

The dōTERRA Difference

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What is Multi-Level Marketing, Direct Sales, or Network Marketing?

These three words mean the same thing - rather than using billboards, online ads, bulk mailings, or other forms of advertising, the company chooses to market their product or service through other satisfied customers. In other words, marketing is accomplished through those who have received so much value that they cannot help but share it with others. Another word for this might be “social selling.”

The idea is that you are directly marketing the product or service to people, then teaching others to do the same. The payment is a commission for marketing the product or service.

The primary financial benefit of this model, vs. having a traditional hourly or salaried job, is residual income with minimal startup cost. As you bring on new customers, you receive a commission on each sale. Over time, as you bring on additional customers and business builders, you earn a percentage of the sales volume from the entire organization. As long as customers continue ordering the product, you will continue earning commissions.

Direct Sales vs. Pyramid Scheme

Multi-level Marketing (MLM) or network marketing, is individuals selling products to the public — often by word of mouth and direct sales. The main idea behind the MLM strategy is to promote the maximum number of distributors for the product and exponentially increase the sales force. The promoters get commission on the sale of the product as well as compensation for sales their recruits make thus, the compensation plan in multi-level marketing is structured such that commission is paid to individuals at multiple levels when a single sale is made and commission depends on the total volume of sales generated.

Pyramid Schemes are illegal, fraudulent schemes disguised as an MLM strategy. The difference between a pyramid scheme and a lawful MLM program is that there is no real product that is sold in a pyramid scheme. Participants attempt to make money solely by recruiting new participants into the program. The hallmark of these schemes is the promise of sky-high returns in a short period of time for doing nothing other than handing over your money and getting others to do the same.¹

¹ <https://consumer.sd.gov/fastfacts/marketing.aspx>

Which Direct Sales Company Should I Join?

Before you join a Direct Sales company, it's wise to do your homework. You can ask...

How long has the company been in business?

Because the value of Direct Sales is in residual income, which is built over time, it is important to choose a company that has long-term earning potential. The product or service should be something people will want to use for the long term, not just while something is trendy.

The dōTERRA Difference

dōTERRA was founded in 2008 and, today is the world's leading essential oil company. You can learn more at <https://www.dōTERRA.com/US/en/about-our-story> and get a timeline of events at <https://news.dōTERRA.com/timeline>.

Is the company publicly or privately held?

If the company is public, it means the profits are split among a group of shareholders. The goal is to maximize the shareholders' profits. This means the efforts of the company will be primarily spent towards this aim.

Examples of publicly traded Direct Sales companies are Avon, Herbalife, Nu Skin, and Primerica.

If a company is private, it means the owners of the company share and decide how to otherwise distribute the profits. The goals may vary, depending on the intentions of the owners. This means it is very important to understand who is in charge of the company and what values they hold.

Most Direct Sales companies are privately held.

The dōTERRA Difference

dōTERRA is privately owned, with seven founding executives (<https://www.doterra.com/US/en/founding-executives-and-doterra-leadership>). The company includes a Corporate Administration team, Medical Advisory Board, Veterinary Advisory Board, and Inclusion & Diversity Committee. Finally, dōTERRA has a non-profit arm, established in 2012, called the Healing Hands Foundation (<https://www.dōTERRA.com/US/en/healing-hands>).

Is the company in debt?

If a company has a debt to pay off, it will impact the compensation it is able to pay to its distributors and the kind of growth potential it will have.

The dōTERRA Difference

dōTERRA's founders bootstrapped the company, taking on second mortgages and using sweat equity to build the foundations. dōTERRA is a debt-free company with annual revenue of over 1.5B per year. dōTERRA reached 1B in sales in 7 years, matching Apple at the pace of growth.

What kind of compensation plan do they offer?

There are multiple compensation plans out there. **The most important thing to understand is that all compensation plans reward behavior.** In other words, if a company wants a certain action out of you, then they reward this behavior with compensation. The compensation plan often reflects the culture of the company, the nature of the products, and the long-term objectives of the owners of the company.

Stairstep Breakaway

This is the oldest kind of compensation plan. Examples are NuSkin, Herbalife, and Amway. On the plus side, they are very stable. However, once you personally enroll someone, and they become a leader and achieve a certain rank or sales volume, this person breaks away from your sales organization and moves out of your team. Their sales volume is no longer counted in your team volume. Instead, you get a percentage of their group's sales.

What this means is that you are disincentivized to help that person reach certain ranks. You want to keep them just under the threshold so that they don't break away from your team's volume.

Some companies introduce additional ways to earn money to compensate for this. But, with this model, you have to always be enrolling many new people in order to keep your volume high while others are breaking away from your team.

Forced Matrix

In this model, there is a limit to the number of people you are allowed to have in your organization. For example, you may have a 5x7 forced matrix. This means you can only have five people on your front line, and those five people can have the same number in their front lines. When you get 7 levels down, the maximum number of people you can have is 100,000.

The benefit is that it ensures brand-new people are supported because they are always put under someone else. You can also build somewhat more quickly.

The negative side is that it can breed laziness. This is because everyone knows the people above them need to place their new people somewhere, because of the forced matrix, so they'll likely receive enrollments from someone else's work. This can be beneficial if you recruit lots of people that do not have the desire to sell products because you can rely on a few superstars to make up the difference. In this model, everyone makes a little money but no one makes a lot of money.

Also, if you are a very ambitious person, you can never build beyond your 7th level at 100,000 people.

Binary Model

In this model, you only have two legs (or, two people on your front line). This cannot be changed. Once you find your first two people, everyone else goes under your right or left leg.

Often, you end up with one very large leg and one small leg. And, many times you get paid on your smaller leg. This means you might have a lot of volume on one leg but not get paid for it.

The good thing is that this model usually means you have a supportive team, your organization will grow quickly and you can earn quick money. On the downside, this model is less stable in the long run. So, this type of organization is good for those who are looking to make fast cash without long-term stability. The focus is generally on the business opportunity and less on the value of the product.

Unilevel

In this model, you can sponsor as many people as you want and you can place them wherever you want. You are generally limited to how many levels deep you get paid.

Unilevel is the most fair and most stable. They also reward people for building their organization wide (enrolling new customers) and deep (recruiting new business builders).

The dōTERRA Difference

dōTERRA is not a get rich quick scheme. It is only possible to make money with dōTERRA if you are willing to take consistent action over time. dōTERRA's compensation plan is incredibly stable and can provide long term residual income. If you can be patient and plant enough seeds, you

can look back in a few years to yield an incredible harvest that will compensate you month after month, year after year, for the rest of your life.

The owners of dōTERRA had experience with a lot of different compensation plans, and carefully researched the exact combination of incentives that would create the kind of culture they wanted to build - helping people to develop leadership, rewarding team spirit, and providing long-term education and support to customers so that they can change their lives forever.

The outcome is that we have one of the highest customer retention rates in the entire industry.

[You can learn more about the five ways to get paid here.](#)

As mentioned earlier, compensation plans are designed to reward behavior. With this in mind, dōTERRA uses a Unilevel plan with a few important perks: Fast Start Bonuses, Power of Three, Leadership Pools, and Dynamic Compression. Combined, the potential for long-term financial success is incredible. Here are the ways to get paid with dōTERRA:

Unilevel

Companies who use the unilevel compensation plan all pay a percentage on sales commission on a person's entire organization of customers.

However, most companies pay the highest percentage on the lowest number of customers. They do this to give the seller a feeling of early success. However, as the seller builds their business, the percentage decreases.

dōTERRA, on the other hand, pays the smallest percentage on the fewest number of customers. Then, as a Wellness Advocate builds their business, the percentage of compensation increases!

	dōTERRA			Other Companies (reversed)		
Level	# People	%	\$	%	\$	
①	3	2%	\$9	7%	\$31	
②	9	3%	\$49	6%	\$112	
③	27	5%	\$252	6%	\$355	
④	81	5%	\$859	5%	\$962	
⑤	243	6%	\$3,046	5%	\$2,784	
⑥	729	6%	\$9,607	3%	\$6,065	
⑦	2,187	7%	\$32,571	2%	\$12,626	

*Based on Power of 3 Structure with 150PV each

Fast Start Bonus

The Fast Start bonus is designed to reward Wellness Advocates for educating new customers and enrolling them as members. To allow new Wellness Advocates to earn money as quickly as possible, knowing they have committed to placing a 100 PV order each month to qualify for commissions, this bonus is paid out weekly. The enroller receives 20 percent of the point value, in dollars, from new customer orders within their first 60 days of membership.

Power of Three Bonus

dōTERRA wants to reward their Wellness Advocates for paying attention to properly placing customers and business builders within their organization. To do this, they created the Power of Three Bonus. The placement strategy is not “forced” but the bonus encourages you to learn the most effective and efficient way to build your business and provide the best customer service.

If you learn to build in a structured way, you can have as few as 40 people in your organization and make \$1,500 as a bonus.

Leadership Bonus

When you begin your business, you will likely only earn money on the sales of customers who live in your own area or country. However, once you reach a Leadership Rank (Premier and above), you now earn a percentage of global sales, which is over 1.5 billion a year. Percentages vary by rank.

Not only is this a significant increase in pay, but it contributes to the company culture that “all boats rise together.” In other words, it creates a culture where everyone wants everyone else to be as successful as possible. Leadership training and support resources are freely shared among Wellness Advocates from completely different teams, and mentorship happens across the entire organization.

Dynamic Compression

As you are building your organization, and your team continues to build, there will eventually be customers that are placed below your lowest paid level (for dōTERRA, this is your 7th level). Traditionally, you wouldn't be paid unilevel compensation on the sales volume from such customers.

At the same time, there will be Wellness Advocates on your team who become inactive in the company, which means traditionally you would not earn compensation on their team volume.

With Dynamic Compression, if there is a “hole” within your organization, everyone below this person “moves up” and you get paid on their sales volume. This means you *can* get paid on volume below your 7th level. In other words, with dōTERRA, there are no holes in your organization and you get paid as if every person at every level was actively building the business.

What is required to get started?

The Direct Selling Advantage				
Direct Selling Initial Cost and Risk Compared to Other Opportunities				
	dōTERRA	Gig Work (Driving)	Gig Work (Platform)	Gig Work (Rental)
Required Start-Up Costs	<ul style="list-style-type: none"> o \$35 o Start-up kit 	<ul style="list-style-type: none"> o \$20k-\$40k o Auto loan or lease o Car maintenance o Car insurance o Gas 	<ul style="list-style-type: none"> o \$1k-\$4k o Training materials o Membership fees 	<ul style="list-style-type: none"> o \$300k o Home or apartment ownership o Home maintenance o Home insurance
Risks	<ul style="list-style-type: none"> o 90%-100% refund on product 	<ul style="list-style-type: none"> o No refund on depreciation 	<ul style="list-style-type: none"> o No refund on trainings 	<ul style="list-style-type: none"> o Large capital expense required o No refund on maintenance
Potential	<ul style="list-style-type: none"> ✓ Potential of continuing income 	<ul style="list-style-type: none"> X No potential of continuing income 	<ul style="list-style-type: none"> X No potential of continuing income 	<ul style="list-style-type: none"> ✓ Potential of continuing income

The startup costs for business, in general, vary widely. For small businesses this may include office space, equipment, inventory, paid staffing, etc. For Direct Sales companies, this may include the cost of product inventory, back office technology, and training materials.

The dōTERRA Difference

The first step for a customer to become a Wellness Advocate is to “upgrade” the account. This is free, and simply involves submitting your social security number and direct deposit information so that you can get paid and so that dōTERRA can send you the proper tax documents at the end of the year.

All products are sent directly from the company to the consumer, so there is never a need to purchase or maintain an inventory of products.

In order to be paid as a Wellness Advocate, you must participate in the Loyalty Rewards Program (monthly order) and place a minimum order of 100 pv. After tax and shipping, this is roughly \$125 a month. The primary reason for this requirement is to ensure all Wellness Advocates are fully invested in living the dōTERRA wellness lifestyle and are using the products regularly. This ensures Wellness Advocates are educated consumers and can share the products with informed integrity.

There are no long-term contracts or obligations - payments are made monthly. For example, if a Wellness Advocate chooses not to place their monthly 100 PV order, they simply would not be paid that month.

You can compare being a customer to being a Wellness Advocate here:

<https://www.dōTERRA.com/US/en/membership-comparison>.

Do they have a positive reputation for customer satisfaction?

The best measure of customer satisfaction is a company’s customer retention rate. In other words, after a customer places an order, will they place another order sometime in the next year?

The dōTERRA Difference

The average customer retention rate for Direct Sales companies is 15-20%. dōTERRA has a 65% customer retention rate, which is nearly 4.5X the national average. This means 65% of customers who enroll with dōTERRA will place another order within 12 months.

Is there a huge demand for the product or service?

This is an important question because one of the biggest value propositions with direct sales is residual income. When a customer falls in love with the product or service, and incorporates it into their daily life, they will continue to purchase this product year after year as long as it

continues to serve their needs. You want to think about whether or not the product will be in demand well into the future.

The global essential oils market is expected to grow at a compound annual growth rate of 7.5% from 2020 to 2027 to reach USD 33.3 billion by 2027.

Key factors that are driving the market growth include rising awareness regarding health benefits of naturally sourced oils along with an increasing number of people showing inclination towards aromatherapy.²

The dōTERRA Difference

- dōTERRA became a billion dollar company in less than seven years - only achieved by another powerful company (Apple).
- dōTERRA is expected to be a 20-30 billion dollar company within the next ten years.
- Embraced by the medical community, professional athletes, and the only essential oil company with a veterinary advisory board.
- dōTERRA was named the largest essential oil company in the world and is currently available in over 110 countries.

What stands out when you visit the company's website?

If the first thing you see when you visit the company's website is "start a business" or "make money fast" this is a red flag. Legitimate Direct Sales companies will always lead with the product, not the business opportunity.

Next, see if the company's values align with your own. Do you like the way you feel when you visit the website? That's a good sign. If not, move on.

The dōTERRA Difference

When you visit dōTERRA's website, you'll see a clean and colorful layout that highlights incredible products, helpful educational information, access to scientific and sourcing data, and information about Healing Hands Foundation efforts around the world.

There is no mention of building the business on the front page of the website. dōTERRA expects that most people discover their products because a Wellness Advocate provided them with a sample or an invitation to learn more. Then, the way to learn about the business is by speaking directly with the person who provided you with the products.

² <https://www.grandviewresearch.com/industry-analysis/essential-oils-market>

Has the company ever been sued for deceptive business practices?

It is important to see if the company has been involved with shady business practices. Unfortunately some unscrupulous Direct Sales companies have ruined the reputation for all others. Check the web to ensure the company you are researching is on the up and up.

The dōTERRA Difference

In 2012, Young Living sued dōTERRA for trademark infringement. In June 2017 Young Living's claims were found to be baseless and they lost the case against dōTERRA. They were later made to pay \$1.8M in legal fees and \$50K in out-of-pocket expenses

Do you genuinely believe in the company's products or services, and be proud to share them with others?

This may be the most important question to ask yourself. If you do not stand behind the company's products, and if you are not proud to share them with others, you have no chance of succeeding with the company.

Furthermore, if it is possible to make money in the company without purchasing the product by simply recruiting other business builders, this is a huge red flag and may possibly be an illegal pyramid scheme.

The dōTERRA Difference

To know this, you'll have to become a customer and use the products yourself. Then you'll have a chance to experience both the products themselves as well as the buying experience and support from the person who educated and enrolled you.

In addition to word of mouth, you can find a dōTERRA Wellness Advocate in your area by visiting <https://www.dōTERRA.com/US/en/form/find-wellness-advocate>.

Will there be resources to help you succeed?

Although, as with anything you do, success depends on your own efforts, you want to look for an opportunity that allows for continuous growth and training so that you have the best possible chance of success. To get an indication of this, you can look to other company leaders (including the person who presented you with the opportunity) and ask yourself if they are people you admire, respect, and trust and if you would like to pursue a similar lifestyle.

The dōTERRA Difference

There is extensive training and information provided by both dōTERRA corporate and the tens of thousands of Wellness Advocates around the world. Nearly all resources are available at no cost, and many (like printed materials and leadership conferences) are affordably priced.

There is training on the product itself, on the science of essential oils, on succeeding in business, and on personal development.

You can learn more about the Empowered Success program by visiting

<https://www.dōTERRA.com/US/en/empowered-success>.

Information written and compiled by Andrea Bazoin, 6.13.20