

Multi-Level Marketing Case-study

Client:

The client is EgyStark. A company engaged in a sophisticated program of Multi-Level Marketing. It dominated the market with its considerably low fee of registering in a tree. It is one of the first companies in Egypt to market not only devices but services as well.

Problem:

Multi-Level Marketing is a very sophisticated system that involves several partners to generate revenue. The business is run on trees branched out by agents who have succeeded in marketing and selling their products to others. Meaning that each new buyer is a new agent who is working on creating his own tree. As the new tree grows the company is committed to pay bonuses and to grant vouchers for each agent at the top of his own tree. This is to be done according to a unique and complex compensation plan.

The company needs to run their system smoothly. Administrators and employees used to manually follow up on new agents, new entries, registered deals, and required bonuses using excel sheets. Some other information used to be drawn by hand. Depending on these basic tools was extremely inefficient. Running this manually wasted time, and required people to stagger with errors and confusion in doing exhaustive and complicated calculations. It left a huge margin of human error. It also didn't grant the registered agents the required visibility and transparency to view their progress. This manual process also raised concerns about the confidentiality of accounts and their details, which would negatively affect the company and its users if breached.

The Challenge:

The challenge was finding coherent solutions for all these problems. The first challenge creating a very secure database structure, that doesn't have any kind of back doors. It should also prevent any type of hacking, because the system is going to be linked directly to the balance of the agents. This raises another challenge which is the payment system. There has to be two different types of payment: vouchers and monetary compensation. The monetary balance of the salaries needs to move down the tree to pay the agents, and the registration fees for entering the system or buying a certain product or service should move up the tree.

Creating a tree that displays and grows with the hierarchy was inevitable to provide for transparency and structure. The system should give each member permission to create accounts for other members. When this is done it has to happen inside the border and the branching of the creator's tree. This means that there is a big tree that connects all the minor ones, and each minor one is at the same time distinct from the others. Since the company planned on growing and expanding, it required the system to have the flexibility of accepting critical changes in the compensation plan. Another challenge was to create an option for the client to receive an analysis of whether a certain change in the compensation plan would result in a win-win scenario for the agent and the company. The compensation plan is formed of three factors:

- Number of levels
- Product price
- Number of people
- Commission

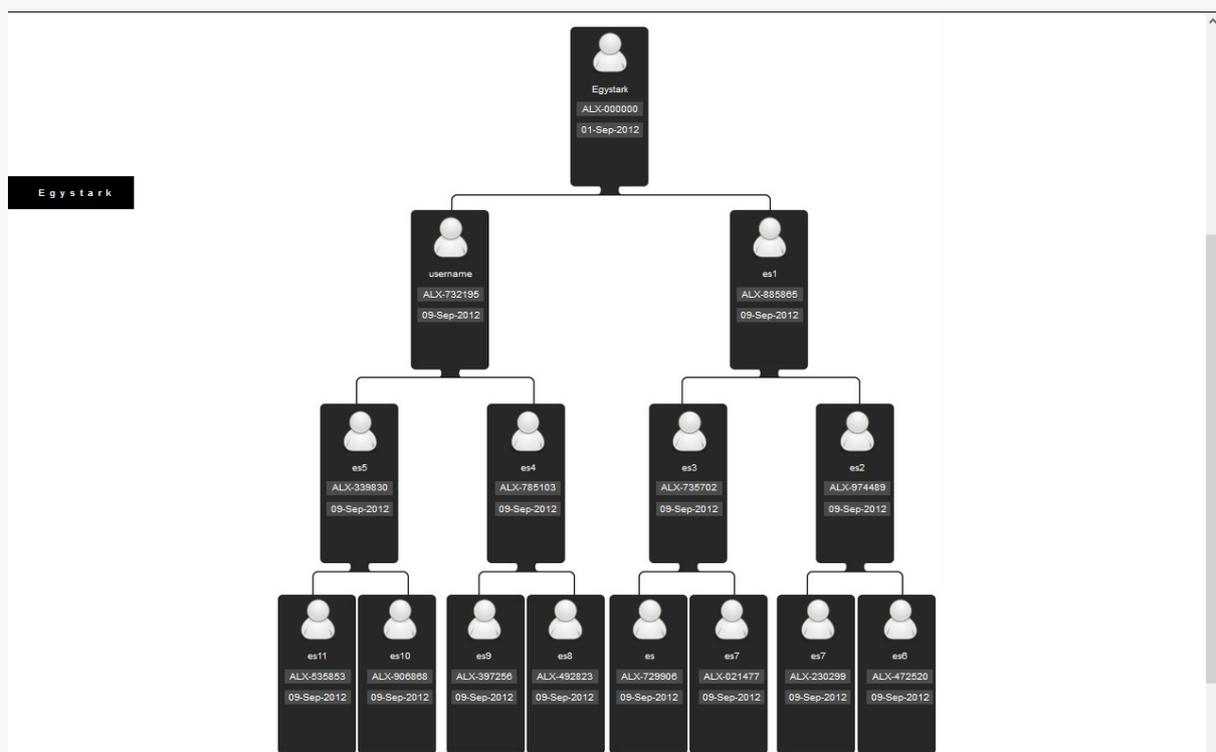
The Solution:

We conducted several meetings with the client and we offered several solutions which combined together, would result in a well-constructed platform to run the system smoothly.

The first solution was regarding the security of logging in to the system. The user would use his account name and password as the first phase of the login process. Then the user would be required to answer a security question, then enter a certain number with the mouse on an on-screen the keyboard to prevent key logger hacks to ultimately long in.

The second solution is constructing a dynamic and expandable database to host all the new agents. This database is constructed with inner walls to guarantee that the tree follows the required hierarchy. It also grants any existent agent the permission to register a new agent below him in his/her tree. The database was constructed to allow gateways to the flow of monetary balance from the top of the tree to the bottom and vice versa guaranteeing the movement of salaries down and payments up the tree in certain pipes that would not intermingle.

The third solution is a gadget that could be used and controlled in the back-end. This gadget gives the administrator full control and concrete prediction of the compensation plan. The administrator could adjust the four variables of number of levels, product price, number of people, and commission in order to see the future effect of this plan. The result appears in the form of data and graphical representation showing whether a certain configuration would be efficient and a benefit generator or not in an instant.



Final Result

The final result is a system that provides the agent with accessible information about the balance and the tree he/she belongs to. In the back-end it saves the employees time and effort in governing the marketing, selling, and salaries processes. The result is nearly 100% accuracy and satisfaction of the agents in calculating the balance, vouchers, and commissions. The system guarantees security against human errors or lost data. It improves the look and rank of the Egystark as a professional company in multi-level marketing. The compensation plan gadget saves the company tons of time in calculating the best compensation scenarios. It also helps in preventing the company from reaching a compensation plan that could cause failure or unsatisfying benefits.

