

# Stair Step- Breakaway MLM Plan

*A Complete Guide*



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## What is Stair Step/ Breakaway MLM Plan ?



The Stair Step/Breakaway MLM Plan is a compensation structure commonly used in multi-level marketing (MLM) companies. It operates on the principle of advancement and leadership within the salesforce. Distributors advance through different ranks or steps in this plan based on their sales volume and team-building efforts. As individuals climb up the “stair steps,” they earn higher commissions and bonuses.

### How It Works:

In this plan, distributors start at an entry-level position and can advance through various ranks by achieving specific sales and recruitment targets. Upon reaching a certain rank, a distributor "breaks away" from their upline and forms an independent team under the company's administration. This allows them to earn higher commissions and bonuses based on their new team's performance.

The plan is structured to encourage personal sales and team development, with higher rewards for those who build and lead successful teams.

## Commission Structure by Rank

Each rank in the Stair Step/Breakaway MLM Plan offers different commission rates and bonuses:

### 1. Sales Executive Level (SEL)

- Entry Fee: \$400
- Requirements: Refer at least 6 qualified recruits
- Promotion: Advance to Distributor rank

### 2. Distributor

- Requirements: Sponsor at least 6 qualified SELs
- Bonuses: Earn a one-time promotion bonus for each new distributor sponsored

### 3. Supervisor

- Requirements: Sponsor at least 8 SELs and 3 Distributors
- Bonuses: Earn promotion bonuses for each new distributor or supervisor sponsored

### 4. Manager

- Requirements: Sponsor at least 26 SELs, 4 Distributors, and 3 Supervisors
- Bonuses: Earn promotion bonuses for each new distributor, supervisor, or manager sponsored

### 5. National Director (ND) and Director's Club (DC)

- **Requirements:** Sponsor at least 36 SELs, 8 Distributors, and 3 Supervisors
- **Bonuses:** Earn promotion bonuses for each new distributor, supervisor, manager, or ND sponsored

- **Title Bonus:** Earn a one-time title bonus upon achieving ND or DC status, with higher bonuses for achieving within 10 months of registration

## **Bonuses in the Stair Step / Breakaway MLM Plan**

### **1. Fast Start Bonus**

**Definition:**

A one-time reward given to new distributors who achieve specific sales or recruitment goals within a limited time after joining.

**Example:**

If a new distributor sells \$1,000 worth of products within their first 30 days, they receive a \$100 Fast Start Bonus as an incentive for strong initial performance.

### **2. Leadership Bonus**

**Definition:**

Awarded to distributors who reach higher ranks and lead productive teams. It's often based on group sales volume and downline performance.

**Example:**

A Supervisor earning a 5% Leadership Bonus on a team that generates \$10,000 in monthly sales would receive \$500 as a Leadership Bonus.

### **3. Rank Advancement Bonus**

**Definition:**

A one-time bonus earned when a distributor advances to a new rank in the stair-step hierarchy.

**Example:**

When a Distributor qualifies to become a Supervisor, they might receive a \$200 Rank Advancement Bonus to recognize their growth and effort.

**4. Matching Bonus****Definition:**

A percentage of the commissions earned by personally sponsored team members. It encourages mentorship and ongoing support.

**Example:**

If a personally sponsored Distributor earns a \$400 commission, their sponsor could receive a 10% Matching Bonus- earning them an additional \$40.

**5. Overriding Bonus****Definition:**

An extra bonus paid to upline distributors based on the sales generated by their breakaway downline teams, even after those teams have become independent.

**Example:**

If a breakaway team generates \$15,000 in monthly volume, the National Director may earn a 3% Overriding Bonus, totaling \$450, even though that team now operates independently.

**Advantages of the Stair Step/Breakaway MLM Plan**

- Higher Income Potential: As distributors advance in ranks, they earn higher commissions and bonuses.
- Motivating Progression: Clear rank structure provides specific goals and targets, inspiring active participation.

- **Faster Growth:** Encourages rapid expansion as distributors build and lead their own teams.
- **Flexibility:** Distributors can develop their businesses at their own pace based on individual objectives and commitment.

## **Disadvantages of the Stair Step/Breakaway MLM Plan**

- **High Competition:** Intense competition among distributors striving for higher positions and rewards.
- **Heavy Reliance on Recruitment:** Success depends on continuous recruitment, which may overshadow product quality or customer satisfaction.
- **High Turnover Rate:** Competitive nature and recruitment goals may lead to high participant turnover.
- **Potential for Saturation:** Risk of market saturation as the network grows, making it difficult for new participants to find customers or recruits.