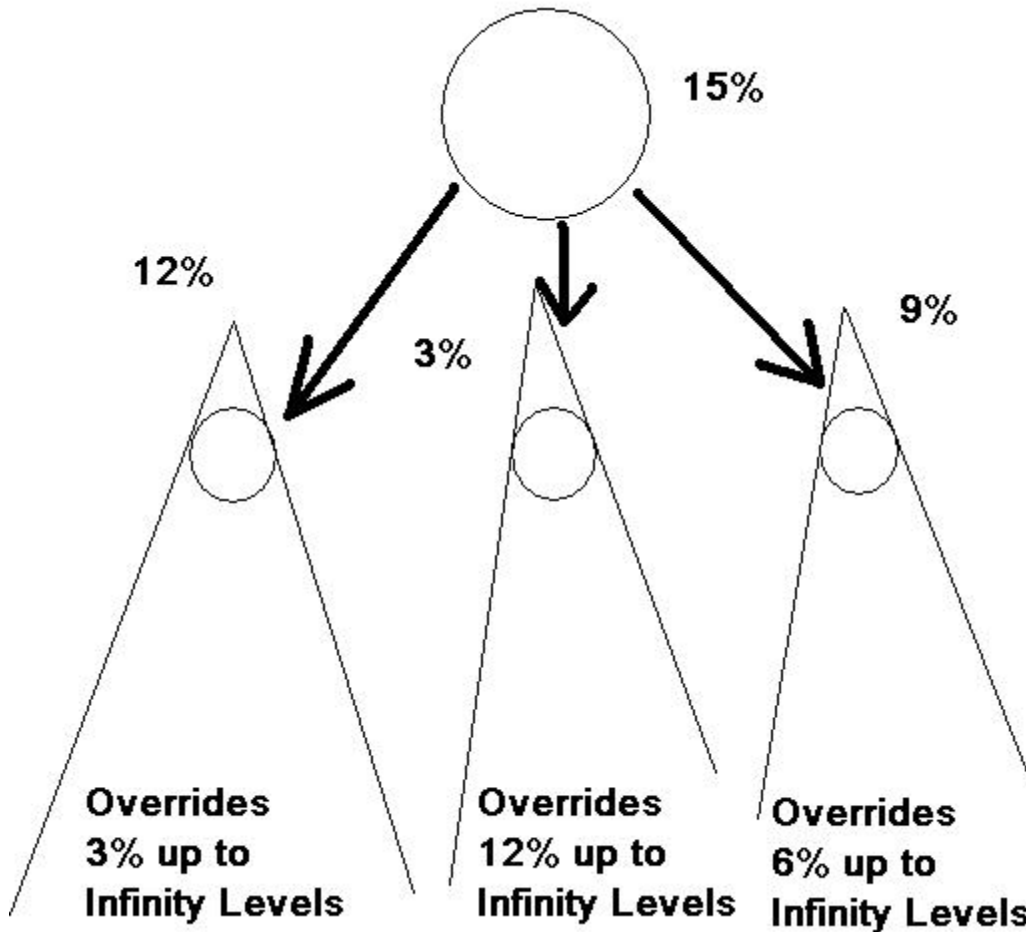


Stairstep: Climbing the Ladder of Success



This is the typical layout for Stairstep plans. Their percentages are not fixed from the time you join till much later in your business because the percentages you get differs based on how you build up the volume within your groups.

Let's use some numbers for illustration sake.

- 3% level- \$1000 minimum volume required
- 6% level- \$3000 minimum volume required
- 9% level - \$7500 minimum volume required
- 12% level - \$12500 minimum volume required

15% level - \$20000 minimum volume required

In Stairstep, you calculate your commissions based on the entire group regardless of who did the volume within the group. You just need to keep track on your frontline and what his percentage is to determine how much commission you get. The difference between your percentage and what you 'payout' to your entire group is the difference you keep multiplied by the total volume of that group.

Here is an example:

You have personal sales of \$1000.

The leg on the left achieves \$15000 and is in the 12% category.

The leg in the middle achieves \$2000 and is in the 3% category.

The leg on the right achieves \$9000 and is in the 9% category.

Therefore your **TOTAL GROUP SALES** is \$27000 and that puts you in the **15% range**.

You make 15% over your personal sales of \$1000 which is **\$150**

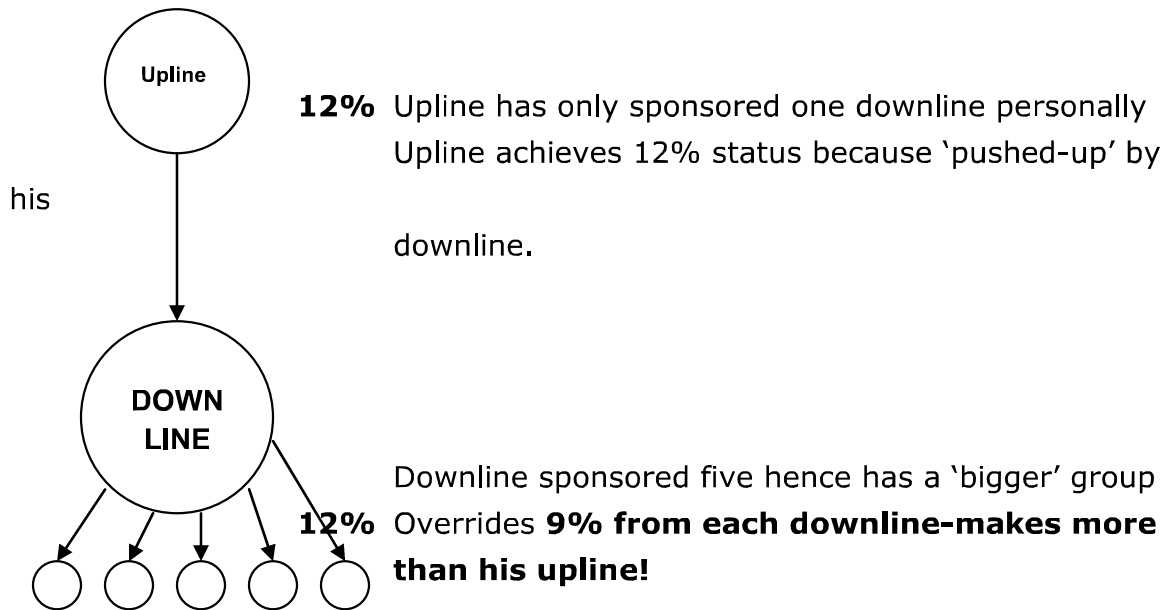
The left leg, you make $\$15000 * 3\%$ (which is 15 minus 12) difference between the group which is **\$450**

The one in the middle, you make $\$2000 * 12\%$ (which is 15 minus 3) difference between the group which is **\$240**

The one on the right, you make $\$9000 * 6\%$ difference which is **\$540**

Grand Total: \$1380

Now that we get the idea how the stairs work, notice this:



Each of the 5 at this level contributes \$2500 volume

They are at **3% each**

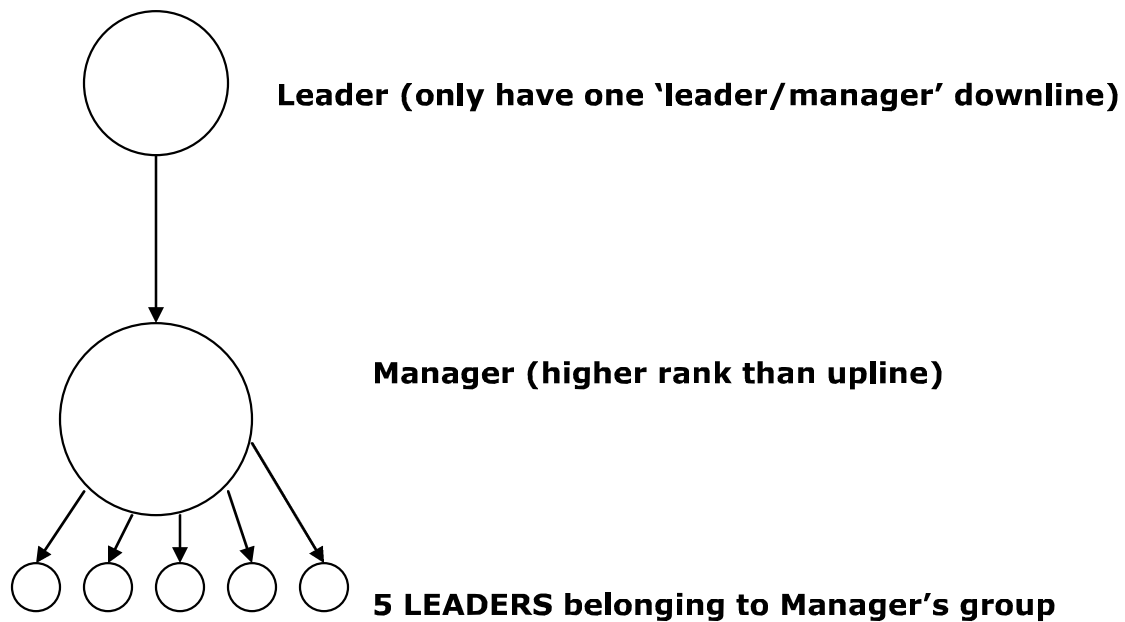
Climbing the Stairstep ladder will reward those who build more width and develop those groups. **The downline who works harder than his upline can earn more and climb the ladder faster than his upline.**

Assuming a typical ladder looks something like this

3% → 6% → 9% → 12% → 15% → →

LEADER 3% bonus → → **MANAGER** 2% bonus → → **ACHIEVER** 1% bonus

Lets say you achieve LEADERSHIP for maintaining a 15% group for 3 months and You achieve MANAGERSHIP for developing 5 LEADERS



To summarize:

Stairstep differs from Unilevel in these aspects:

Unilevel has fixed generation (normally 5-10 levels) overrides while **Stairstep allows you to override up to infinity levels** if your rank or position is higher than your downline group.

Stairstep is the most popular plan in the market today, used by the oldest to the most successful companies today. They are also mostly physical product based.

Advantages

According to most plan experts, the Stairstep plan is one of the most stable forms of marketing plan in the market today. They have a very good breakdown of commission paid level by level and reward those who not only recruit but develop those recruits. They are stronger than Unilevel in the sense that even when their frontlines are not moving but the downlines under the frontline are, the payout is not as vulnerable to smaller depth commissions as in the Unilevel is because **as long as your rank is higher than your frontline, all sales volume there are calculated the same all the way down to infinity levels.** Most important of all, **this plan rewards based on performance more so than other plans.**

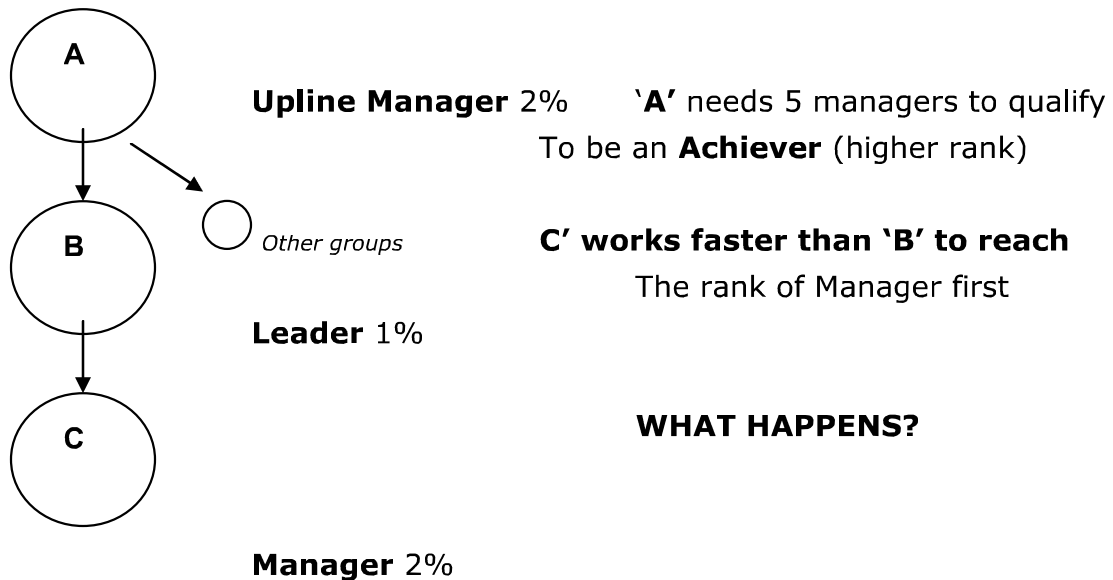
So to list down all the good points:

- Stairstep is most popular and is based on hard work and leadership
- You can draw commissions up to infinity levels deep
- When you motivate the guy at the bottom of the line, all his uplines up to you will get really fired up because all will receive the benefits of his bonuses.
- Achieving a 'position' is a very glorious event in step and ladder because most network marketing companies glamorize their position (e.g. Being a *Diamond World Team Manager* sounds really awesome)
- You can build as wide as you want AND as deep as you want and make profits!
- If you recruit a group of friends, you can place them in the same line and there will not be conflict of interest among the same group while everyone benefits

Disadvantages

Sunflower frontline syndrome is very common because there is no way you can duplicate human beings 100%. When people drop out, they just move on and sponsor another, so the failure rate is very high in Stairstep plans. In other words, a new guy joins, tries for a while and quits and his upline feels he is **not the one** then he abandons him and moves on to another and another until he **finds the one.**

Breakaway is also a serious issue in most Stairstep plans. I will illustrate in a diagram below:



'A' has a tendency to **NEGLECT 'B'** because he has already fulfilled his criterion of building 5 managers with one of them fulfilled in 'C'. In other words, 'A' doesn't 'need' 'B' anymore and goes on to focus on **OTHER GROUPS** and developing managers there.

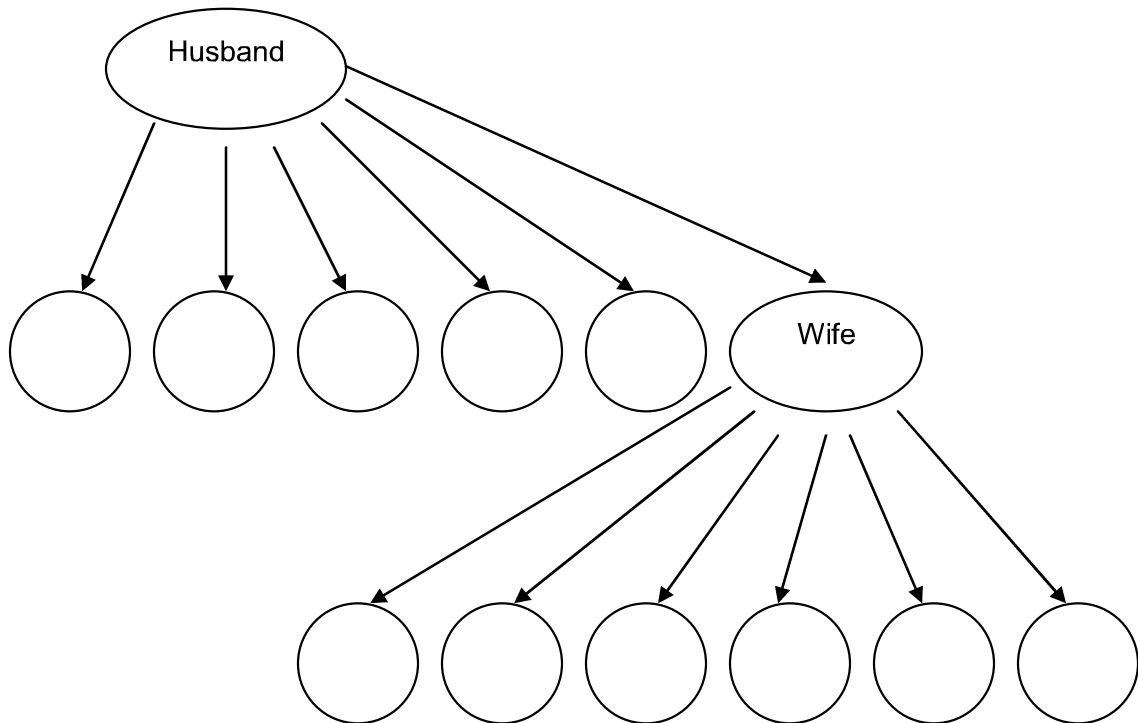
To summarize the biggest weaknesses of Stairstep are these:

- If there is no demotion in the plan, it encourages **inventory loading**. This is very common where people are short of certain sales volume and he buys the remainder up for that month.
- Inventory loading is very dangerous if done incorrectly because he is not buying the product for his own personal usage but for gaining points. If this happens on a global scale, a lot of products will **DEVALUE** because often people who overstock will 'get rid' of the product selling it at a cheaper price.)
- No spillover (discussed in the next chapter)

- Breakaway encourages SABOTAGE where the upline deliberately tries to slow down (as in 'B's' case on 'C') the downline directly or indirectly.
- You often need to work with many, many different legs at the same time because most plans need you to go as wide as possible in order to succeed.

Placement Strategies

Start building ONE account at a time. Once your minimum required width is secure, you can open a new account under the 1st one and park those under there.



The wife in this case is the 6th account because if the company needs to secure 6 wide, the new account can belong to the wife. The new frontlines can be parked under the wife because normally people expand new legs past the minimum width requirement.