is made that any element of this comp plan is suitable for any specific company's needs.

This document contains a simple compensation plan that can be modified for use by a customer of Firebird Market Consultants, Inc. The variables may be changed to fit the company's brand, strategy, and ability to pay commissions and bonuses (e.g., Title/Rank, percentage pay outs, minimum qualifications, etc.). This sample plan is merely a guide that can be used to configure a company's compensation plan for programming in the Easy Party Plan software. A customer does not need to follow this guide and may choose an entirely different approach for their own use, as long as the company's compensation plan conforms to Firebird's compensation plan programming guidelines as specified in the Easy Party Plan Software Agreement.

DEFINITIONS:

- **Consultant:** An independent contractor with the company who has purchased an enrollment kit and completed necessary documentation for enrollment (you can use any label you want for your consultants: e.g., Diva, Specialist, Facilitator, etc.).
- **Active Consultant:** A Consultant who has a minimum dollar value in retail sales per month (you can set any minimum here).
- **Retail Price:** The price that regular customers pay.
- **Wholesale Price:** The price that consultants pay for their own purchases.
- **Commission:** Money paid to consultants for their retail sales of products.
- **Sponsor:** A consultant who enrolls another consultant; the sponsor is expected to provide leadership and mentoring to the new consultant.
- **Downline:** All of a sponsor's personally sponsored consultants and all of their personally sponsored consultants through infinite levels.
- **Level:** The degree of separation from a sponsor. Those consultants personally sponsored by another consultant are on the sponsoring consultant's First Level; the consultants sponsored by the personally sponsored consultants are on the original sponsor's Second Level; etc.
- **Group:** All of the downline members of a consultant through the last level paid in the bonus structure. For bonus purposes, the group may include the consultant.
- **Bonus:** Money paid to consultants based upon the sales activities of their downline. The bonus is generally expressed as a percentage of wholesale sales volume, but it may be based upon retail sales.
- **Title:** The status label given to a consultant for meeting certain sales and recruiting benchmarks. Once qualified at a title, the consultant's title may not change, even when the consultant does not meet the benchmarks in subsequent months.
- **Rank:** For commissioning and bonus purposes, the rank is the level at which the consultant qualifies in a given month for commission and bonus. This level may be the same as the title, or if the consultant fails to meet the monthly qualifications for a previously earned title, the "paid as" rank may be lower than the title.
- **Breakage:** Commission/bonus that is not paid out because a consultant with a specific title qualifies to be "paid as" a lower rank in a given month. This unpaid commission/bonus is retained by the company.

Consultant In Training	Consultant	Leader 1	Leader 2	Director
	\$1000 in accumulated career sales	\$500 per/retail sales/month + 1 frontline active Consultant + \$1000 in team sales/mo	\$500 per/retail sales/month + 3 frontline active Consultant + \$3000 in team sales/mo	\$500 per/retail sales/month + 5 frontline active Consultant + \$5000 in team sales/mo
Joins and purchases starter kit	No downline bonus	3% first level bonus	3% -1 st 3% - 2 nd	3% -1 st 3% - 2 nd 2% Group Bonus
20% commission on retail sales	25% commission on retail sales	25% commission on retail sales	25% commission on retail sales	25% commission on retail sales
	5% bonus on all sales for the month once personal sale are over \$2000	5% bonus on all sales for the month once personal sale are over \$2000	5% bonus on all sales for the month once personal sale are over \$2000	5% bonus on all sales for the month once personal sale are over \$2000

In this example, there are 5 titles/ranks. You can have from 1 to 5 titles/ranks. The labels used here are merely placeholders -- your labels can be anything you want!

This comp plan pays bonuses on 2 levels plus a group bonus. Your bonuses may pay on up to 5 levels and may include a group bonus.

In creating your own compensation plan, be sure to ask yourself, "What is the behavior that I want this element of my compensation plan to drive?" Some consultants love to sell and have no desire to build a downline; some love to recruit and train and hate to sell; and a few love to do both. You'll need both sales and recruiting to grow your business, so think about the elements that you need to include to encourage those consultants who like selling, as well as the elements that you need to include to encourage those consultants who like recruiting.

Just a reminder that the comp plan that you start out with is not likely the comp plan that you'll have 2 years from now.... You'll learn a lot about what types of consultant rewards drive the behavior that your company needs in order to be successful. Additionally, you'll probably increase your profit margins as you scale, and you'll be able to pay out more and still remain profitable. Most companies integrate a comp plan in several stages. The first stage is very simple and rewards the basic elements that you need to grow – personal sales and recruiting. The second stage typically includes the elements to reward team building and mentorship, and if there's a third stage, it typically rewards leadership development (this is where we typically see the generations and break-aways).