



The Direct Selling Launchpad

The complete founder's guide to building a profitable direct selling business in health, beauty and fitness — through distributors, affiliates and referral networks.

12	6	40+
Chapters	Bonus Tools	Pages

For founders in: **Health & Wellness** · **Beauty & Skincare** · **Fitness & Nutrition** · **Personal Care**



What's Inside This Guide

A complete roadmap from idea to launch — every chapter covers a real decision you will face.

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BONUS TOOLS INCLUDED

- A** MLM Launch Checklist — 100-point pre-launch verification
 - B** Startup Cost Calculator — Fillable budget template
 - C** Compensation Plan Comparison Table — Binary vs Unilevel vs Matrix
 - D** Distributor Recruitment Script Pack — 3 industry-specific scripts
 - E** FTC Compliance Cheat Sheet — Legal dos and don'ts in plain English
 - F** Software Vendor Question List — 15 questions before you sign
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INTRODUCTION

A Letter to Every Founder Reading This

Most founders building a direct selling business spend their first year making expensive, avoidable mistakes. They choose the wrong compensation plan. They underestimate the startup cost. They launch without a distributor recruitment strategy. They find out about FTC compliance requirements after they have already violated them. They choose the wrong software — and then spend the next 18 months trying to change it without breaking their network.

This guide exists because we have watched those mistakes happen across hundreds of brand launches over 15 years. Every chapter was written to answer the questions founders ask us most often — and to give you the answers before you need them, not after.

You will notice that this guide is not a sales pitch for Global MLM Software. Chapter 12 is the only place where software selection is discussed, and even there, the content is designed to help you evaluate any vendor — not just us. Our belief is simple: if this guide helps you make better decisions, you will build a better business. And the best businesses come back to us when they are ready.

HOW TO USE THIS GUIDE

Read it in order on your first pass — each chapter builds on the last. Then use it as a reference: bookmark Chapter 3 when you are designing your compensation plan, return to Chapter 5 when your attorney has questions, share Chapter 6 with your first distributor manager. The bonus tools at the back are designed to be printed and used immediately.

CHAPTER 01

Is Direct Selling Right for Your Product?

The self-assessment framework every founder should complete before committing.

Not every product is built for direct selling. The model creates genuine competitive advantages for certain product types — and becomes a costly mismatch for others. Before designing a compensation plan or choosing software, run your product through this framework.

THE FOUR QUALIFYING CRITERIA

1. Margin Structure

Direct selling requires sufficient margin to pay distributor commissions at multiple levels while remaining profitable. As a baseline, your product needs a gross margin of at least 60–70% to support a sustainable multi-level compensation structure. Below 50%, you will struggle to create an attractive commission model without pricing yourself out of the market.

Health supplements, skincare, essential oils, and personal care products typically carry 70–85% gross margins — which is why these categories dominate direct selling globally.

2. Repeat Purchase Behavior

The most successful direct selling businesses are built on consumable products that customers reorder monthly. A single-purchase product can work in a pure affiliate model but struggles to sustain distributor motivation over time. Ask yourself: would a customer naturally reorder this product every 30-60 days without being prompted?

Supplements, skincare, cleaning products, and nutrition programs score highly here. One-time purchase products like electronics or furniture score poorly.

3. Referral Velocity

Does your product make customers want to tell others about it? Products that solve a visible, personal problem — weight loss, skin transformation, energy improvement — naturally generate word-of-mouth. This referral velocity is the engine that makes distributor recruitment feel organic rather than forced.

Ask three current customers: "Have you recommended this product to anyone?" If the answer is yes for at least two of them, your product has natural referral velocity.

4. Demonstrability

Can a distributor show the product's value in a conversation, a social post, or a short demonstration? Products that are difficult to explain, require expert knowledge to demonstrate, or whose benefits are invisible to observers are harder to distribute through a people-powered network.

Before launch, ask: could a non-expert distributor explain why someone should buy this product in under 60 seconds? If the answer is no, consider whether direct selling is the right channel.

PRODUCT FIT SCORING MATRIX

Product Type	Margin Score	Referral Score	Repeat Score	DS Fit
Health Supplements	High	Very High	Very High	Excellent
Skincare & Beauty	High	Very High	High	Excellent
Essential Oils	High	High	Very High	Excellent
Fitness Nutrition	High	High	Very High	Very Good
Personal Care / Home	High	Medium	Very High	Very Good
Coaching Programs	Medium	High	Medium	Good
Electronics	Low	Medium	Very Low	Poor
One-Time Services	Medium	Low	Very Low	Poor

CHAPTER 02

The Business Model Decoder

MLM vs affiliate vs referral vs ambassador — choosing the right structure.

One of the most common founder mistakes is choosing a business model by name rather than by structure. "We want to do MLM" is not a business model — it is a label. What you actually need to choose is a specific incentive architecture that fits your product, your margin, and the type of people you want in your network.

Multi-Level Marketing (MLM)

Distributors earn commissions on their own sales AND on the sales of distributors they recruit, across multiple levels of the network. The number of levels, percentages, and qualification requirements define the compensation plan.

Best for: Best for consumable health, wellness, and beauty products with 65%+ gross margins and a product naturally suited to personal recommendation.

- High distributor earning potential creates strong recruitment motivation
- Recurring commissions on a growing downline creates passive income for top performers
- Requires robust technology to track multi-level genealogy and calculate commissions accurately
- Subject to FTC scrutiny — must be structured around product sales, not recruitment fees



Affiliate Marketing Program

Affiliates earn a flat commission on sales they directly generate — typically through a unique tracking link. There are no downlines, no recruitment bonuses, and no multi-level structures.

Best for: Best for brands selling through content creators, bloggers, influencers, and media publishers who have an existing audience.

- Lowest regulatory risk — simple, transparent commission structure
- Easy to launch with affiliate platforms like ShareASale, Impact, or CJ Affiliate
- No recurring commissions — affiliates must keep generating sales to keep earning
- Best suited to brands with strong online presence and digital-friendly products

Ambassador Program

Brand ambassadors represent the company to their community — typically on social media — in exchange for commissions, free products, discounts, or a combination. Ambassadors are usually customers first who are converted into advocates.

Best for: Best for beauty, fitness, and lifestyle brands with strong visual storytelling and products that photograph or video well.

- Creates authentic word-of-mouth from real customers
- Lower commission rates than MLM (typically 10-20%) keep costs manageable
- Works best paired with a strong social media presence
- Ambassador programs are often the starting point that evolves into a full MLM structure

Referral Network

Customers earn rewards — discounts, store credit, or cash — for referring new customers. This is the simplest form of direct selling and the easiest to start. No distributor agreement, no training requirement, no compliance complexity.

Best for: Best for subscription businesses and consumer brands looking to add a referral layer to an existing customer base.

- Lowest operational complexity — can launch in days
- Very low regulatory risk
- Limited earning potential means it will not attract serious distributors
- Best used as a stepping stone to a fuller direct selling structure



DECISION FRAMEWORK

Your situation	Recommended model
Product-first brand, 65%+ margin, want distributor network	MLM / Direct Selling
Have an audience, want influencer-driven sales	Affiliate Program
Have loyal customers, want advocacy	Ambassador Program
Subscription product, want simple referrals	Referral Program
Want to start simple and scale up	Referral -> Ambassador -> MLM

CHAPTER 03

Compensation Plan Design

Binary, unilevel, matrix and hybrid plans — explained with real examples.

Your compensation plan is the engine of your business. Get it right and distributors are motivated, customers are happy, and the business is profitable. Get it wrong and you will face distributor churn, legal risk, and a restructuring conversation in year two that costs more than the original design would have.

Binary Compensation Plan

In a binary plan, each distributor has exactly two legs in their downline — a left leg and a right leg. Commissions are paid based on the volume generated in the weaker of the two legs (the "pay leg"). This creates a strong incentive for distributors to build both sides of their network.

How commissions work:

Distributors earn a percentage of volume in their weaker leg — typically 8-12%. Unmatched volume in the stronger leg "flushes" at the end of each commission cycle.

Best for:

Brands that want fast network growth. Binary plans incentivize recruiting because every new distributor helps balance someones legs.

Watch out for:

Binary plans can create high commission liability if not capped correctly. Always implement a weekly earnings cap (typically 50–60% of company revenue) and binary flush rules to protect profitability.

Unilevel Compensation Plan

In a unilevel plan, every distributor you personally sponsor sits on your first level. Their recruits sit on your second level, and so on. You earn a percentage of sales volume at each level — with percentages typically decreasing as levels get deeper.

How commissions work:

Typical structure: Level 1: 10%, Level 2: 5%, Level 3: 4%, Level 4: 3%, Level 5: 2%. Percentages and depth vary by company design.

Best for:

Consumable product brands with strong repeat purchase behavior. Unilevel plans reward personal sales and are easier to understand, which reduces compliance complexity.

Watch out for:

Unilevel plans can create "lazy" upper-level distributors who stop personally selling once their downline is large enough. Consider adding personal volume requirements to maintain rank.

Matrix Compensation Plan

Matrix plans limit the width and depth of a distributor's downline. The most common formats are 3x9 (3 wide, 9 deep) and 2x12 (2 wide, 12 deep). Once a level is full, new recruits "spill over" to the next available position, which can benefit lower-level distributors.

How commissions work:

Distributors earn a percentage at each level of their matrix. Spillover from upline distributors can accelerate downline growth for less active members.

Best for:

Products with very high margins (80%+) and companies with a strong existing customer base to fill matrix positions quickly.

Watch out for:

Spillover can create "lottery mentality" distributors who join expecting to benefit from upline activity without working themselves. Active participant requirements are essential.

Hybrid Compensation Plan

Most established direct selling companies use a hybrid plan that combines elements of multiple structures. The most common hybrid pairs a unilevel base with a binary component or adds leadership bonuses on top of a unilevel foundation.

How commissions work:

Varies by design. Common structure: Unilevel pays 1–5 levels for personal sales volume. A separate team bonus pays on balanced binary volume. Leadership pools distribute a percentage of total company revenue to top-ranked distributors.

Best for:

Companies that want to incentivize both personal selling and team building. Most \$50M+ direct selling companies operate some form of hybrid plan.

Watch out for:

Hybrid plans are more complex to explain and require more sophisticated software to calculate correctly. Never launch a hybrid plan without specialist compensation plan software and legal review.

COMPENSATION PLAN COMPARISON

Factor	Binary	Unilevel	Matrix	Hybrid
Earning potential	Very High	High	Medium	Very High
Complexity	Medium	Low	Medium	High
Recruitment incentive	Very High	Medium	Medium	High
Personal sales focus	Low	High	Low	High
Software complexity	High	Medium	Medium	Very High
Compliance risk	Medium	Low	Low	Medium
Best company stage	Early-growth	Any	Established	Scaling

CHAPTER 04

The Real Cost to Launch

Honest, itemised startup cost breakdown — no fluff, actual numbers.

The most common financial mistake in direct selling startups is underestimating the cost of the technology and legal infrastructure required before you can accept your first order. This chapter gives you a realistic, category-by-category breakdown — not a best-case scenario.

Technology & Software

MLM / Direct Selling Software Platform	\$5,000–\$25,000 setup + \$500–\$2,500/month
Custom website & ecommerce integration	\$8,000–\$40,000
Replicated distributor websites (100 initial)	\$2,000–\$8,000 setup
Mobile app (iOS + Android)	\$15,000–\$60,000
Payment gateway setup	\$500–\$2,000
E-wallet and payout infrastructure	Included in platform or \$2,000–\$10,000



Legal & Compliance

Corporate structure and entity formation	\$1,500-\$5,000
Distributor / Independent Contractor Agreement	\$3,000-\$8,000
Policies and Procedures document	\$3,000-\$8,000
Income Disclosure Statement framework	\$1,000-\$3,000
Compensation plan legal review	\$2,500-\$10,000
Ongoing compliance counsel (annual)	\$5,000-\$25,000

Product & Inventory

Product formulation / private label setup	\$5,000-\$30,000
Initial inventory (1,000-5,000 units)	\$10,000-\$80,000
Packaging design	\$2,000-\$8,000
Product photography	\$1,500-\$5,000
Third-party lab testing and certifications	\$2,000-\$10,000

Marketing & Launch

Brand identity design	\$3,000-\$12,000
Distributor kit design and print	\$3,000-\$10,000
Launch marketing campaign	\$5,000-\$30,000
Training content and LMS setup	\$2,000-\$15,000
Events / launch convention	\$5,000-\$50,000

Operations & Team

Customer service team (first 6 months)	\$10,000-\$40,000
Distributor support manager	\$40,000-\$80,000 annual
Accounting and payroll system	\$2,000-\$8,000 setup
Insurance (product liability, E&O;, D&O;)	\$5,000-\$20,000 annual



TOTAL INVESTMENT SUMMARY

Launch Scale	Estimated Total Investment	Notes
Lean Launch (affiliate/referral start)	\$25,000-\$60,000	Software platform only, minimal legal, existing product
Standard Launch (full MLM, 1 country)	\$80,000-\$180,000	Full tech stack, legal docs, modest marketing
Full Launch (MLM + app + events)	\$150,000-\$350,000	Custom app, full legal, launch event, marketing team
Enterprise Launch (multi-country)	\$350,000-\$1,000,000+	Multi-currency, multi-language, full compliance per country

IMPORTANT

These ranges are estimates based on 2024-2025 vendor pricing and represent real project costs observed across client launches. Always get three quotes for legal and technology.

CHAPTER 05

Legal & FTC Compliance Survival Guide

The rules that protect your business — and the mistakes that get companies shut down.

Direct selling is a completely legal and legitimate business model. The FTC does not have a problem with multi-level compensation structures — it has a problem with companies that disguise recruitment-fee businesses as product-selling businesses. Understanding exactly where that line is drawn is the most important legal decision you will make.

The Pyramid Scheme Test

The legal test for whether a direct selling company is legitimate comes from the FTC's Amway Decision (1979) and subsequent enforcement actions. The key question is simple: **does the business primarily reward product sales to real end consumers, or does it primarily reward recruitment?**

THE FTC'S POSITION

A legitimate MLM program is one in which participants earn money primarily from selling products or services to ultimate end users, not from recruiting new participants. Programs in which participants receive compensation primarily for recruiting new participants are pyramid schemes.

The Five Compliance Rules Every Founder Must Follow

Rule 1: Income Disclosure Statements are non-negotiable

Before any distributor or prospect can see or be told about earning potential, you must have a current Income Disclosure Statement (IDS) that accurately represents what distributors actually earn. This document must be updated annually and must reflect reality — not top-earner results presented as typical.

Rule 2: The 70% Rule

At least 70% of product sales must be to non-distributor end consumers. If most of your product is purchased by your own distributors (inventory loading), you have a compliance problem. Track end-consumer vs distributor purchases from day one.

Rule 3: No earnings claims without documentation

Any claim — explicit or implied — about earning potential must be backed by documented evidence and accompanied by your IDS. Train your distributors on compliant income claims before they make their first presentation.

Rule 4: Buyback policy

The FTC and DSA both recommend a minimum 90-day buyback policy for unsold inventory. Distributors should be able to return product purchased in good faith for a refund. This protects both your distributors and your legal standing.

Rule 5: Distributor agreements in writing

Every distributor must sign an independent contractor agreement before they begin selling or recruiting. This agreement must clearly state that distributors are not employees, that there is no guarantee of income, and that they have read and agreed to your Policies and Procedures document.

COMPLIANCE CHECKLIST — BEFORE YOU LAUNCH

- Corporate entity formed and registered in all operating states/countries
- Distributor Independent Contractor Agreement drafted and reviewed by MLM attorney
- Policies and Procedures document completed and legally reviewed
- Income Disclosure Statement framework in place with data collection system
- Compensation plan reviewed by direct selling attorney
- Product claims reviewed by regulatory counsel (especially health claims)
- Buyback and return policy documented
- Training program includes compliant income claims section
- Consumer sales tracking system implemented from day one
- Annual compliance review scheduled

CHAPTER 06

Recruiting Your First 50 Distributors

Exact playbook for health, beauty and fitness verticals with proven scripts.

Your first 50 distributors are the most important people in your company's history. They set the culture, they define what "good" looks like, and they determine whether your network grows or stalls. Do not rush to fill these spots — be deliberate about who your first 50 people are.

Where to Find Your First Distributors

Your Existing Customer Base

The highest-converting source of distributors is customers who already love your product. They need no convincing about product quality. Their personal transformation story is their most powerful recruitment asset. Before any outreach campaign, identify your top 20–30 most loyal customers and have a direct conversation — not an email — about the opportunity.

Approach / Script: *"You have been one of our best customers and you mention this product to people all the time. We are building our ambassador program and I thought of you first. Could we spend 15 minutes talking about what that could look like for you?"*



Health & Wellness Communities

Facebook groups for supplement users, weight loss communities, biohacking forums, and wellness coaching groups are populated with people who already believe in the category. Participate genuinely for 2-4 weeks before mentioning your opportunity. Be a resource first, a recruiter second.

Approach / Script: *Target: local gym communities, nutrition coaching groups, yoga/fitness instructor communities, supplement review groups. Look for members who post regularly and have influence – these are your target first distributors.*

Beauty & Skincare Influencer Tier

Micro-influencers (5,000-50,000 followers) in the beauty space convert better as distributors than mega-influencers because they have genuine relationships with their audience and are more accessible. Look for influencers who post honest product reviews, engage with comments, and mention income goals.

Approach / Script: *Send product with a personal note. Follow up after they post. Then introduce the distributor opportunity as a way to earn on recommendations they are already making naturally.*

Fitness Coaches and Personal Trainers

Personal trainers already recommend products to clients daily. A distribution agreement turns those existing recommendations into a commission stream. This is one of the most efficient distributor acquisition channels for fitness nutrition and supplement brands.

Approach / Script: *Where to find them: Mindbody platform, local gym directories, Instagram fitness hashtags. Target trainers with 50-200 active clients who post about nutrition.*

The First 90 Days of Distributor Onboarding

Recruiting is only half the job. What happens in the first 90 days determines whether your new distributors become long-term network builders or 30-day churns.

Day 1-3	Welcome call (not email). Walk through the products, the compensation plan, and their first goals.
Day 4-7	Send starter kit. Schedule a product demonstration training. Give them their first simple goal: make 3 product recommendations this week.
Week 2	Check-in call. Help them identify their first 10 potential customers. Role-play the product conversation.
Week 3-4	First training module completion. Set first 30-day sales and recruitment target.
Month 2	Team meeting with fellow new distributors. Recognition for any rank advancement or first sale.



Month 3

Performance review conversation. Accelerate top performers or have an honest conversation with those who are stalling.

CHAPTER 07

Retaining Distributors Long-Term

Why 80% quit in year one — and the systems that prevent it.

Industry data consistently shows that between 50–80% of new direct selling distributors become inactive within 12 months of joining. This is not primarily a product problem or a compensation plan problem — it is almost always a support, recognition, and expectation problem.

The Five Retention Drivers

1. Early wins create long-term commitment

A distributor who makes their first sale within 7 days of joining is 3x more likely to still be active at 12 months. Everything in your onboarding process should be designed to create that first win — even if it is a small one.

2. Recognition beats compensation for retention

Public recognition — a shoutout in the company group, a rank achievement announcement, a personal note from leadership — has a greater impact on 6-month retention than a commission increase. Build recognition systems from day one: rank pins, monthly leaderboards, annual awards, personalised milestone messages.

3. Community prevents isolation

The biggest reason distributors quit is that they feel alone. Selling and recruiting feels awkward, rejection is demoralising, and without a community of people who understand the experience, most distributors conclude that the business is not working. Regular team calls, WhatsApp groups, and annual events are retention infrastructure.

4. Clear rank progression reduces confusion

Distributors who cannot see their next rank advancement in the next 30–60 days will disengage. Your back office should show every distributor exactly how far they are from their next rank and exactly what they need to do to get there.

5. Product belief drives everything

Distributors who use the product and have a personal transformation story have dramatically higher retention rates. Make product usage a cultural expectation — not a policy requirement.

RETENTION RATE BENCHMARKS

Metric	Industry Average	Best-in-Class Target
30-day activity rate	55%	80%+
90-day retention rate	40%	65%+
12-month retention rate	25%	50%+
Average distributor tenure	14 months	36+ months
Monthly active rate (mature network)	30%	50%+

CHAPTER 08

Building Your Ecommerce Layer

Replicated websites, distributor storefronts, mobile apps — what actually works.

Your ecommerce architecture directly affects distributor motivation, customer retention, and your ability to scale. This chapter covers the essential components, what to prioritise at each stage of growth, and the common mistakes that require expensive rebuilds.

Replicated Distributor Websites **Required at launch**

- Each distributor gets a personal version of your company website with their unique tracking link
- Customers who purchase through a distributor's link are permanently assigned to that distributor
- Distributor sites should be customisable (profile photo, personal story) but maintain brand consistency
- Must be mobile-optimised — the majority of direct selling purchases happen on mobile devices
- Essential from day one. Non-negotiable. Do not launch without this capability.



Customer-Facing Ecommerce Store Required at launch

- Your main ecommerce store should function as a standalone retail experience
- Returning customers should be able to log in, view order history, and reorder easily
- Subscription / autoship functionality is critical for consumable products — this is your recurring revenue engine
- Product pages should include distributor testimonials and transformation stories
- Payment should support credit card, PayPal, and ideally Apple Pay and Google Pay

Mobile Application Add at scale (500+ distributors)

- A mobile app becomes important when your distributor network exceeds 500 active members
- Core app features: commission dashboard, team genealogy viewer, order placement, training content
- Distributors should be able to share product pages and track referral clicks from within the app
- Do not build a custom app before you have 500+ distributors — it is expensive and premature
- Start with a mobile-responsive web experience and build the app when network size justifies the investment

Back Office Distributor Portal Required at launch

- Every distributor needs a personal dashboard showing commission earnings, rank status, and next rank requirements
- The genealogy view should be real-time
- Training resources, marketing materials, and company announcements should live in the back office
- Distributor support tickets should be managed through the back office, not email
- This is often built as part of your MLM software platform rather than as a custom build

CHAPTER 09

Commission Automation — What You Actually Need

The non-negotiable technology checklist every direct selling founder needs.

Every direct selling business eventually reaches a scale where manual commission calculation becomes impossible. The question is not whether you need automation — it is whether you will build it before or after your first major commission error destroys distributor trust.

CRITICAL WARNING

The most expensive technology decision in direct selling is trying to manage commissions in spreadsheets or with a custom-coded system once the network exceeds 100 active distributors. Plan for automation from day one.

What Breaks at Each Stage of Growth

Network Size	Manual Approach Status	Critical Need
1-50 distributors	Spreadsheets might work	Start building proper system now
50-200 distributors	Spreadsheets break	Commission errors begin, distributor complaints start



Network Size	Manual Approach Status	Critical Need
200-500 distributors	Manual process impossible	Real-time dashboard becomes critical
500-2,000 distributors	Custom code breaks	Need enterprise platform with API access
2,000+ distributors	Anything non-specialist fails	Purpose-built MLM platform required

The Commission Automation Checklist

Real-time commission calculation (not batch-processed nightly)

Support for your specific compensation plan type (binary, unilevel, matrix, hybrid)

Automatic rank qualification checking and advancement

E-wallet with multiple payout options (bank transfer, PayPal, check)

Commission statement generation per distributor per period

Audit trail for every commission calculation

Tax document generation (1099 for US)

Commission holds and release workflows for compliance purposes

Configurable commission periods (weekly, bi-weekly, monthly)

Void and reprocess capability for error correction

Multi-currency support if operating internationally

API access for custom reporting and third-party integrations

CHAPTER 10

The 90-Day Launch Playbook

Week-by-week launch sequence with the milestones that predict success.

Most direct selling launches fail not because of a bad product or compensation plan — they fail because the launch sequence was wrong. Too much time spent on branding before the compensation plan was finalised. Product shipped before compliance documents were signed. Distributors recruited before the technology was working. This chapter gives you the right sequence.

Pre-Launch: Weeks 1-6

Weeks 1-2: Foundation

- Finalise compensation plan with specialist attorney review
- Select and contract MLM software platform
- Complete corporate structure and entity formation
- Begin distributor agreement and policies drafting

Weeks 3-4: Build

- Software platform configuration begins
- Product finalised, packaging ordered, inventory in production
- Brand identity design completed
- Legal documents finalised and signed off by counsel

Weeks 5-6: Prepare

- Technology QA testing — every commission calculation scenario tested
- Distributor back office tested end-to-end with dummy accounts
- Training materials completed
- Founding distributor identifications confirmed — your first 10-20 people

Soft Launch: Weeks 7-10**Week 7: Founding Distributors**

- Founding distributor agreement signings — one-on-one calls, not mass emails
- Founding distributor onboarding calls completed
- Product shipped to founding distributors for personal use
- Back office access granted, tested with real accounts

Weeks 8-9: First Sales

- Founding distributors make their first personal sales
- First orders processed, first commissions calculated
- Customer service protocols tested with real inquiries
- Week 8 commission run tested and verified

Week 10: Pre-Full Launch Review

- All founding distributor onboarding complete
- Technology performing correctly at small scale
- First commission payments issued and verified
- Compliance check: all distributors signed and compliant

Full Launch: Weeks 11-13**Week 11: Public Launch**

- Public launch announcement to warm audience
- Paid advertising begins (Facebook, Instagram — health/beauty/fitness audiences)
- Press release to direct selling industry publications
- Founding distributors begin their own public recruitment



Week 12: Momentum

- First public weekly training call held
- Performance data reviewed: orders, distributor registrations, commission accuracy
- First recognition announcement: founding distributor achievements
- Customer acquisition cost tracked against targets

Week 13: 90-Day Review

- Full financial review: revenue vs projections, commission liability vs plan
- Distributor activity rate reviewed: who is active, who has gone dark
- First retention intervention for inactive founding distributors
- Plan for Month 4-6 confirmed based on learnings

CHAPTER 11

Scaling from 100 to 10,000 Distributors

Infrastructure, leadership layers and what breaks at each stage.

The decisions you make at 100 distributors determine whether you can reach 1,000. The decisions you make at 1,000 determine whether you reach 10,000. Most companies that stall do so because they delayed building the infrastructure required for the next stage of growth until they were already at that stage.

100–500 Distributors

Technology focus:

Ensure your MLM platform handles automated rank calculation, real-time commission dashboards, and basic reporting. If you are still manually calculating anything, fix this now.

People focus:

Identify your top 10–15 performers and invest heavily in them. These are your future leaders. Give them access, recognition, and your personal attention.

Process focus:

Standardise your onboarding process, your training program, and your weekly communication cadence. What works for 50 distributors will not scale to 500 without documentation.



500–2,000 Distributors

Technology focus:

Mobile app development becomes justified at this stage. Distributor-facing analytics reduce support burden. Integrate your CRM with your distributor management system.

People focus:

You can no longer personally manage every leader. Build a leadership development program that trains your top distributors to coach and develop the leaders below them.

Process focus:

Launch a formal rank advancement program with defined milestones and recognition at each level. Implement a quarterly business review process for your top 50 leaders.

2,000–10,000 Distributors

Technology focus:

Enterprise-grade platform requirements: API access, multi-currency and multi-language support, custom reporting dashboards for leadership, and advanced genealogy analytics.

People focus:

At this scale, your company culture IS your retention strategy. Annual conventions, top earner trips, leadership councils, and formal mentorship programs are retention infrastructure.

Process focus:

International expansion, regulatory compliance per country, and multi-currency commission management become operational realities.

CHAPTER 12

Choosing the Right Software Platform

15 vendor questions, red flags, and the complete feature checklist.

Your software platform is the operational backbone of your entire business. A good platform becomes invisible — it just works. A bad platform becomes a daily conversation about why commissions are wrong, why distributors cannot see their dashboard, and why you cannot get the report you need. Choose carefully.

15 Questions to Ask Every Software Vendor

- 1 Which compensation plan types do you natively support — binary, unilevel, matrix, hybrid — and have you built these plans before for clients at my scale?
- 2 How are commissions calculated — real-time, daily batch, or weekly batch? Can distributors see their earnings update as orders come in?
- 3 Show me a live demo of the genealogy tree for a network of 5,000+ distributors. How does performance hold up at that scale?
- 4 What is your uptime SLA and what was your actual uptime in the past 12 months? Who do I call at 2am on commission day if the system is down?

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- 5** Do you provide replicated distributor websites as part of the platform, or is that a separate integration? How customisable are they?
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- 6** How does rank qualification work — is it automated or manual? What happens when a distributor misses rank qualification by a small amount?
-
- 7** What does the distributor-facing mobile app include? Is it iOS and Android? What is the App Store rating?
-
- 8** How do you handle e-wallet and payout functionality? What payout methods do you support and what are the transaction fees?
-
- 9** What compliance tools are built in — income disclosure statement generation, audit trails, 1099 generation?
-
- 10** Do you have API access? Show me your API documentation. Can I integrate with my CRM and ecommerce platform?
-
- 11** What does your onboarding process look like? How long from contract signing to go-live? Who is my dedicated implementation contact?
-
- 12** What are your pricing tiers — setup fee, monthly fee, per-distributor fee, transaction fee? What does the contract look like at 5,000 distributors?
-
- 13** Can I speak with three current clients who launched in the past 12 months at a similar scale to what I am planning?
-
- 14** What happens to my data if I decide to leave the platform? How is data exported and in what format?
-
- 15** What is your product development roadmap for the next 12 months? How do client feature requests get prioritised?
-

RED FLAGS — WALK AWAY FROM ANY VENDOR WHO DOES THIS

Cannot show you a live demo with real data — only screenshots or pre-recorded videos

Cannot provide references from clients in your industry or at your planned scale

Commission calculation is explained vaguely or the vendor cannot clearly answer Question 1 and 2 above

Long-term contract with no exit clause or data export guarantee

No dedicated implementation contact — you will be handed to a generic support queue

Pricing that is suspiciously low — MLM software with proper binary/unilevel support is not inexpensive

No API access or "API access is on the roadmap" — this means it does not exist yet

Cannot tell you clearly what their uptime was in the past year

COMPLETE FEATURE CHECKLIST



Commission & Compensation	
Binary, unilevel, matrix, hybrid plan support	☐
Real-time commission calculation	☐
Automated rank qualification and advancement	☐
Commission capping and flush rules	☐
Split commissions and matching bonuses	☐
Leadership pool distribution	☐
Distributor Management	
Genealogy tree with unlimited depth	☐
Distributor enrollment and KYC workflow	☐
Rank and status tracking	☐
Personal volume and group volume tracking	☐
Sponsor/enroller tracking	☐
Distributor agreement acceptance tracking	☐
Ecommerce & Payments	
Replicated distributor websites	☐
Customer-facing retail store	☐
Autoship / subscription management	☐
E-wallet with multiple payout methods	☐
Multi-currency support	☐
Tax document generation (1099, VAT etc.)	☐
Technology & Integration	
Mobile application (iOS and Android)	☐
REST API with documentation	☐
CRM integration capability	☐
Email platform integration	☐
Shipping and inventory integration	☐
Single sign-on (SSO) capability	☐

BONUS TOOLS

6 Plug-and-Use Resources

Use these tools from day one — no customisation required.



BONUS A

MLM Launch Checklist — 100 Points

Work through this checklist in sequence before your public launch. Every item here represents something a founder wished they had done before going live.

Legal & Compliance (Complete before any recruitment)

- ☐ Corporate entity formed and registered
- ☐ State/country business licences obtained
- ☐ Tax ID / EIN registered
- ☐ Distributor Independent Contractor Agreement drafted and reviewed
- ☐ Policies and Procedures document completed and reviewed
- ☐ Compensation plan reviewed by direct selling attorney
- ☐ Income Disclosure Statement framework created
- ☐ Product claims reviewed by regulatory counsel
- ☐ Buyback and return policy documented (minimum 90 days)
- ☐ Privacy policy and terms of service completed
- ☐ Trademark and IP protection filed
- ☐ D&O; and product liability insurance secured

Compensation Plan (Complete before software configuration)

- ☐ Compensation plan type selected (binary / unilevel / matrix / hybrid)
- ☐ Commission percentages and depth defined at each level
- ☐ Rank qualification requirements defined
- ☐ Rank advancement bonuses defined
- ☐ Leadership pool percentage defined
- ☐ Commission period defined (weekly / bi-weekly / monthly)
- ☐ Commission caps and flush rules defined
- ☐ Compensation plan stress-tested at projected network size
- ☐ Attorney review of final compensation plan completed
- ☐ Plain-English compensation plan summary created for distributors

Technology (Complete before founding distributor onboarding)

- ☐ MLM software platform contracted and implementation started
- ☐ Compensation plan configured and tested in platform
- ☐ Distributor back office built and tested with dummy accounts
- ☐ Replicated distributor website template completed
- ☐ Main ecommerce store live and order-processing tested
- ☐ Payment gateway integrated and test transactions completed
- ☐ E-wallet configured and test payouts completed
- ☐ Commission calculation tested for all rank scenarios
- ☐ Distributor enrollment workflow tested end-to-end
- ☐ Customer support ticketing system configured
- ☐ Training portal or LMS configured with initial content
- ☐ Mobile experience tested on iOS and Android

Product & Operations (Complete before first order)

- ☐ Product formulation finalised and locked
- ☐ Third-party lab testing completed and certificates on file
- ☐ All required product certifications obtained
- ☐ Packaging design finalised and approved
- ☐ Initial inventory received and quality-checked
- ☐ Shipping and fulfilment partner contracted
- ☐ Order management workflow tested
- ☐ Product photography completed
- ☐ Product pages written with compliant claims only
- ☐ Autoship programme configured and tested

People & Training (Complete before public launch)

- ☐ Founding distributors identified and agreements signed
- ☐ Founding distributor onboarding calls completed
- ☐ Founding distributors trained on product and compensation plan



- ☐ Founding distributors trained on compliant income claims
- ☐ Customer service team trained and ready
- ☐ Weekly distributor training call scheduled
- ☐ Recognition programme designed and communicated
- ☐ Distributor starter kit designed and printed
- ☐ Company communication channels set up
- ☐ First monthly newsletter template prepared

Marketing & Launch (Complete before public announcement)

- ☐ Brand identity system completed
- ☐ Social media profiles created and branded
- ☐ Launch announcement prepared
- ☐ Press release drafted for direct selling publications
- ☐ Paid advertising creative prepared
- ☐ Landing page for distributor recruitment live and tested
- ☐ Product education video produced
- ☐ Business opportunity presentation completed
- ☐ Lead capture and follow-up sequence configured
- ☐ Launch week calendar confirmed with founding distributors

BONUS B

Startup Cost Calculator

Use this template to build your actual budget. Fill in the "Your Estimate" column based on quotes from vendors. The ranges shown reflect 2024–2025 market pricing.

TECHNOLOGY	LOW	HIGH	YOUR ESTIMATE
MLM software platform — setup fee	\$5,000	\$25,000	\$ _____
MLM software platform — monthly (12 months)	\$6,000	\$30,000	\$ _____
Website and ecommerce development	\$8,000	\$40,000	\$ _____
Replicated distributor websites setup	\$2,000	\$8,000	\$ _____
Mobile application development	\$0	\$60,000	\$ _____
Payment gateway setup	\$500	\$2,000	\$ _____
LEGAL & COMPLIANCE	LOW	HIGH	YOUR ESTIMATE
Entity formation and registration	\$1,500	\$5,000	\$ _____
Distributor agreement	\$3,000	\$8,000	\$ _____
Policies and procedures	\$3,000	\$8,000	\$ _____
Compensation plan legal review	\$2,500	\$10,000	\$ _____
Ongoing compliance counsel (year 1)	\$5,000	\$25,000	\$ _____
PRODUCT & INVENTORY	LOW	HIGH	YOUR ESTIMATE
Formulation and private label setup	\$5,000	\$30,000	\$ _____
Initial inventory (1,000–5,000 units)	\$10,000	\$80,000	\$ _____
Packaging design and print	\$3,500	\$13,000	\$ _____
Lab testing and certifications	\$2,000	\$10,000	\$ _____
MARKETING & LAUNCH	LOW	HIGH	YOUR ESTIMATE
Brand identity design	\$3,000	\$12,000	\$ _____
Distributor starter kit design and print	\$3,000	\$10,000	\$ _____
Launch marketing campaign	\$5,000	\$30,000	\$ _____
Training content and video production	\$2,000	\$15,000	\$ _____
OPERATIONS (YEAR 1)	LOW	HIGH	YOUR ESTIMATE
Customer service (first 6 months)	\$10,000	\$40,000	\$ _____
Insurance (annual)	\$5,000	\$20,000	\$ _____



Accounting and payroll system	\$2,000	\$8,000	\$ _ _ _ _ _
TOTAL ESTIMATED RANGE	\$87,000	\$489,000	\$ _ _ _ _ _

BONUS C

Compensation Plan Comparison Table

Use this table when presenting plan options to your attorney, compensation plan consultant, or board.

Factor	Binary	Unilevel	Matrix	Hybrid
Structure	Two legs per distributor	Unlimited width, limited depth	Fixed width and depth	Combination of types
Primary incentive	Team volume balancing	Personal sales + depth	Spillover from upline	Balanced selling and building
Recruitment drive	Very high	Moderate	Moderate	High
Commission basis	Weaker leg volume	Sales at each level %	Volume per matrix position	Multiple triggers
Typical commission rate	8-12% on pay leg	3-10% per level	5-25% per level	Varies by component
Software complexity	High	Medium	Medium	Very high
Explainability	Medium	Easy	Medium	Complex
Best product type	Any consumable	High-repeat consumable	High-margin, any	Scaling companies
Min. gross margin needed	65%+	60%+	70%+	65%+
Regulatory risk	Medium	Low	Low-medium	Medium

BONUS D

Distributor Recruitment Script Pack

Three proven conversation scripts — one for each primary vertical. Adapt the language to your brand voice, but do not change the structure. The flow is designed to lead naturally from relationship to opportunity without feeling like a pitch.

Script 1: Health & Wellness

Opening	"Hey [Name], I know you have been using [Product] for a while now. Has it been working well for you?"
After positive response	"I thought so — you always seem to mention it to people. We are building a small group of wellness advocates who earn on the recommendations they are already making. Is that something that might interest you to hear more about?"
If yes	"Perfect. Can we set up a 20-minute call this week? I will walk you through exactly what it looks like and you can decide if it is a fit. No pressure — I just thought of you first."
If hesitant	"That is totally fair. I will send you some information and you can look at it in your own time. Would that work?"

Script 2: Beauty & Skincare

Opening	"[Name], your skin content is honestly amazing — I always see people asking you what you use in the comments."
Bridge	"We are looking for a small number of beauty advocates to represent [Brand] in their community. You would earn commission on every sale you influence — and since you are already recommending products, it would just be converting that into income."
The close	"I would love to send you a starter pack to try first so you can experience the products properly. If you love them — and I think you will — we can talk about the partnership. Does that sound fair?"
Follow-up	"No pressure at all. The products speak for themselves. Let me send you something and you can reach out if the timing ever makes sense."

Script 3: Fitness & Nutrition (For Personal Trainers)

Opening	"Hey [Name], I know you are always recommending nutrition products to your clients. Do you currently earn anything from those recommendations?"
----------------	---



After "no"	"Most trainers are giving that value away for free. We work with fitness professionals who want to add a commission income stream to what they are already doing. It is not about changing what you recommend — it is about getting paid for the influence you already have."
Detail	"A trainer with 50 clients, where 20 of them use our products monthly, typically earns a meaningful additional monthly income. That number grows as their client base grows."
The ask	"Would it be worth a 20-minute conversation to see if the numbers make sense for you?"



BONUS E

FTC Compliance Cheat Sheet

Share this directly with your attorney, compliance team, and every distributor before they make their first public communication about your product or opportunity.

Do This

- Always accompany any income reference with your current Income Disclosure Statement
- Use language like "results vary" and "typical results" near any performance claims
- State clearly that distributors are independent contractors, not employees
- Ensure at least 70% of sales go to non-distributor end consumers
- Maintain a 90-day buyback policy for unsold distributor inventory
- Keep records of all distributor earnings for annual IDS preparation
- Train distributors on compliant income claims before they begin presenting
- Have a legal review of any marketing material before public distribution

Never Do This

- Never show top-earner results without context
- Never use phrases like "unlimited income" or "financial freedom" without careful legal review
- Never charge distributors for the right to sell beyond a reasonable starter kit
- Never require distributors to purchase large amounts of inventory as a condition of participation
- Never represent that purchasing a product position or rank guarantees income
- Never allow distributors to make health claims not approved by your regulatory counsel
- Never structure compensation primarily around recruitment rather than product sales
- Never use income claims in advertising without your IDS immediately accessible

DISCLAIMER

This cheat sheet is an educational summary, not legal advice. Direct selling law is jurisdiction-specific and evolves regularly. Always have your compliance programme reviewed by an attorney who specialises in direct selling and FTC compliance.

BONUS F

Software Vendor Question List

Print this list and use it in every software vendor demo. The answers you get — and the ones vendors struggle to give — will tell you everything you need to know.

Platform Capabilities

- Q** Which compensation plan types do you natively support? Can you show me a live
1 binary/unilevel/matrix calculation?

Notes: _____

- Q** Are commissions calculated in real-time or in batch? How does a distributor see their current
2 earnings?

Notes: _____

- Q** Show me the genealogy tree for a 5,000+ distributor network. What is the performance like at that
3 scale?

Notes: _____

- Q** How does rank qualification work? Is it automated or does it require manual intervention?
4 Notes: _____

Technology & Reliability

- Q** What is your contractual uptime SLA? What was your actual uptime in the last 12 months?
5 Notes: _____

- Q** Do you have REST API access? Can I see the documentation?
6 Notes: _____

- Q** How do you handle data security and distributor PII compliance (GDPR, CCPA)?
7 Notes: _____

- Q** What is your disaster recovery process?
8 Notes: _____

Implementation & Support

- Q** What does implementation look like from contract signing to go-live? Who is my dedicated
9 contact?

Notes: _____



Q Who do I call if the system is down at 2am on commission processing day?

1 Notes: _____
0

Q Can I speak with three clients who launched in the past 12 months at a similar scale?

1 Notes: _____
1

Q What does your client success process look like after go-live?

1 Notes: _____
2

Pricing & Contracts

Q What is the full cost breakdown — setup, monthly, per-distributor, transaction fees — at 500 and 5,000 distributors?

3 Notes: _____

Q What does the contract look like? What are the exit terms and data export provisions?

1 Notes: _____
4

Q What is on your product roadmap for the next 12 months? How are client feature requests handled?

1 Notes: _____
5



Global MLM Software

You've read the guide. Now let's talk about your launch.

Global MLM Software is the platform trusted by 500+ direct selling, affiliate, and referral businesses worldwide. When you are ready to build the technology that runs your network, we would love to show you what is possible.

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Email Our Team	Send your questions — we respond within 24 hours	info@globalmlmsolution.com

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