

How much can you pay out?

Mark-up to Retail	3x	4x	5x	6x	7x	8x
COGS % of Retail	33	25	20	17	14	12
Retail Commission	25	25	25	25	25	25
Upline Commissions	15	18	21	24	27	29
Other incentives	4	4	4	4	4	4
General & Admin	15	15	15	15	15	15
Profits	8	13	15	15	15	15
Upline Commissions as a % of Wholesale	20	24	28	32	36	39

Mark-up to Retail: always start your pricing strategy at the Retail price answering the golden question: “what are my consumers willing to pay when the product is properly demonstrated”. Never price your product at the distributor wholesale, first, or your distributors will have great difficulty selling the product to their customers.

COGS % of Retail: Cost of Goods Sold as a percent of the retail price.

Retail Commission: Most companies set this at 25% of retail. The distributor earns this as a commission for selling the product

Upline Commissions: As a percent of retail, this is how much you can afford to spend in commissions. See also the last row: Upline Commissions as a % of Wholesale

Other incentives: trips, car awards, prizes, awards toward convention attendance are all a crucial part of your sales force motivation strategy

General & Admin: Staff salaries, insurance, rent, utilities, phone, etc.

Profits: Growing companies must have strong profits to afford to invest in their future growth.

Upline Commissions as a % of Wholesale: This is the Upline Commissions percent recalculated as a percent of wholesale instead of retail. As most companies sell their products to distributors at wholesale (Retail minus Retail Commissions), the company’s income is at wholesale. How much can you afford to pay in commissions as a percent of wholesale is found here.