

# COMMISSION CHRONICLES



## More Growth Ideas

BY PHIL CALHOUN



Planning is one of the most important leadership skills brokers can apply when looking to grow. For brokers who want to grow “now” they can apply several techniques to double or triple revenue before they ever consider selling or merging. With planning, brokers can identify key performance methods to impact growth and improve performance.

We are often asked about other ways to grow commissions outside of the traditional methods. We suggest the following 4 areas as must consider:

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## MEDICARE IS A GROWING MARKET AND COMPENSATION IS STABLE

To participate in this solid and growing market, look to partner with a Medicare broker, hire a Medicare broker, or get into this market through a Field Marketing Organization (FMO). The fact is MAPD and Med Supplement commissions have not gone through a reduction like small group and other individual lines. Medicare (for now) appears solid and Medicare commissions are expected to remain solid as well.

For several years, annual increases in Medicare commissions have helped attract more brokers to this Boomer-fed, growing market. The strength of this market, combined with changes in the group market, has motivated brokers to sell their group book to focus on Medicare later in their career. With most of the work focused on the annual election period, brokers can pace themselves during the year and push hard the last four months of the year to retain clients and add new ones too. Service issues are often managed effectively by the carriers so educating those aging into Medicare and renewing clients, mostly during the fourth quarter, is the focus for brokers doing only Medicare business.

**Buyers consider Medicare revenue as solid and valuable. Since most Medicare commissions are transferable, they are valued highly by many Buyers.**

**If a Buyer is only group-focused, Medicare revenue can either be retained with limited effort or sold to another Buyer looking for Medicare commissions.**



## ACQUIRE REVENUES BY TAPPING INTO OLDER BROKERS MOVING TO RETIRE

Brokers can look to acquire smaller books of business (\$50,000 to \$150,000) to gradually reach revenue milestones like \$250,000, \$500,000 or \$1,000,000. When considering this type of growth, brokers need to develop a plan to absorb the new clients. Acquisition of commissions can be a cost-effective way to reach revenue milestones and can be paired with traditional marketing to add clients. Acquisition is often an excellent way to add valuable employees who have experience in the industry and currently work for the Seller.

Transitioning clients is always critical in an acquisition and the Seller's employees can be equally valuable when considering client retention.

***The goal is to grow and build the value of the agency. Higher revenues will attract more Buyers and lead to a higher sales price.***



## GET YOUNGER FOR SEVERAL REASONS

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A key aspect to future growth potential of an agency includes adding younger agents. Younger brokers are needed to both help absorb client growth and to replace retiring brokers. Younger brokers often are paid less than older brokers, they usually have capacity to add new clients and older brokers who have a “locked in” base compensation amount can be less motivated to add new clients. Younger brokers can become future inside Buyers who are likely able to work longer and execute a long-term plan.

Sellers see the employee mix as a valuable consideration especially in the case when implementing a succession plan with key employees as inside Buyers. For outside Buyers, they often see added value in acquiring a multi-generational team blended into their growing agency. As a result, a solid and young employee base is another key component of added value in the eyes of a Buyer. Most Buyers see a younger workforce as highly valuable which gives the Seller significant leverage in negotiations. Consider training programs and internships to attract the growing pool of recent college graduates looking for all of the advantages a career in health insurance provides. Young professionals like the customer service focus, education based enrollment process, sales incentives linked to performance and remote work opportunities.



## ADOPT TECHNOLOGY THAT HELPS BUILD VALUE

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Technology will allow for increased specialization, better employee training and development, and improvements in quality management. All of these areas help improve an agency’s value and performance. Brokers who can respond to the changing needs of clients will see the growing threats and opportunities offered by technology as solutions for growing and servicing their clients.

Technology is your friend and will help keep pace with the service aspects of the health benefits industry and ward off competitors. Sellers benefit from adaptation to technology as Buyers see value in technology.





**FINALLY, ALWAYS COMPLETE A  
COMMISSION PROTECTION PLAN.**

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Personal planning to address the important topic of commission protection is a must. Find someone experienced to help with this important task. We are confident our commission protection plans lead the industry and we welcome input from brokers and their trusted advisors on our planning documents. Our team is available to collaborate with other advisors or lead the planning process.

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## Take the next step.

To set up a consultation, call  
**714-612-0306** or email  
***phil@commission.solutions***

To schedule a 15-minute  
phone call

[“Click Here”](#)

# ARE YOUR COMMISSIONS 100% PROTECTED?

The best time for a health insurance broker to sell and retire is very personal. Key considerations include industry and economic trends as well as health concerns. Most of the brokers we work with are looking to sell within a short time period. The more time one has to plan their succession the higher the price they will receive and the better the transition will be for the buyer.

Commission Solutions is a health insurance education program designed to assist brokers to learn how to protect, grow and sell their commissions.

Go to [www.healthbrokersguide.com](http://www.healthbrokersguide.com) to get our free book, **"The Health Broker's Guide to Protecting, Growing and Selling Commissions"** for ideas on "Growing Commissions."

On our website, [www.commission.solutions](http://www.commission.solutions) you will find additional information about:

1. Growing Commissions via Acquisition.
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3. Commission Protection via finding, selecting, and contracting with a professional broker Successor.

To set up a consultation, call **714-612-0306** or email [phil@commission.solutions](mailto:phil@commission.solutions)

