

Structuring the Best Affiliate Program for Your Business

Launching an affiliate program for your business is a lucrative step to boosting your passive income, and frankly, duplicating yourself so that you can reach more people and make more money. Before you can be successful running an affiliate program, it's essential to know how to best structure your affiliate program so that it works for you and your affiliates.

Pick Software to Run Your Program Based on The Features You Need

Read through everything before choosing your platform so you can determine what features you need in the platform you use to run your affiliate program. It's important to consider all the features you need along with your budget as you determine the structure of your affiliate program.

- **Does it Work with Your Website?** – You need to know the type of hosting you are using plus the kind of website builder or code that you're using so that you can ensure that the platform you choose works.
- **Do You Keep Ownership of Your Data and Content?** – Look through the terms of service to ensure that you have control and ownership of your data and content before choosing that platform.
- **How Flexible Is the Software?** – Can you start with a smaller version and still get the features you need? Will it grow with you? How hard will it be to change other aspects of your business if you use this software?
- **Is It Budget-Friendly?** – How much does it cost and do you have the funds to pay for this software. Remember that you do need to invest money into your business, and this is not the place to skimp and use something free.
- **Is There an Easy to Use Knowledge Base?** – How can you learn about the platform without calling anyone?
- **How's the Customer Service?** – If you need help, how responsive are they to your needs?

As you look through the features that the affiliate software offers, compare them to your needs to ensure that it's a good fit before jumping in with a trial. There is no reason to try the software if it does not meet your requirements.

Know the Benefits You Want to Provide Affiliates

You'll need to figure out the benefits you want to offer the successful affiliates you choose to represent you and your products or services. There is a lot to consider, and you don't have to provide everything listed here. You may also have other benefits you already know you want to offer but this list gives you some possibilities.

- **Customer Discounts and Codes** – Do you want to give your affiliates the ability to provide their customers with a discount code?
- **Personal Discount Codes or Free Product** – Do you want to allow your affiliates to use or buy your product with a discount code or give them free product? One idea is to provide them with free product after a specific dollar amount in sales is reached.
- **Recurring Commissions** – Are you going to give your affiliates recurring commissions on recurring memberships or subscriptions or only a one-time payment?
- **Bonuses to High Sellers** – Another possibility is the ability to give bonuses when a seller has reached milestones that you set for them.
- **Higher Commissions for New Customers Versus Repeat Customers** – Do you want to give more commission for a brand-new customer versus a repeat customer?
- **Higher Commissions for Superstars** – The ability to offer a higher commission base to super affiliates will help you attract more.
- **Marketing Creatives and Content for Affiliate Use** – What type of marketing collateral will you provide for your products and or services? Perhaps graphics, publishable content, or something else?

Providing as many benefits to your affiliates as possible to make their job easy is going to benefit you too. If your affiliates only need to copy and paste the information you give them into their email software, they're more likely to promote your products and services. Find ways to make everything as simple as possible, and they will work harder.

Know How You Will Compute and Pay the Commission

Most affiliates are going to want to know this information before they spend time and their own money promoting your products. This is vital information that they need to determine how much time and money they can invest in promoting your product.

- **Computing Commissions** – Explain to them in detail how you'll compute commissions so that they understand it. By explaining it clearly, you'll avoid problems later due to misunderstandings and avoid obstacles.
- **Last Click** – This means that no matter how many affiliate links the buyer clicks before making a purchase, the commission goes to the owner of the last affiliate link they clicked. Doing this may cause your affiliates to start later in your launch and get frustrated by not earning the customer permanently or for a longer-term.
- **Cookie-Based** – This means that your software installs a little bit of code called a cookie that assigns the customer to your affiliate for however long you set it for, it can be up to lifetime. This is the preference for most affiliates. However, that can be frustrating if the affiliate becomes inactive yet still earns commissions from the work of others.

- **Position-Based** – You can also give commissions based on who sent the person to the product first versus who sent the buyer. You can even split the commission between the first and second positions. This is a fair way to divide payment based on effort and is usually acceptable to most affiliates.
- **Percentage of Sales** – You can offer any percentage of the price for each sale to your affiliates. This is a preferred method for most affiliates because they can better figure out how much they can afford to spend to market your product. However, if you have a sale and the product is lower-priced, they may not feel as if it's enough money, but there are not any drawbacks to offering percentages of sales.
- **Fixed Payment Per Sale** – You can also set up the commission to be a flat amount for each sale. This is a great way to do it, but it can be confusing for you when you want to have a sale, although your affiliates will love it because they know how much exactly they're getting for a sale at all times and can then compute investment amounts better.

Once you decide, explain it clearly to any person who desires to be your affiliate within the sign-up information as well as their welcome information inside your affiliate dashboard.

Establish How and When You Will Pay Commissions

In addition to how much you'll pay per sale, you need to determine the method you'll use to pay your commissions to your affiliates. There are many ways to do it, and more will appear over time.

- **PayPal or Other 3rd Party Payment Processor**– Using PayPal or other third-party systems like Stripe.com is almost a no-brainer for paying affiliates. It's a great way to do it because it's simple to set up, and PayPal is good about working with business owners. They make it easy to pay out mass payments and keep track. They handle the issue with reporting income earned, so you don't have that extra work to do with the IRS or your Tax Authority.
- **Direct Bank Transfer** – Many affiliate platforms also allow you to conduct automatic bank transfers instead of paying via third party payment processor. This is as simple as paying via a third-party system and can be automated, but you lose the advantages of using a 3rd party system. You will need to send out 1099's or other documents depending on where they live every year.
- **Business Check** – Some affiliates like getting checks in the mail. This is always an option depending on the system you have set up. It can be automated with the right system, but the biggest drawback is the time, and you lose the 3rd party advantages.

Regardless of how you choose to pay your affiliates do it at the same time each month or week so they understand how it works and knows they can count on the money when they've earned it.

Determine Your Terms and Conditions for Participating

Once you know how you're going to credit affiliates and pay them, you'll also need to know what the terms you will have for allowing someone to join your affiliate program. It's essential to have some sort of criteria so that you can avoid scams and spammers.

- **Who Can Participate?** – You may want to set up requirements on how many website visitors they generate each day, or you may want them to be in a specific niche before allowing them in. Maybe you want them to be part of a defined group first or be customers first.
- **How Long Have They Been in Business?** – You can set up your program to only allow affiliates who have a business license and who have been in business profitably for a year. It's totally up to you. This is a great way to avoid spammers, but if you're new, it can make it harder to attract enough affiliates.
- **What Keywords and Marketing Methods Can They or Can't They Use?** –What are the rules they must follow for placing ads or marketing your products? Can they use keywords that include your brand name? What marketing methods do you believe are acceptable for your product?
- **What is The Main Niche of Your Affiliates?** – Another important thing is the niche of your affiliates. Are you going to let people in that have nothing to do with your niche, or do you want them to be market influencers?

Write out your terms and conditions for participation and include it in your sign-up area and your affiliate dashboard so they will be reminded of the terms and conditions often. Determining this criterion is essential for avoiding problems down the road with angry customers and hosting accounts due to spam.

Recruit Affiliates into Your Business

Once you have figured out the structure of your affiliate program, now you can start recruiting affiliates. There are many ways to find and recruit affiliates into your business.

- **Current Customers** – This is often the very best place to find affiliates to join your program when you first start it. Send out an email to them, giving them the overview and benefits.
- **Facebook, YouTube, Instagram, or Google Ads** – You can also run ads online for your affiliate program to find super affiliates willing to invest in your products or services and join your program.
- **Influencers** – Reach out to influencers who service your audience to promote your products and services using an affiliate link. Start with influencers who have small but dedicated audiences.

- **Gurus and Movers and Shakers** – Who does your audience go to for their information? This might be the perfect affiliate to promote your products and services because they are already trusted by your audience.

The best way to find affiliates is to look to your customers, influencers, and your colleagues. Being pickier about who joins will help you avoid problems that detract from your program. But, being less picky might help you grow faster even though it's riskier. You determine your path based on your risk assessment.