

Inside Versus Outside Buyers

BY PHIL CALHOUN

Transferring commissions to employees, inside buyers, often seems the easiest way to exit as the owner. In all cases inside buyers cannot pay you out with a one-time payment and will need to pay over time. So, it is critical that commissions continue as projected. With an inside sale it is vital to have a Plan B ready if something happens to key employees. I suggest consulting with an objective business advisor to assess your employee's abilities and gain an objective analysis of their potential. Performance must be tied to the purchase.

I have found the focus when considering an inside sale turns to address the payout and how the following impact the payout: new revenues added via group client growth, cross selling of plans to existing clients, commission rate increases for any reason, new client referrals from long term clients, or loss of clients for various reasons.

Be careful when putting a deal together that you avoid going too informal. Avoid verbal statements which can come back and haunt you and your deal. Trust only goes so far and can blow up a deal when losing sight of any balance. Get the agreement in writing and have employees seek legal counsel

and other advice.

Outside buyers are totally business and facts based. What is written is negotiated and then backed with a legally signed agreement. While inside buyers know all of the secrets, they may not give as much credit to the numbers, financial trends, and relationships built over time. The bottom line is you want to get paid and avoid any subjective issues which can significantly impact the value of a deal.

Contact me for ideas on preparing to "sell" commissions through a planning process.

Go to www.commission.solutions for more information or call 800-500-9799 or email phil@commission.solutions

ANSWER 3 QUESTIONS AND GET A FREE E-BOOK!

You'd really be helping out OCAHU member Phil Calhoun if you'd answer his three-question survey about commissions. Phil is writing about protecting, growing and selling commissions for Cal Broker this year and he's planning to offer CE courses and boot camps for brokers. You can remain anonymous with the survey or you can share your email and receive a link for a free e-book. You may also be included in a drawing to receive a copy of "The Health Brokers Guide to: Protect, Grow and Sell Commissions" by Phil Calhoun. Go here for the survey:

<https://forms.gle/Yd9fEyTBKLqdm8jh9>



PHIL CALHOUN is president of Integrity Advisors. Phil and his team provide personal coaching on business planning for brokers. Phil's team includes legal and accounting professionals with experience working with brokers and health agencies. For ideas on growing commissions go to www.commission.solutions. You can also call Phil at (800) 500-9799 or email phil@commission.solutions