



COMPENSATION PLAN ANALYSIS

Flantech (Australia)

Our Mission

We exist to help set people free.

Our Values

- Integrity
- Intelligence
- Information
- Insight
- Integration
- Inspiration
- Innovation

Our Standards

Do only the right things for only the right reasons.

Relationships before results.

People before profit.

Cause before effect, always.

Please note:

These comments relate to the Compensation Plan as published and available from the company web site at 15 September 2003. They relate only to the Compensation Plan and are not to be taken as an appraisal of the overall opportunity available from the company, the company's motives, attitudes, practices, etc. The analysis has been made on the basis of criteria set out in this and other publications from Fourth Generation Systems. The reader should determine for themselves whether or not these criteria are compatible with their own values and standards.

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Evaluation Overview

Results

	Results
1. The plan is based on the Law of Success: "do only the right things for only the right reasons."	Pass ✓
2. The plan is based on the Four Cornerstones of Success: Vision, Time, Effort and Discipline. It doesn't promote a false vision that requires no time, effort or discipline.	Pass ✓
3. The plan is based on the foundation principle of free enterprise — that there are no rewards for activity, only for results. It doesn't confuse reward and recognition. It rewards results in the form of profitable product sales, and recognises activity that can leverage the results of a downline team through an increase in profitable product sales. But it doesn't reward the act of sponsoring, overtly or covertly.	Pass ✓
4. The plan ensures clear consequences for personal choices. Producing results is rewarded, and failure to produce results is penalised. It provides clear warnings and limited opportunities to correct any failure before adverse consequences become inevitable. There is no appeasement or removal of consequences for consistent inactivity or lack of results.	Pass ✓
5. The plan does not create favourable impressions that are illusory or misleading, or that are subject to terms and conditions that are buried in fine print.	Pass ✓
6. The plan is transparent in showing the proportion of wholesale revenue returned to the network and the relative value of qualifying points to wholesale prices.	Pass ✓
7. The plan doesn't encourage or support deceptive, manipulative or illegal practices, such as front-end loading, bonus-buying, or anything like them.	Pass ✓
8. The plan does not rely on, or encourage, one-time bonuses as a significant part of an individual's monthly income.	Pass ✓
9. The plan balances personal qualifying requirements so that they're low enough for distributors to meet them, but high enough to deliver worthwhile rewards.	Pass ✓
10. The plan balances the needs of all three stakeholders — the company, the part-timers and the full-time professionals — and rewards each fairly. None profits at the expense of the others.	Pass ✓
11. The plan doesn't reward distributors at the expense of their upline leaders.	Pass ✓
12. The plan doesn't reward upline leaders at the expense of their downline teams.	Pass ✓
13. The plan allows the individual to determine their own percentage payout, based on their personal performance, not the performance of their downline team. (No group volume or downline rank/structure qualifications are imposed that result in breakage to the company through failure to qualify.)	Pass ✓
14. The plan allows full-time distributors to build substantial, secure income through high activity and retention rates, not high "churn" (distributor turnover) rates.	Pass ✓
15. The plan recognises that the quality and durability of personal relationships is the most significant factor in the long term success of distributors' businesses. It encourages practices that support the nurturing of personal relationships and discourages practices that place personal relationships at risk.	Pass ✓
16. The plan balances reciprocal and residual income for optimum leverage.	Pass ✓
17. The plan balances rewards and qualifications for optimum group activity and retention rates.	Pass ✓
18. The plan balances its vertical and horizontal aspects for optimum growth, stability and security. It doesn't limit the number of legs a distributor may sponsor, and it doesn't allocate rewards too deeply downline.	Pass ✓
19. The plan recognises the reality of the majority of part-time distributors — that the typical part-time distributor sponsors between three (3) and six (6) people personally, and has a downline of two (2) to four (4) levels deep — and makes it possible for them to achieve profitability with such a structure, while encouraging them to achieve much more.	Pass ✓
20. The plan is stable, predictable and reliable. It is not subject to regular change.	Pass ✓
21. The plan is easy for new people to learn and present.	Pass ✓

Please read this first

This report should be read in conjunction with **REAL Network Marketing™ Report #3, Principles of Fourth Generation Compensation Plans**, which explains all of the criteria used in this analysis in detail, and why each one is desirable or undesirable. It also reveals the kinds of booby traps typically offered by First Generation counterfeits of REAL Network Marketing™ compensation plans.

These are the principles that form the foundation of any Fourth Generation network marketing business.

Please note that we make no allegations or imputations in respect of the motives or intentions of the company featured in this report, nor should any such inferences be drawn from it.

Our sole intention is to identify features of the plan that comply with Fourth Generation principles and practices, those that fail to comply and those that may give rise to abuse by individuals, or that may disadvantage distributors in some way.

Readers should decide for themselves whether or not the plan's features — and, indeed, these criteria — are compatible with their personal values and standards for doing business.

You'll find active links to our main Reports at the end of this document.

Items with an asterisk (*) in the table on page 1 of this report are qualified in some way. These qualifications are included in the respective sections that follow.

The Company

Flantech is a new company, based in Australia but with operations in the USA, New Zealand, Singapore, Malaysia, Indonesia, Thailand, South Africa and elsewhere.

Plan type and any special features

The plan is a compressed unilevel plan that pays on a minimum of seven levels. It pays a generational bonus of 3% for those who qualify, which can be increased to 4%, and its Personal Productivity Bonus program pays up to 56% of personal retail sales, not including any retail commissions earned by members.

Itemised Explanatory Notes

1. **The plan is based on the Law of Success:** "do only the right things for only the right reasons."
 - ▶ All aspects of the plan are designed with this in mind. While individual distributors in any company can distort their presentations and emotional appeals, these tactics are likely to impact adversely on abusers, and swiftly.
2. **The plan is based on the Four Cornerstones of Success:** Vision, Time, Effort and Discipline. It doesn't promote a false vision that requires no time, effort or discipline.
 - ▶ There are no free rides in this plan. People are rewarded fairly and very well. One of the genuinely highest-paying plans in all of network marketing. Refreshingly hype-free.
3. **The plan is based on the foundation principle of free enterprise** — that there are no rewards for activity, only for results. It doesn't confuse reward and recognition. It rewards results in the form of profitable product sales, and recognises activity that can leverage the results of a downline team through an increase in profitable product sales. But it doesn't reward the act of sponsoring, overtly or covertly.
 - ▶ The plan complies with both the letter and spirit of this principle. We are unable to identify any aspect of the plan that fails to comply fully.
4. **The plan ensures clear consequences for personal choices.** Producing results is rewarded, and failure to produce results is penalised. It provides clear warnings and limited opportunities to correct any failure before adverse consequences become inevitable. There is no appeasement or removal of consequences for consistent inactivity or lack of results.
 - ▶ This is one of the very few plans which comply fully with this principle. Rewards for results are exceptionally high, while there are very clear penalties — with fair and adequate warnings and time to re-activate — for failure to stay active, including permanent loss of your personal downline organisation.
5. **The plan does not create favourable impressions that are illusory or misleading,** or that are subject to terms and conditions that are buried in fine print.
 - ▶ The plan is fully compliant.
6. **The plan is transparent** in showing the proportion of wholesale revenue returned to the network and the relative value of qualifying points to wholesale prices.
 - ▶ Although not actually specified in the plan itself, there's a clear link in the company's price lists. This is fair and reasonable, since prices change with inflation, while qualifying points should be stable.
7. **The plan doesn't encourage or support deceptive, manipulative or illegal practices,** such as front-end loading, bonus-buying, or anything like them.
 - ▶ The plan is fully compliant.

8. **The plan does not rely on, or encourage, one-time bonuses** as a significant part of an individual's monthly income.
 - ▶ The plan is fully compliant.
9. **The plan balances qualifying requirements** so that they're low enough for distributors to meet them, but high enough to deliver worthwhile rewards.
 - ▶ The plan is fully compliant.
10. **The plan balances the needs of all three stakeholders** — the company, the part-timers and the full-time professionals — and rewards each fairly. None profits at the expense of the others.
 - ▶ The plan is fully compliant. It allows almost no breakage to the company. (It's effectively impossible to design a plan with zero breakage.)
11. **The plan doesn't reward distributors at the expense of their upline leaders.**
 - ▶ The plan is one of the few that is fully compliant. While upline leaders motivated by greed may view the Personal Productivity Bonus Program as penalising them, the reality is quite the opposite. If this feature didn't exist, few, if any, of their downline people would have any incentive to be highly productive. Instead, with such attractive rewards for high personal productivity, both the individual concerned and their upline leaders benefit fairly and very well.
12. **The plan doesn't reward upline leaders at the expense of their downline teams.**
 - ▶ Once again, the plan is fully compliant — one of the few that achieves total balance in rewards.
13. **The plan allows the individual to determine their own percentage payout**, based on their personal performance, not the performance of their downline team. (No group volume or downline rank or structure qualifications are imposed that result in breakage to the company through failure to qualify.)

Every qualification is determined by the individual distributor's personal performance.

While the total pool from which bonuses are paid will —must! — always be determined by group performance, the individual distributor's percentage share is entirely determined by the own performance.

 - ▶ The plan is one of the few that is fully compliant.
14. **The plan allows full-time distributors to build substantial, secure income** through high activity and retention rates, not high "churn" (distributor turnover) rates.
 - ▶ This plan is one of very few capable of achieving this kind of balance and leverage.
15. **The plan recognises that the quality and durability of personal relationships** is the most significant factor in the long term success of distributors' businesses. It encourages practices that support the nurturing of personal relationships and discourages practices that place personal relationships at risk.
 - ▶ The plan complies fully. It requires all personal sponsoring to take place in a distributor's first level only. It prevents the selfish, short-sighted practice of downline placement to optimise personal bonus income and rewards those who build productive personal relationships.
16. **The plan balances reciprocal and residual income** for optimum leverage.
 - ▶ The plan is fully compliant, and one of the best examples we've seen for intelligent balance.
17. **The plan balances rewards and qualifications** for optimum group activity and retention rates.
 - ▶ The plan is fully compliant. It has the potential to deliver exceptionally high activity and retention rates for everyone involved, ensuring high incomes and stable organisations with high growth that consolidates properly.
18. **The plan balances its vertical and horizontal aspects** for optimum growth, stability and security. It doesn't limit the number of legs a distributor may sponsor, and it doesn't allocate rewards too deeply downline.
 - ▶ One of very few plans that comply fully.
19. **The plan recognises the reality of the majority of part-time distributors** — that the typical part-time distributor sponsors between three (3) and six (6) people personally, and has a downline of two (2) to four (4) levels deep — and makes it possible for them to achieve profitability with such a structure, while encouraging them to achieve much more.
 - ▶ The plan turns this reality into a key promotional strategy on several counts. Fully compliant and intelligently leveraged.
20. **The plan is stable, predictable and reliable.** It is not subject to regular change.
 - ▶ This plan is too new for a definitive conclusion on this point, but it should not need changing except to add benefits.
21. **The plan is easy for new people to learn and present.**
 - ▶ The plan is fully compliant and one of the best examples of this principle we've seen.

Other REAL Network Marketing™ Reports

Report #1

The Differences Between First, Second, Third
and Fourth Generation Business Systems

Report #2

Why Relationships are the True Basis of
Success in REAL Network Marketing™

Report #3

Principles of Fourth Generation Compensation
Plans and Common Flaws in Counterfeits

Special Reports on individual network marketing
compensation plans are available on request.

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FOURTH GENERATION SYSTEMS

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