

Understanding Watkins Compensation Plan

Watkins rewards you when your efforts result in more families using Watkins products. There are three ways this can happen. You can:



1. Help other people obtain the products through retailing.

Selling products can result in immediate and ongoing profits, but those profits decrease immediately if you ever reduce your efforts.



2. Establish a group of Consultants through sponsoring.

Sponsoring can lead to long-term residual income that, once established, can continue even if you reduce your efforts.



3. Order products for you own personal use.

Personal use of products lets you save with the Consultants' discount, and can help you qualify for bonus income. As you build your business through retailing or sponsoring, it can increase the overall discount you get on products for yourself.

What you choose to do with your business and which methods you use are entirely up to you. Full-time, part-time, or hardly-ever-time, you have total freedom to choose the amount of effort you wish to expend. Regardless of the amount of time you spend, consistent efforts can lead to a significant income (even on a part-time basis). But you won't earn anything if you don't do anything.

Understanding Profit Percentages

The easiest way to understand the profit percentages is to keep it simple. Here's what we suggest you say to a prospective Consultant who asks about the compensation plan... and this will help you understand it, too:

- Watkins Consultants are rewarded well for their efforts.
- You can earn up to 35% upfront on your personal sales, and up to an additional 12% at the end of the month.
- You can earn about 5% to 10% on the total sales made by other Consultants who join your team.

Most people don't need to know all the details. They just want to know they will be rewarded fairly for their efforts.

How You Earn Money



There are six ways Consultants can earn income with Watkins.

Up to 35% of the retail price of each product goes to the retail seller of the product:

- ① You get an upfront discount when you place an order.
- ② You can qualify for end of month additional discounts if you reach higher levels.

Another up to 35% goes towards Bonus Value (see definition on page 4), which is distributed in four ways:

- ③ Achievement Level Bonuses on your own sales.
- ④ Achievement Level Bonuses on your downline team.
- ⑤ Executive Level Bonuses on your own sales.
- ⑥ Executive Level Bonuses on your downline team.

The rest of the money goes to Watkins for research, manufacturing, government compliance, taxes, staff, and other overhead required to produce and ship the products to us.

① Upfront Retail Discounts

Your first benefit as an Independent Watkins Consultant is the discount you get when you order Watkins products. Whether you're going to sell the products to customers, use them in your own home, or give them as gifts, you get an immediate discount each time you place an order, as shown in the chart to the right.

<i>Retail Discounts</i>		
Monthly Sales	% Discount	Plus
> \$10,000	35%*	Free Shipping
> \$5,000	30%*	
> \$1,000	25%*	
> \$ 500	20%*	
> \$250	15%	
> \$150	10%	
> \$100	5%	\$11.95 Shipping & Handling
< \$100	0%	

*it is likely that Achievement Level Bonuses will also be earned at these levels

Example 1

You place an order with Watkins for \$300 in products. When you place the order, you get an upfront discount of 15% or \$45. Your cost to place this order would be \$255 plus tax, giving you an immediate \$45 profit. (You will recoup the tax when you collect from your customers. Most Consultants add a handling charge to each customer order, too.)

Ordering Tip - Never order less than \$100. You won't get a discount and you'll pay \$11.95 for shipping.

② Additional Retail Discounts

If you place several small orders during the month (or have customers who order direct from Watkins using your ID number), Watkins calculates your total sales after the end of the month. If your total sales qualify for a higher discount, then Watkins makes up the difference to you, so that you ultimately earn that higher discount level on all the orders.

Example 2

Let's say you place a \$100 order on the fifth of the month—you get free shipping and a 5% discount. If you place a second order for \$150 later in the month, you get free shipping and a 10% discount on that order. Your two orders added together reached the \$250 level, which would be a 15% discount. Watkins makes up the difference to you after the end of the month, by giving you an additional 10% on your first order and an additional 5% on your second order, making your effective discount for the month 15% on both your orders (plus free shipping of course).

Ordering Tip - Don't make your customers wait. You can place an order each time you have \$100 or more in products that you need for yourself or customers. You'll get free shipping and you'll always get the overall percentage discount you qualify for at the end of the month.

Points

Watkins uses Points instead of dollar amounts to track achievement levels. 100 Points is approximately equal to \$100 in products at U.S. retail prices. Achievement levels and bonuses are based on:

- **Central Points:** Your orders and any orders your customers place directly with Watkins.
- **Group Points:** Your Central Points plus the Central Points of all Consultants below you (except your downline Managers and their Consultants).
- **Total Downline Points:** All Points from all Consultants in your downline (including downline Manager groups).

③ Achievement Level Bonuses on your own sales

You earn achievement level bonuses once your group volume has grown past the 500 point level for the month. The first benefit of reaching these levels is that you earn additional profit on your own sales and products you buy for your own personal use. Recruiting other team members can help you reach these achievement levels, but is not required—you can reach any of these levels based only on your own sales volume. The monthly requirements to advance are:

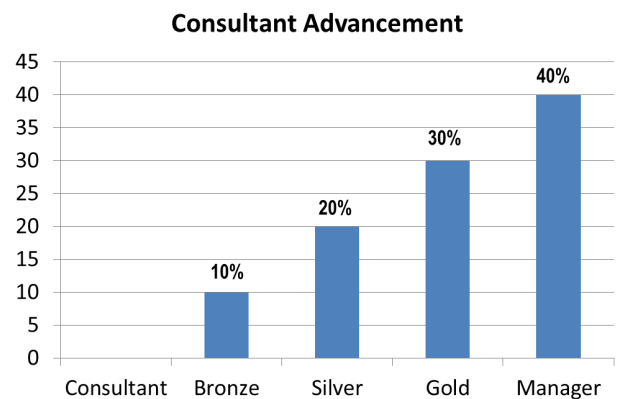


Bronze Consultant - 500 Group points and 100 Central points
Silver Consultant - 1000 Group points and 100 Central points
Gold Consultant - 1500 Group points and 100 Central points
Manager - 2000 Group points and 100 Central points (requires two consecutive months)

For your own personal sales, at the end of the month you earn an additional profit of 10% of the total Bonus Value (which usually works out to about 3% of the retail price of the products) for each achievement level you climb.

Example 3

You place one order during the month for \$1000 (1000 points). When you place that order you will get a 25% discount plus free shipping. At the end of the month, you will have achieved the Silver Consultant level, which qualifies you for an additional bonus of 20% of the Bonus Value (which would likely work out to about 6% or an additional \$60). This makes your effective discount 31%.



④ Achievement Level Bonuses on your downline

If you build a downline organization, there are more bonuses and income you can earn as an Independent Watkins Consultant. First, your downline organization's volume is added to your personal sales volume to help you advance. And second, you can earn bonuses on your downline organization's volume.

Example 4

You place one order during the month for \$1000 (1000 points). When you place that order you will get a 25% discount plus free shipping. You have sponsored two Consultants on your team and each of them do \$250 (250 points). This makes your total volume for the month \$1500 (1500 points), which qualifies you as a Gold Consultant.

First, you will receive an additional bonus on your personal sales of 30% of the Bonus Value (likely 9%) or an additional \$90. This makes your effective discount 34%. Second, on your two Consultants, you will earn 30% of the Bonus Value of their sales (500 points), which typically equates to 9% of the retail price, or likely another \$45.

As your downline Consultants advance on the plan, they begin earning Achievement Level Bonuses. As their upline, each month you will receive the difference between the level you qualify for, and the level they qualify for.

Example 5

You are at the Manager level and have personal volume of \$100 (100 points). You'll get a 5% discount when you order those products and free shipping. You have two Consultants that you sponsored in your downline. The first does \$400 (400 points) in sales for the month, and the second does \$1500 (1500 points).

First, as a Manager (2000 group points) you receive an additional 40% of the Bonus Value of your own personal sales (which typically equates to 12% of the retail price or an extra \$12). Second, you receive 40% of the Bonus Value on \$400 in volume of your first Consultant (likely 12% or \$48). Third, since your second downline is at the Gold Consultant level and earns 30% of the Bonus Value, you receive the remaining 10% of the Bonus Value on his or her \$1500 in volume (likely 3% or \$45).

You receive a total of an additional \$105 at the end of the month.

Other Achievement Level Bonuses

As you become a Manager and others you sponsor become Managers on your team, you can now qualify for additional Achievement Level Bonuses called Manager Development Bonuses. See the Consultant Reference Guide, pages 9 - 11 for more details on these bonuses.

⑤ Executive Level Bonuses on your own sales

Reaching the Executive level requires a fairly large team and a significant amount of overall sales. At this level, you can qualify for an even higher effective discount on your personal purchases (up to almost 5% of the suggested retail price). See the Consultant Reference Guide, pages 9 - 11 for more details on becoming an Executive with Watkins.



⑥ Executive Level Bonuses on your downline

The Executive level will also qualify you for an additional bonus on your entire downline organization. Achieving this level can certainly lead to a significant full time income. Again, see the Consultant Reference Guide for more details.

There are other special bonuses offered as a part of the compensation plan, and other minor details about various parts of the compensation plan. More details on the Watkins Compensation Plan can be found in the Consultant Reference Guide.

Summary

Combine Watkins incredible history, the awesome quality of the products and the lucrative home business opportunity, and you have something special. But the biggest income opportunity for you is simply finding ways to reach lots of people. Share the products and the business opportunity with as many people as you can and watch your income soar!

Disclaimer - This document is not intended to give all the official details about the Watkins compensation plan. It is a training document to help Independent Watkins Consultants understand how the compensation plan works. Please see the Watkins Consultant Reference Guide for the official documentation on the plan.

Bonus Value

Watkins assigns a Bonus Value to each product based on the retail price and the cost of production. Most products have a Bonus Value of 30% of the suggested retail price, with a range of 5% to 35%. Some products have a higher production cost yet they cannot justify a full markup and still remain competitive in the marketplace. Using Bonus Value gives Watkins flexibility in pricing and allows Consultants to have more products to use and sell.