

2020 Wholesale/Distribution Compensation & Benefits Benchmarking Report

September 29, 2020



Compiled and Published by:



Today's Presenters



Steve Bailey, CPA

Director, Barnes Dennig

Steve has more than 20 years of experience with Barnes Dennig and plays an integral role as lead Director of the firm's wholesale/distribution client service team. Steve provides leadership for the Employee Benefit Plan audit team and serves on the firm's Assurance Quality Control Committee. Also, he performs peer reviews of other accounting firms as required by CPA professional standards.



Andy Reed

Senior Vice President, USI Insurance Services

For more than 30 years in employee benefits, Andy has been successfully consulting with employers regarding their benefit plans. Andy specializes in identifying and addressing financial and coverage gaps in current offerings and building stronger workplace culture and wellness through innovative health management strategies.



Overview

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Overview

- Collected data from **47** companies (46 in 2018)
- **29** companies with over 50 employees
 - 4 had annual sales of \$10 – 25.9 million
 - 9 had annual sales of \$26 – 50.9 million
 - 10 had annual sales of \$51 – 100 million
 - 6 had annual sales in excess of \$100 million
- **18** companies with under 50 employees
 - 6 had annual sales less than \$9.9 million
 - 9 had annual sales of \$10 – 25.9 million
 - 2 had annual sales of \$26 – 50.9 million
 - 1 had annual sales of \$51 – 100 million

Overview

- **37%** of companies reported that they plan to have staffing remain at the current level for 2020 while **33%** plan on increasing this year.
- When asked what products they distributed, we received the following responses:

	Companies with <i>over 50</i> employees	Companies with <i>under 50</i> employees
Durable Goods	61%	83%
Non-Durables	39%	17%

- When asked to describe their company type, we received the following responses:

	Companies with <i>over 50</i> employees	Companies with <i>under 50</i> employees
S Corporation	68%	50%
C Corporation	14%	32%
LLC Corporation	14%	6%
LLC Partnership	0%	6%
ESOP	4%	6%
Other	0%	0%

Overview

- Breakdown of local, national, and international locations for *over 50* employees
 - 116 local locations
 - 127 national locations
 - 19 international locations
- Breakdown of local, national, and international locations for *under 50* employees
 - 27 local locations
 - 16 national locations
 - No international locations
- 79% of companies surveyed outsource their payroll services
- Average ROTA (Return on Total Assets) is 10.35% - slightly down from 11.1% in our 2018 study
- Gross margins per full-time equivalent employee were higher in companies with under 50 employees: \$178,140 versus \$162,042 for companies with over 50 employees.



Background

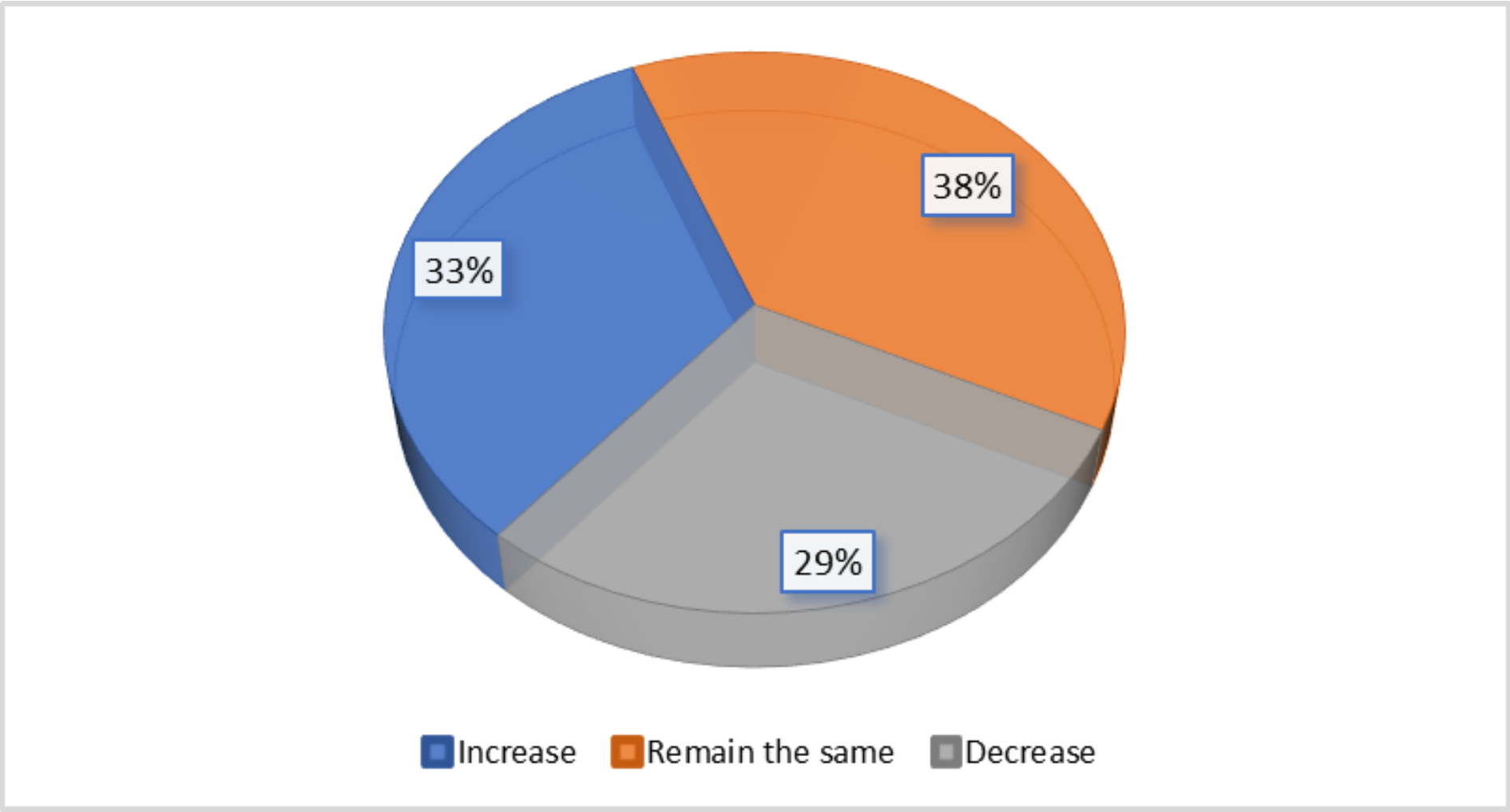
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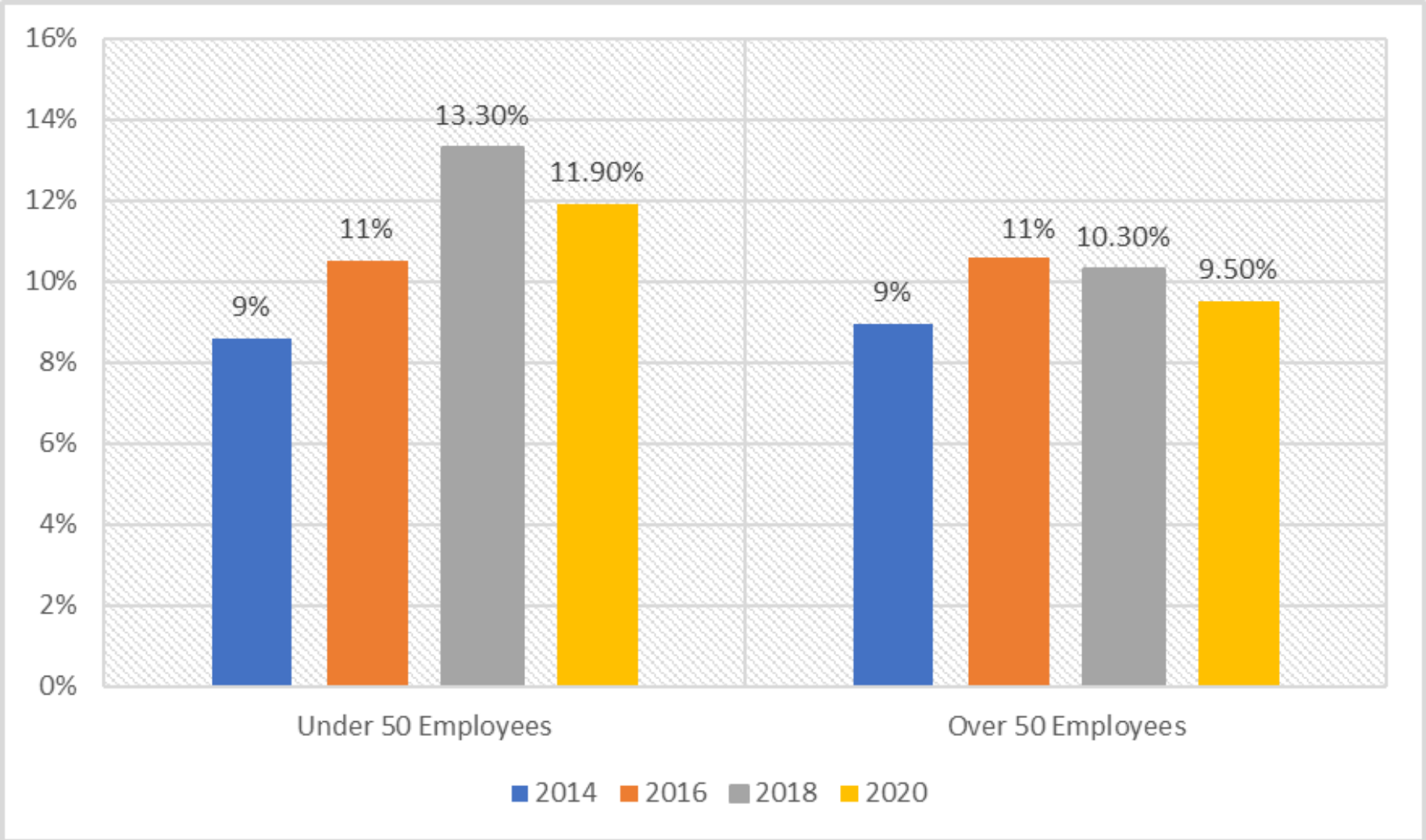
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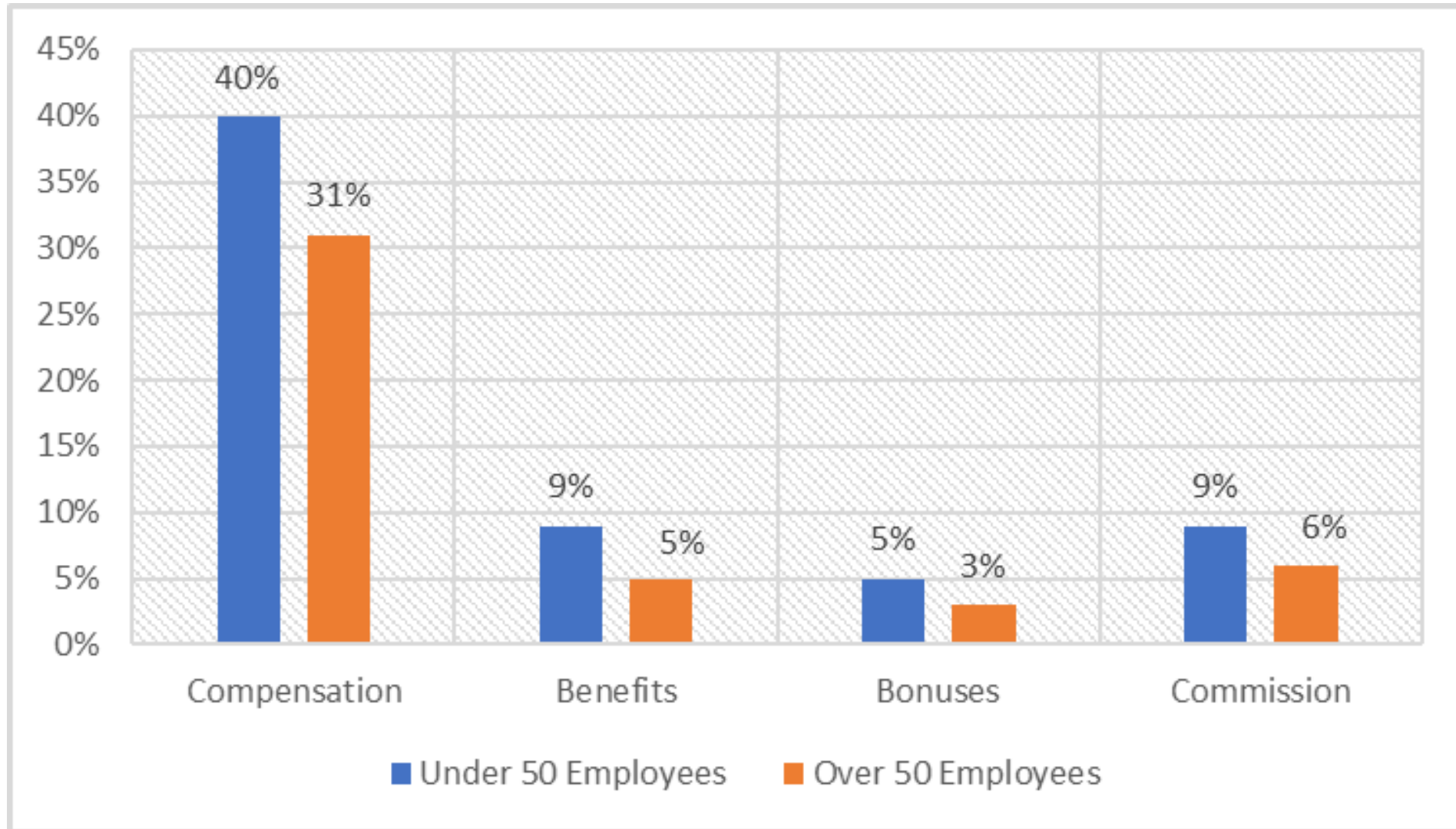
Companies Anticipating Staffing Level Changes in 2020



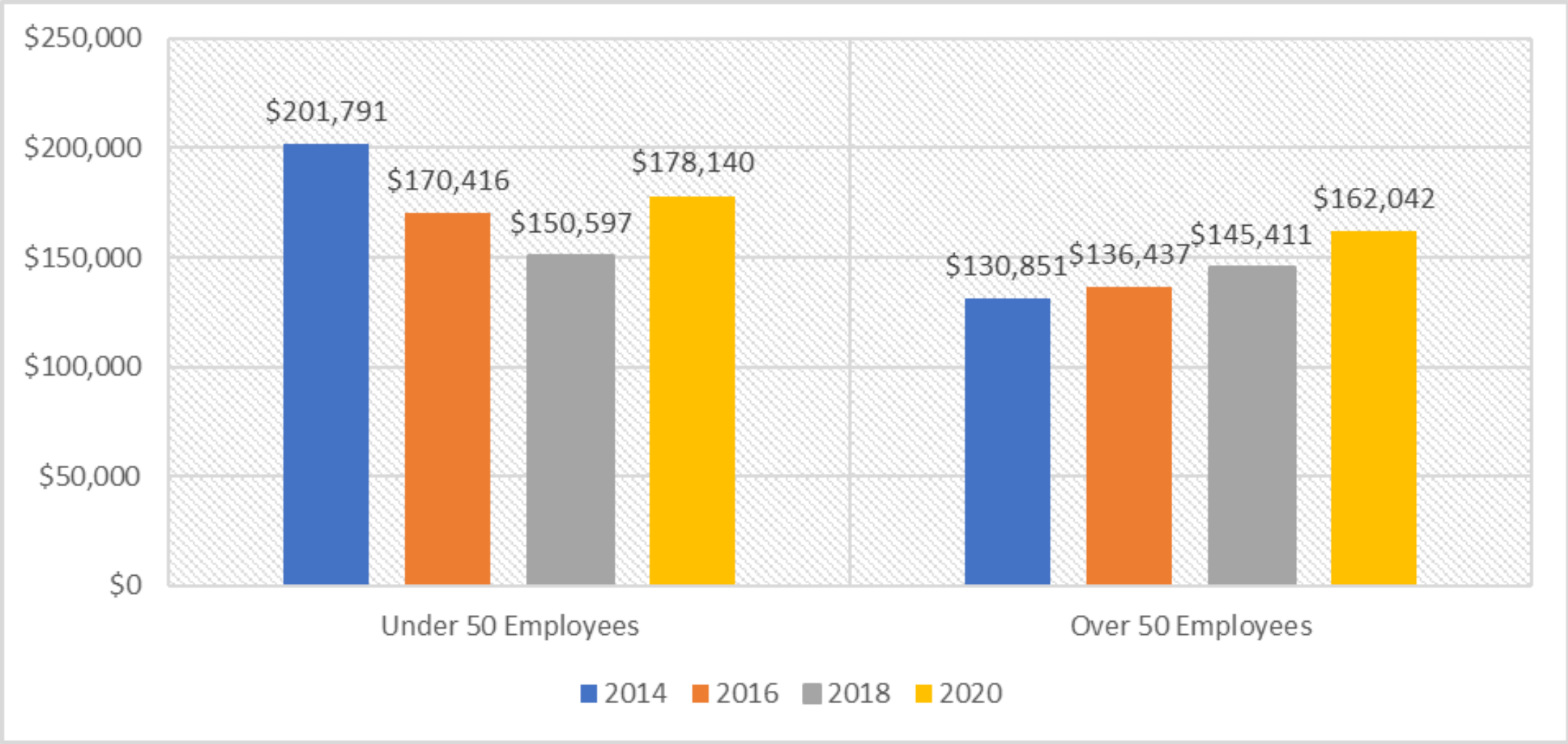
Return on Total Assets (ROTA)



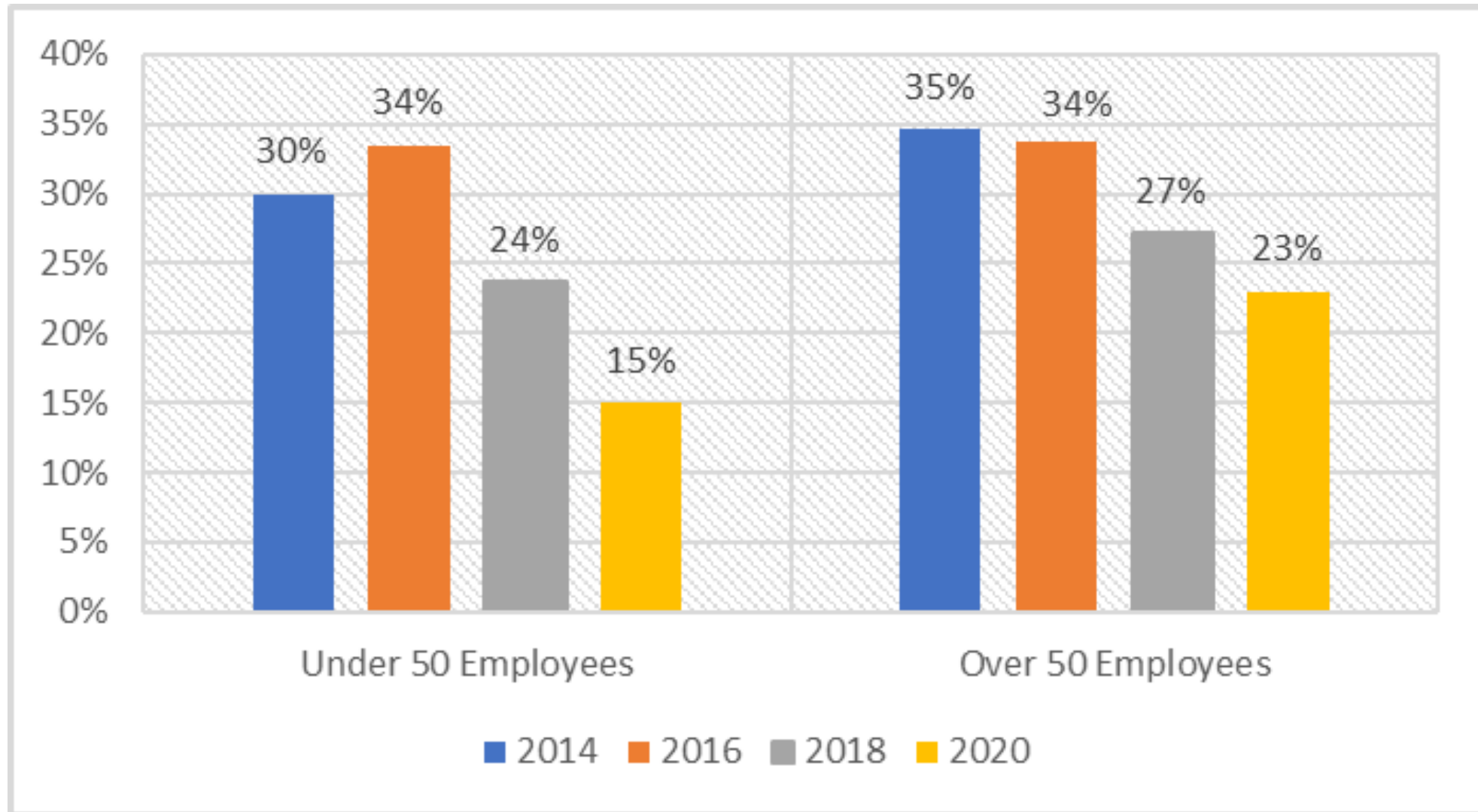
Relative Expense as a Percentage of Gross Margin



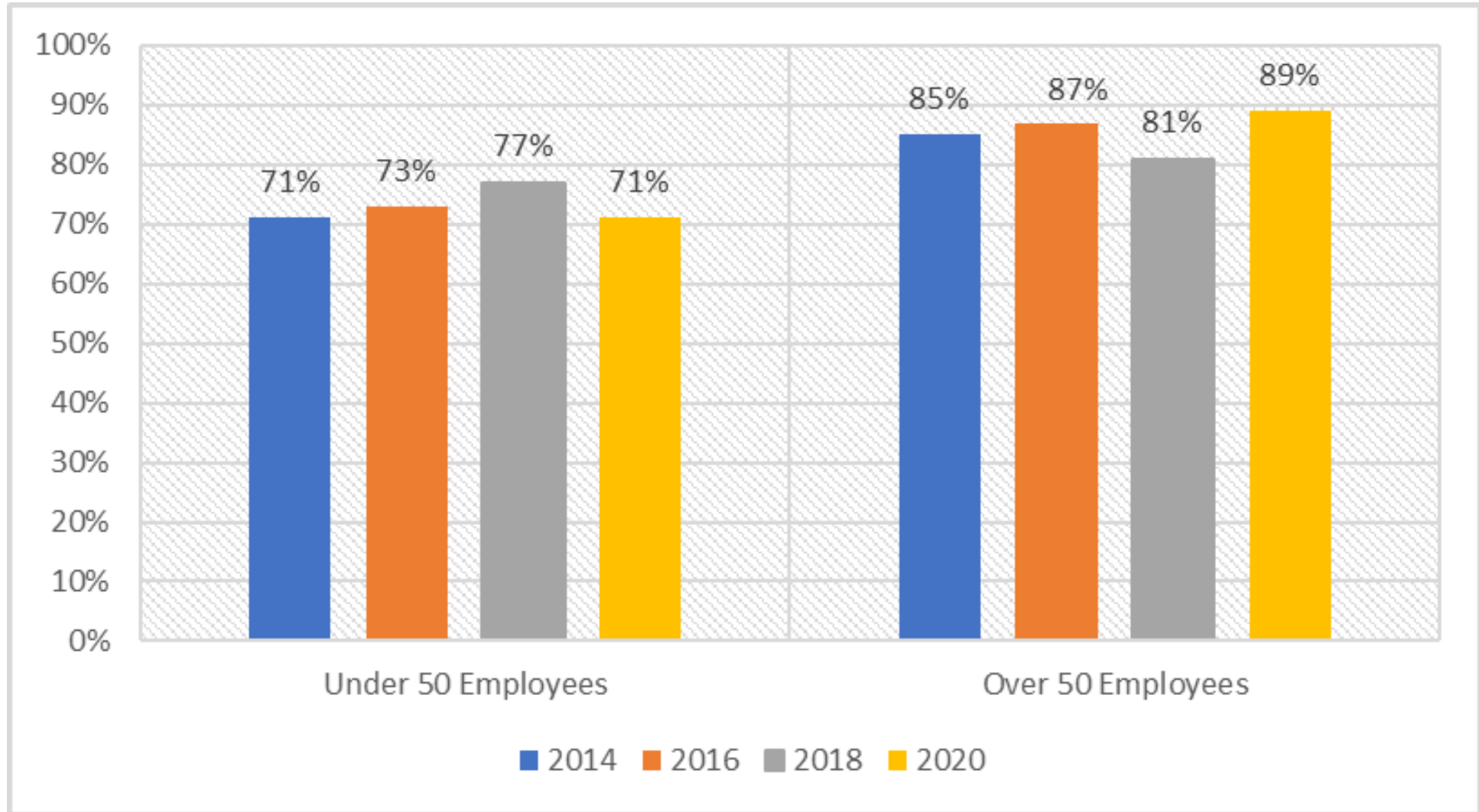
Gross Margin – Per Full-Time Equivalent Employee



Return on Committed Capital (ROCC)



Employment Risk Insurance





Financial Information

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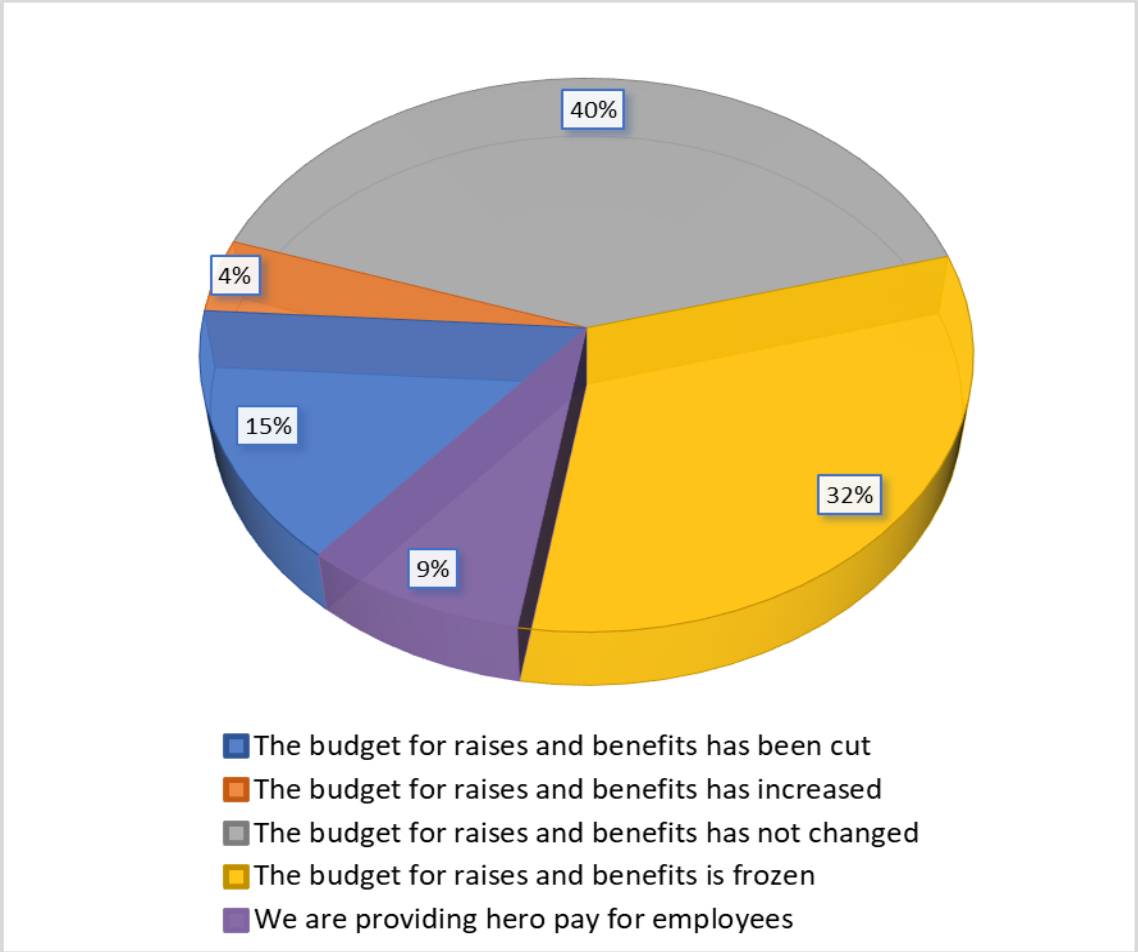


Distributor of The Future

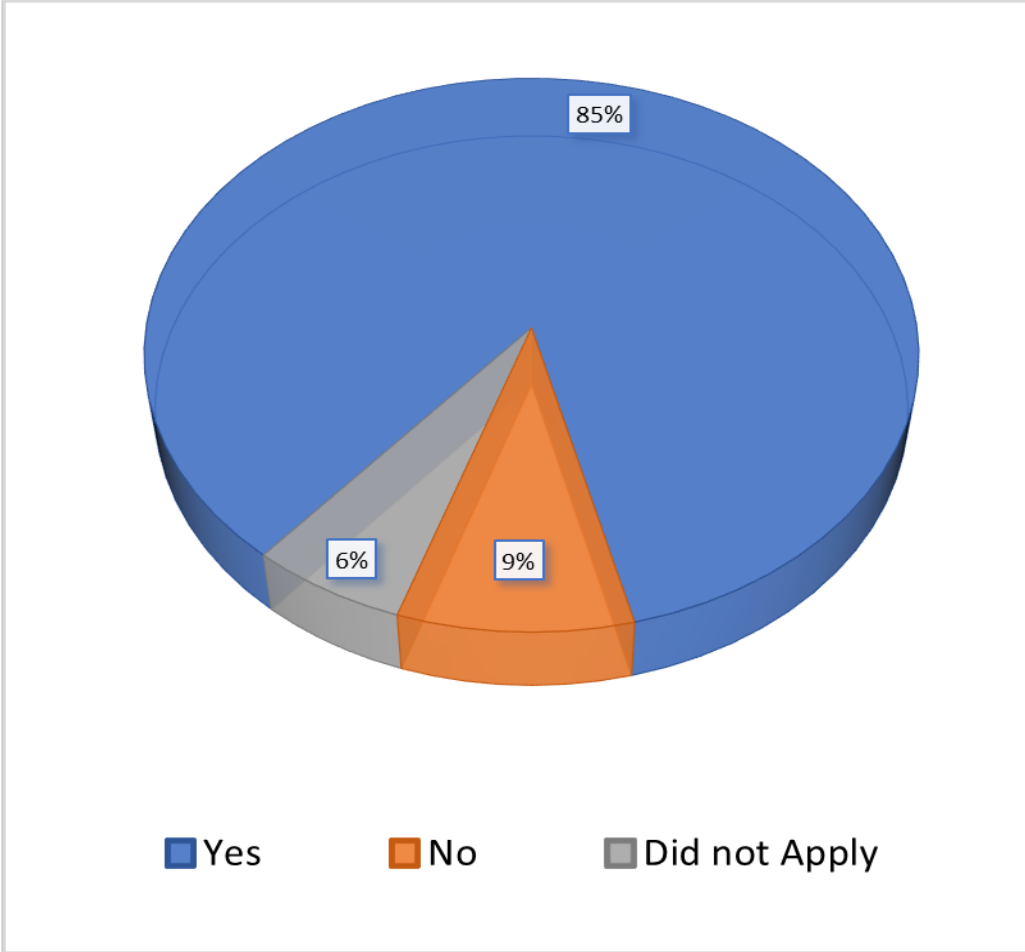
- Engaging the Customer
- Execution of Value Proposition
- Energize with Innovation
- Culture and Talent Development

COVID-19 Pandemic Affects

How has the pandemic affected your budget for raises and benefits in 2020?

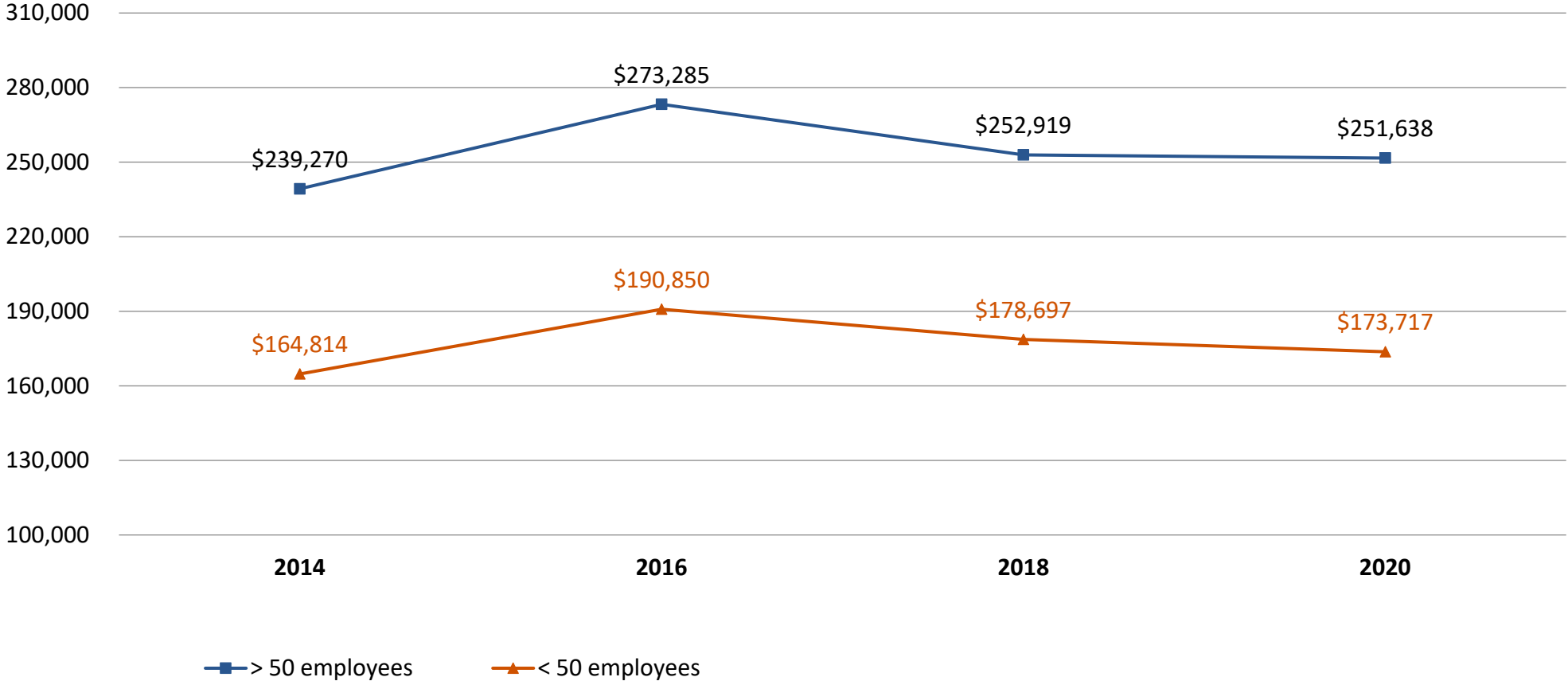


Were you able to secure a PPP loan?



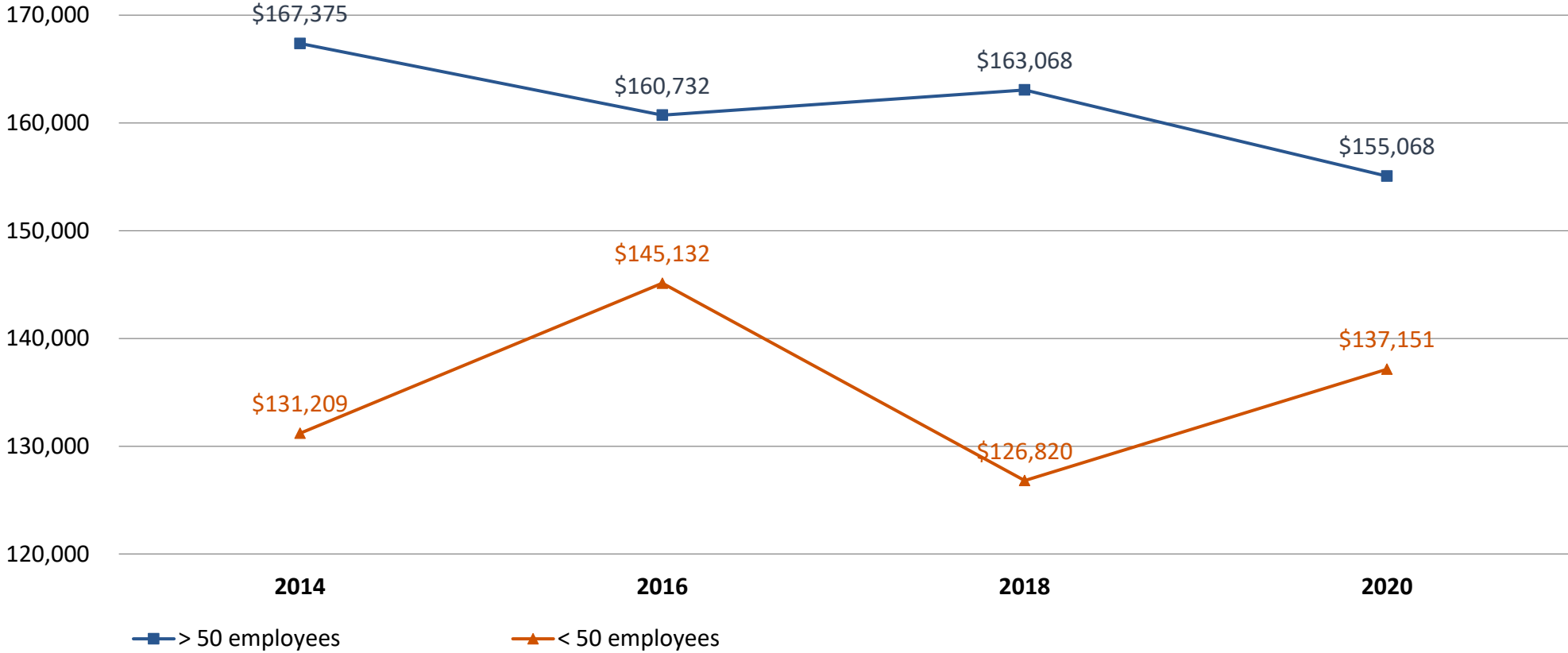
President/CEO Base Salary

Base Salary: President/CEO



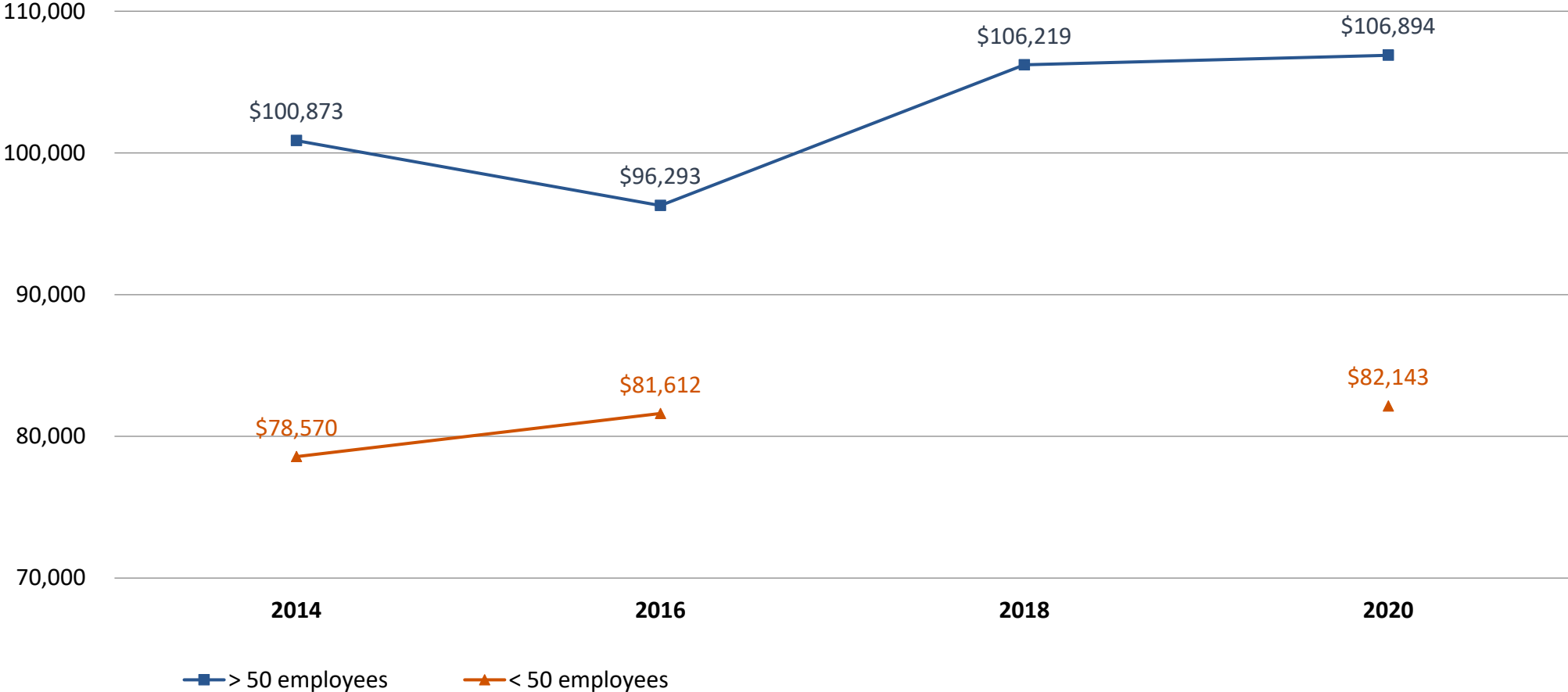
CFO Base Salary

Base Salary: CFO

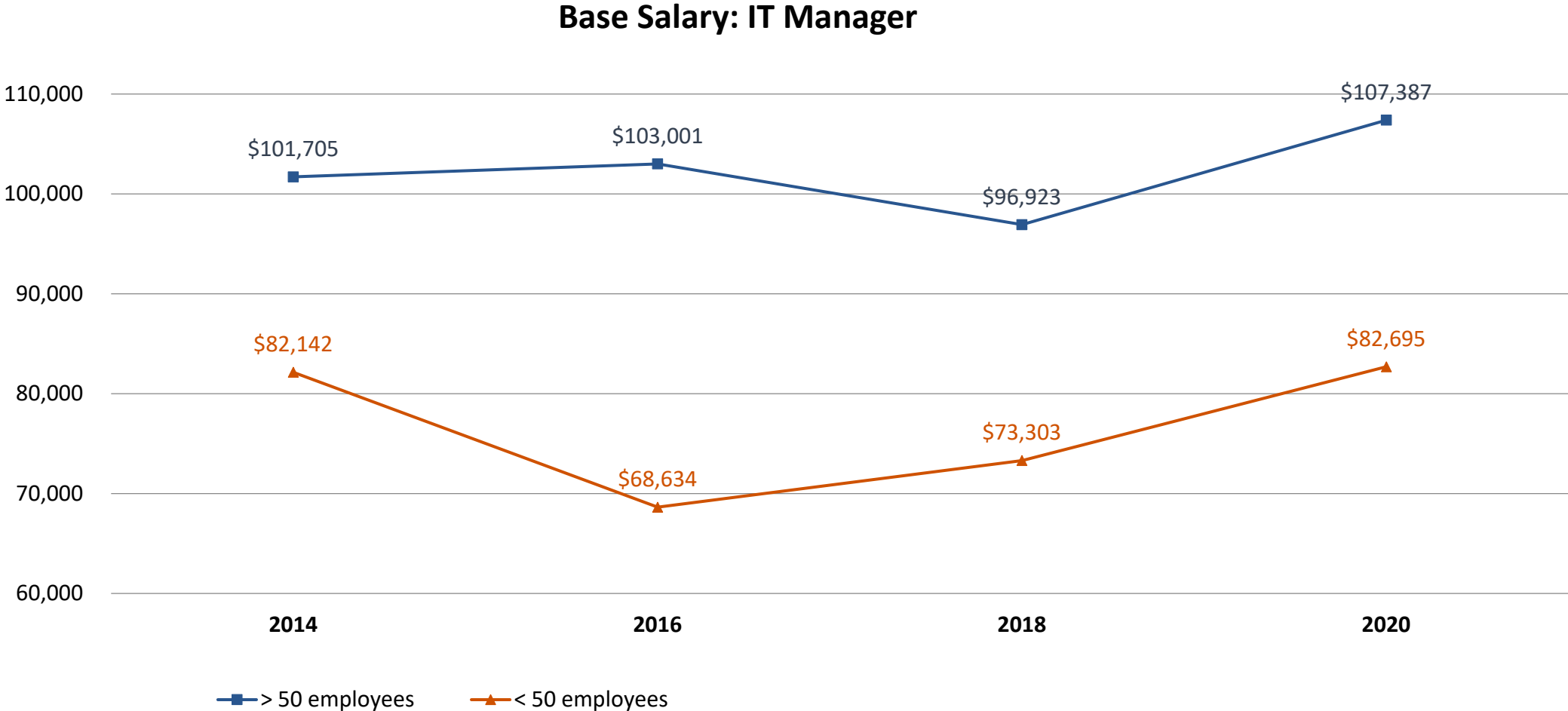


Controller Base Salary

Base Salary: Controller

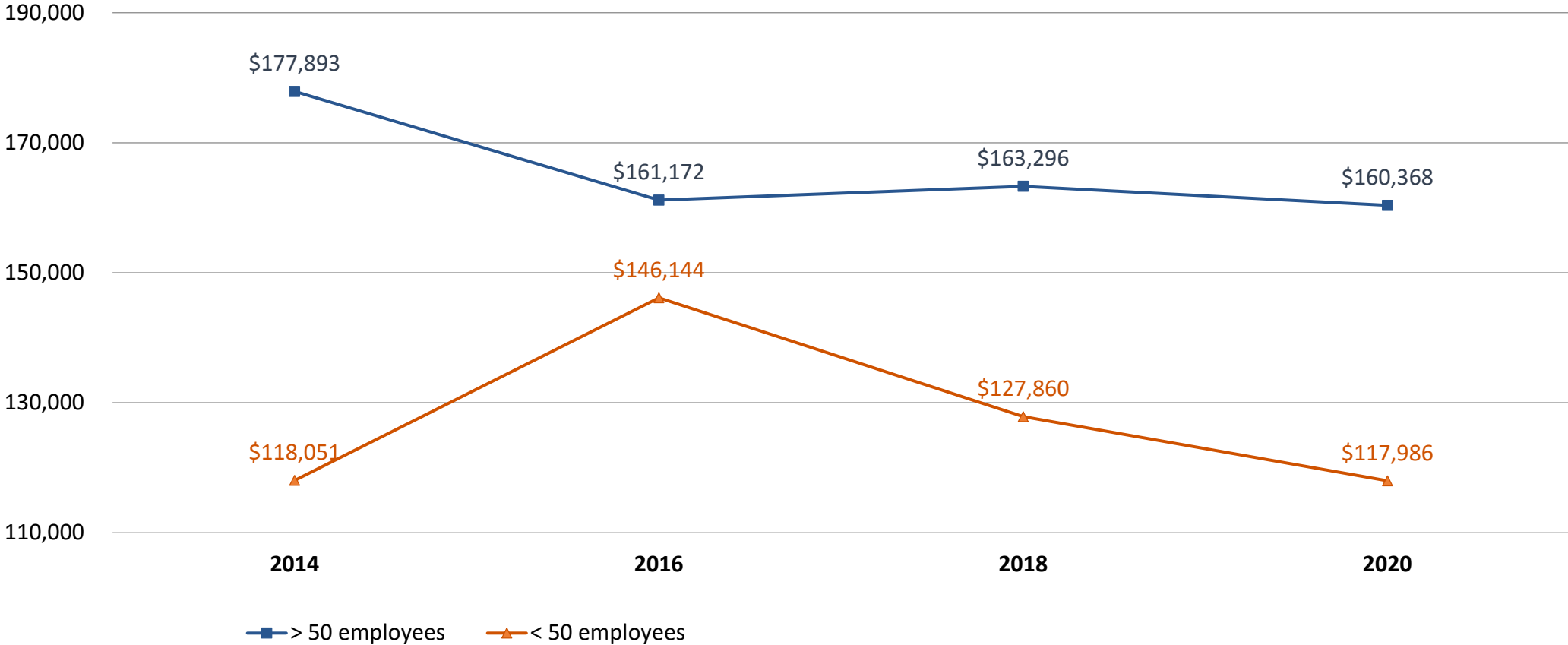


IT Manager Base Salary



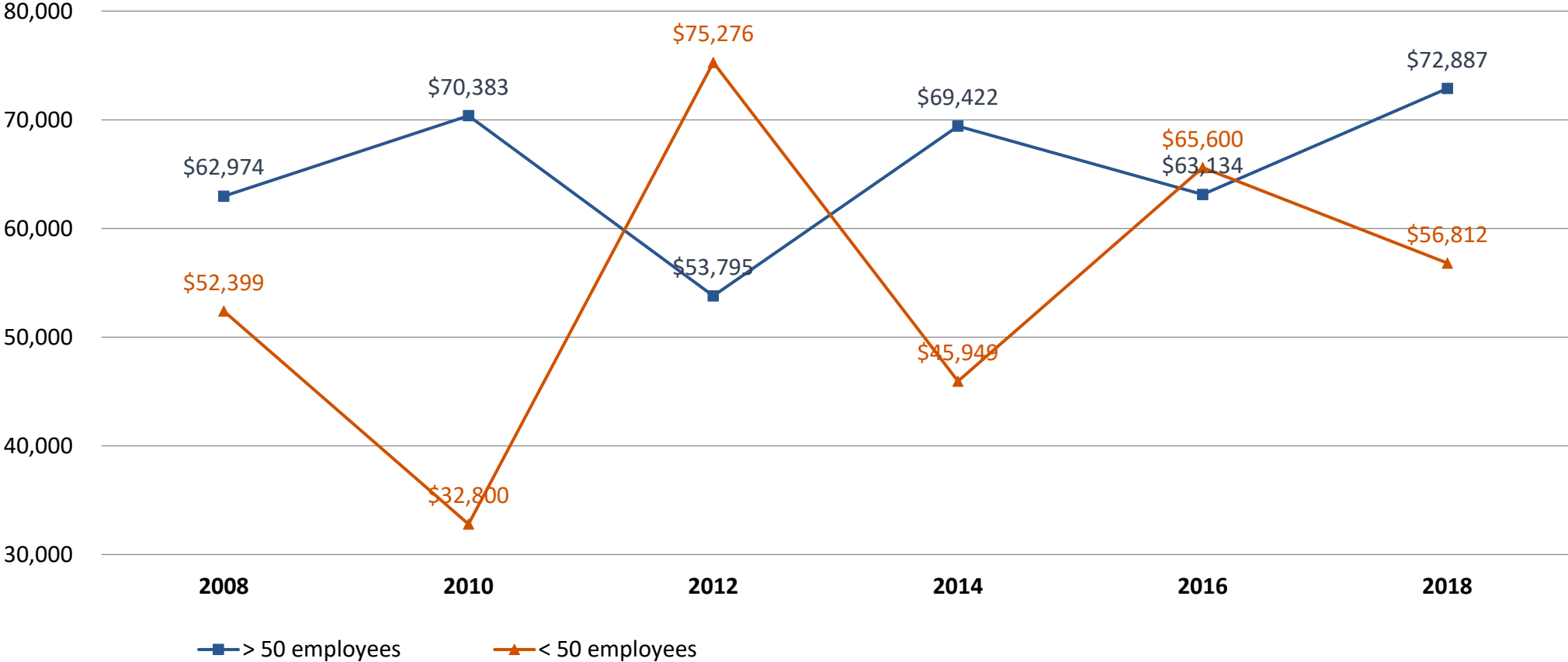
VP Sales/Sales Manager Base Salary

Base Salary: VP of Sales/Sales Manager



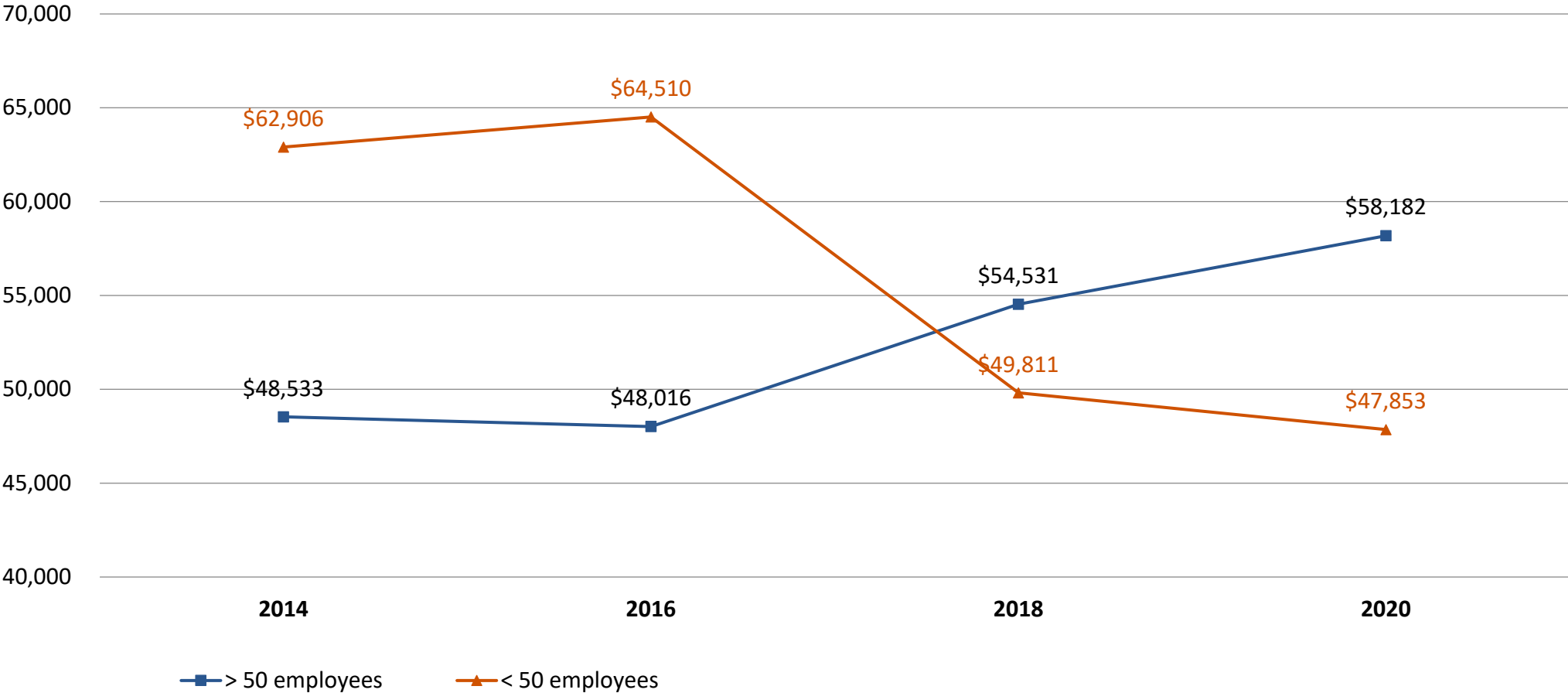
Salesperson (outside) Base Salary

Base Salary: Salesperson (Outside)



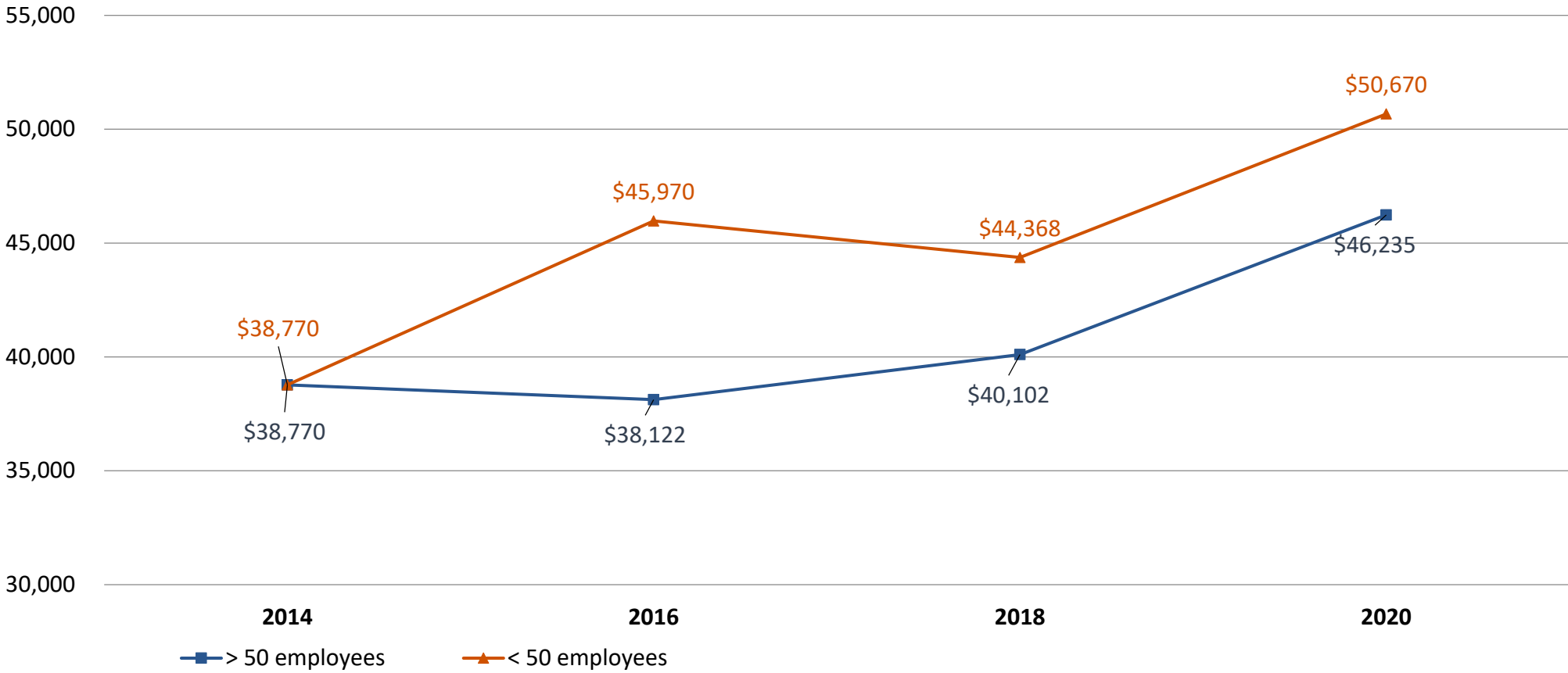
Salesperson (inside) Technical Base Salary

Base Salary: Salesperson (inside - Technical)



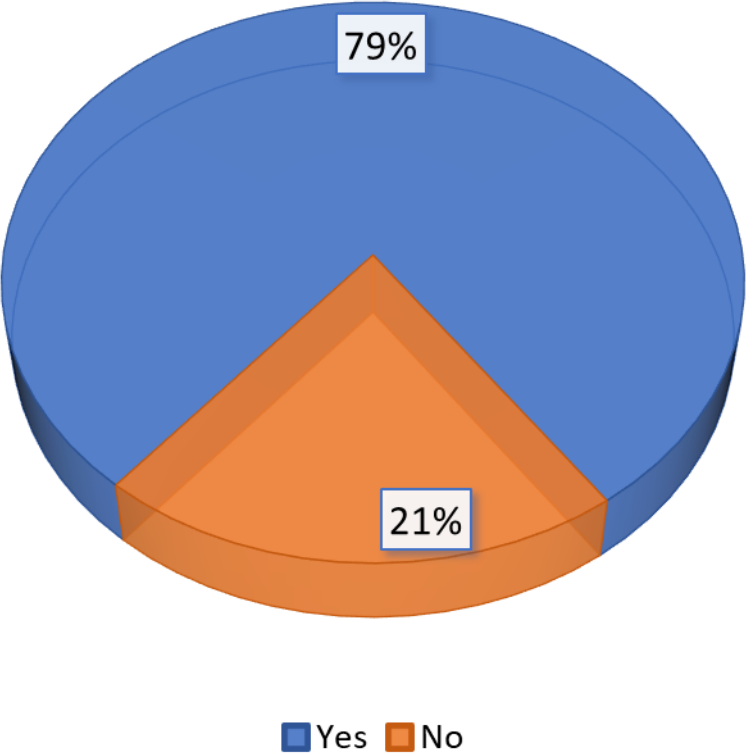
Salesperson (inside) Non-Technical Base Salary

Base Salary: Salesperson (inside - Non-Technical)

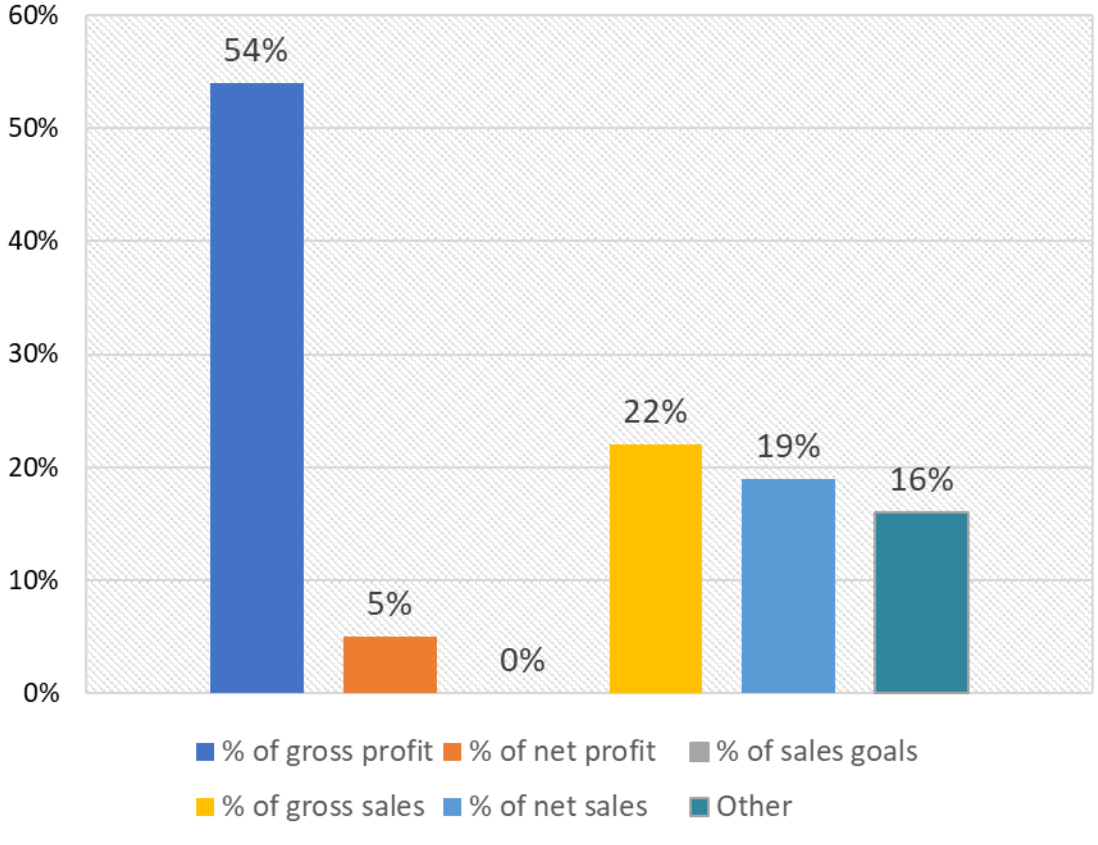


Commissions to Outside Sales Personnel

Companies Offering Commission to Outside Sales Personnel



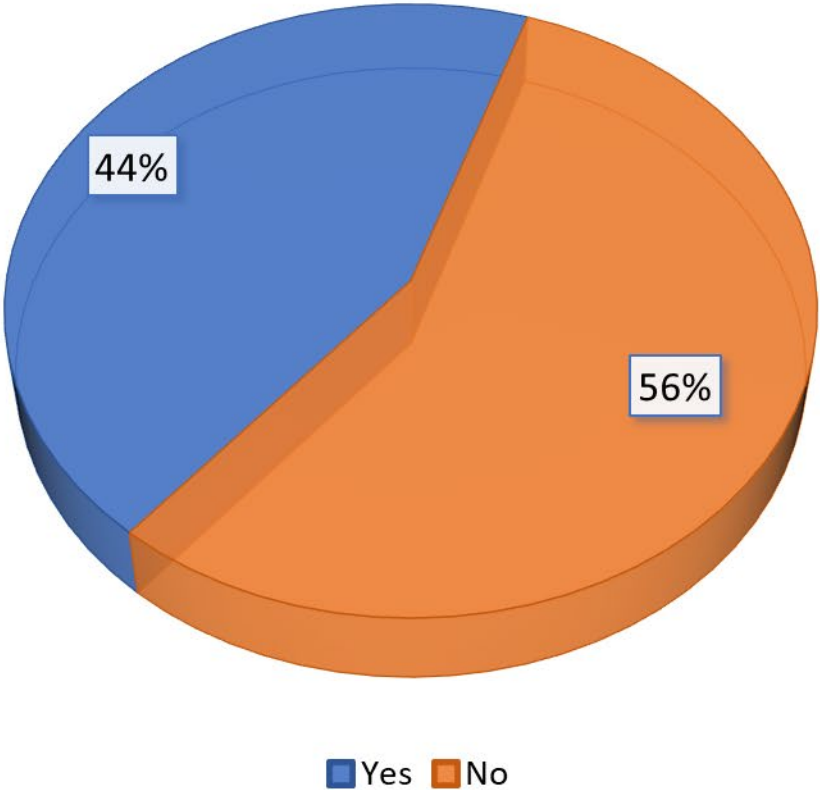
Commission Calculation Methods for Outside Sales Personnel



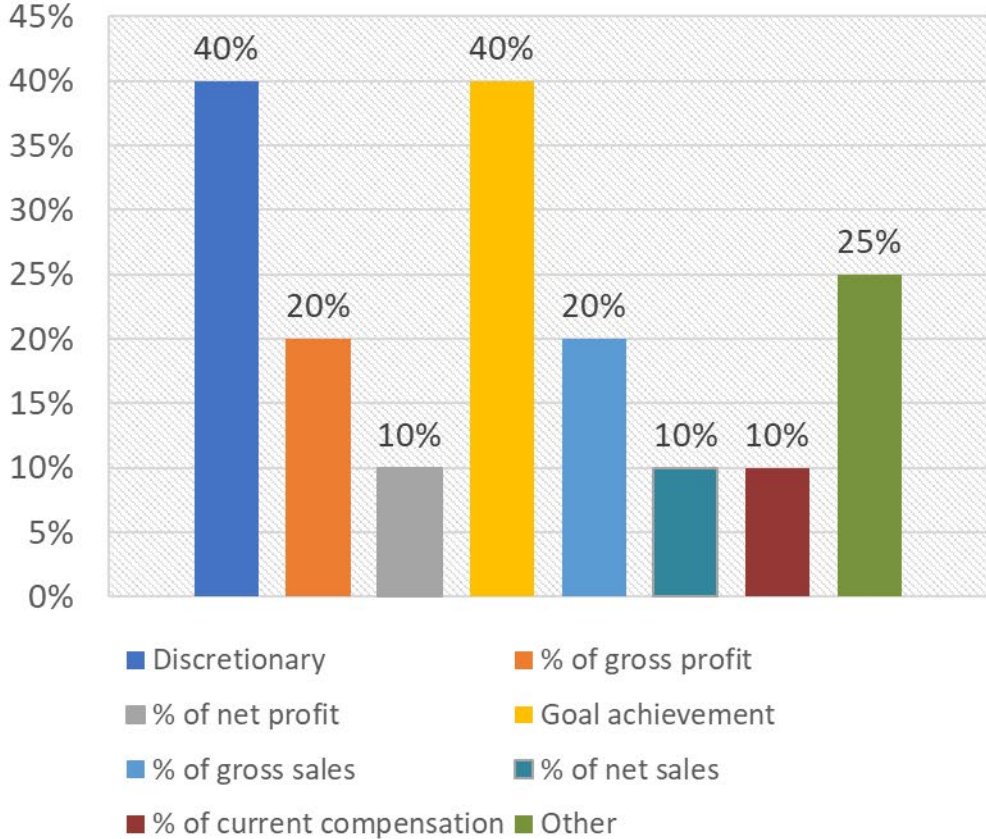
Multiple Responses were Allowed

Bonuses to Outside Sales Personnel

Companies Offering Bonuses to Outside Sales Personnel



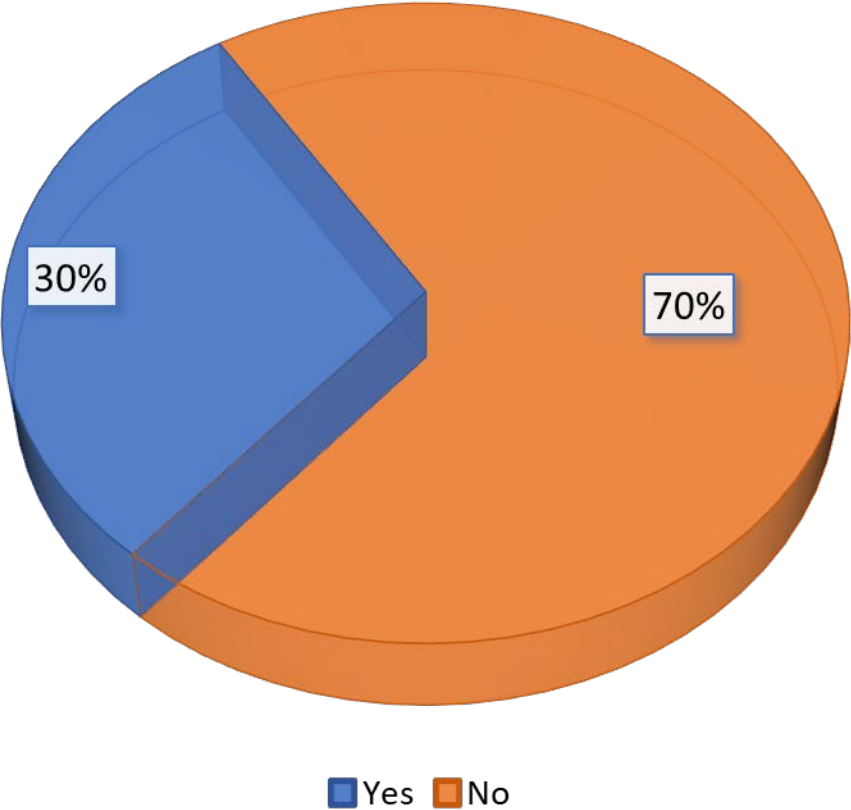
Bonus Calculation Methods for Outside Sales Personnel



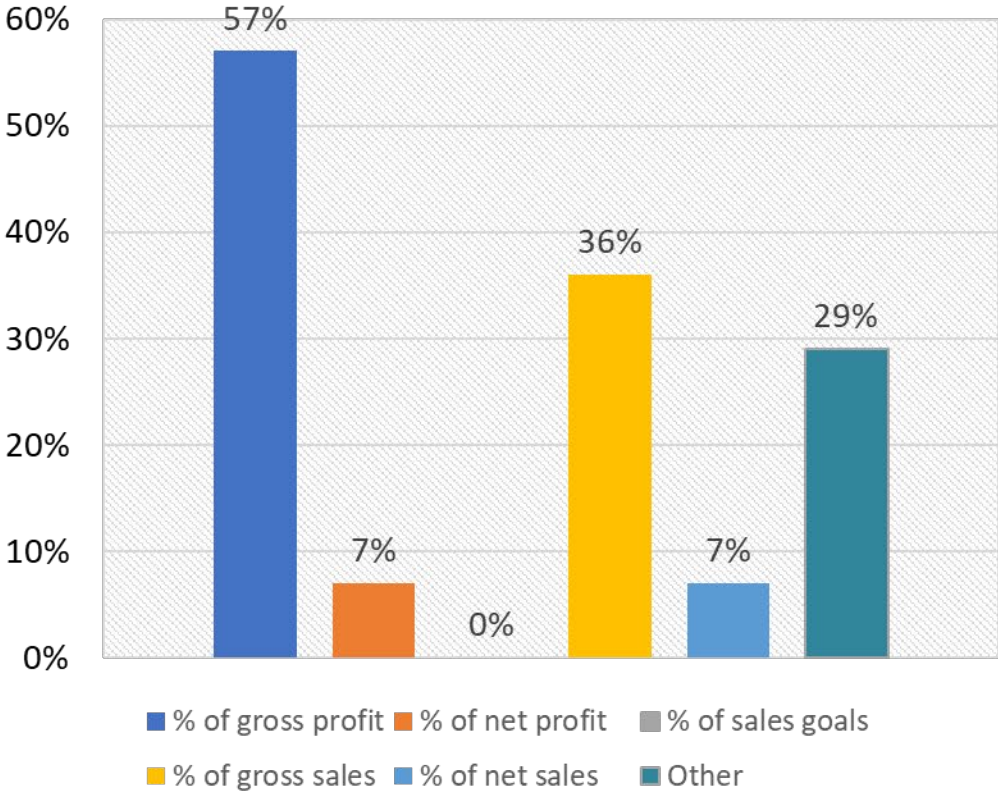
Multiple Responses were Allowed

Commissions to Inside Sales Personnel

Companies Offering Commission to Inside Sales Personnel



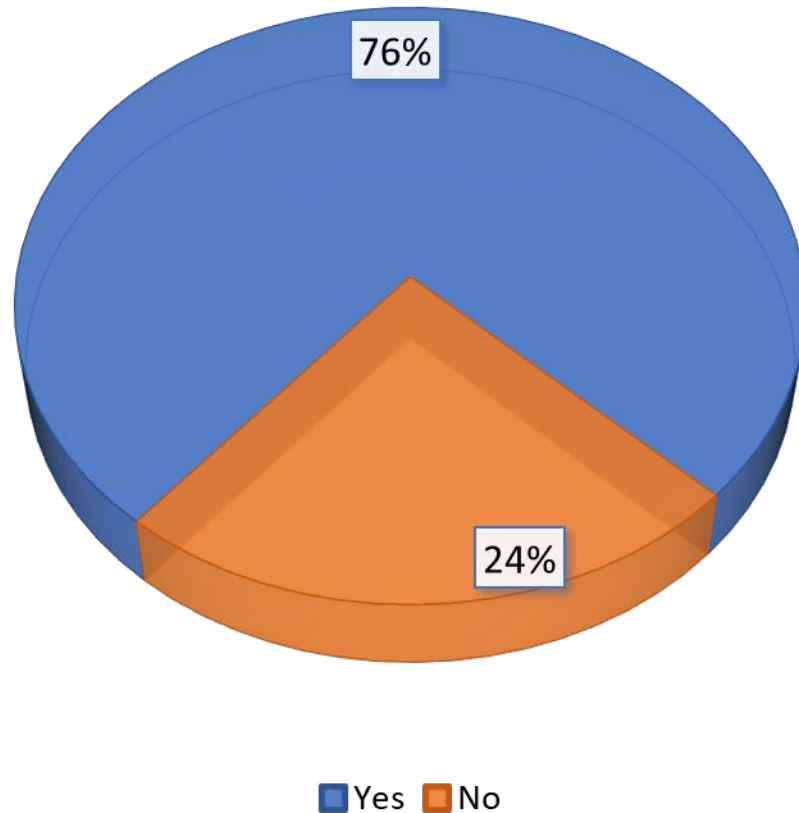
Commission Calculation Methods for Inside Sales Personnel



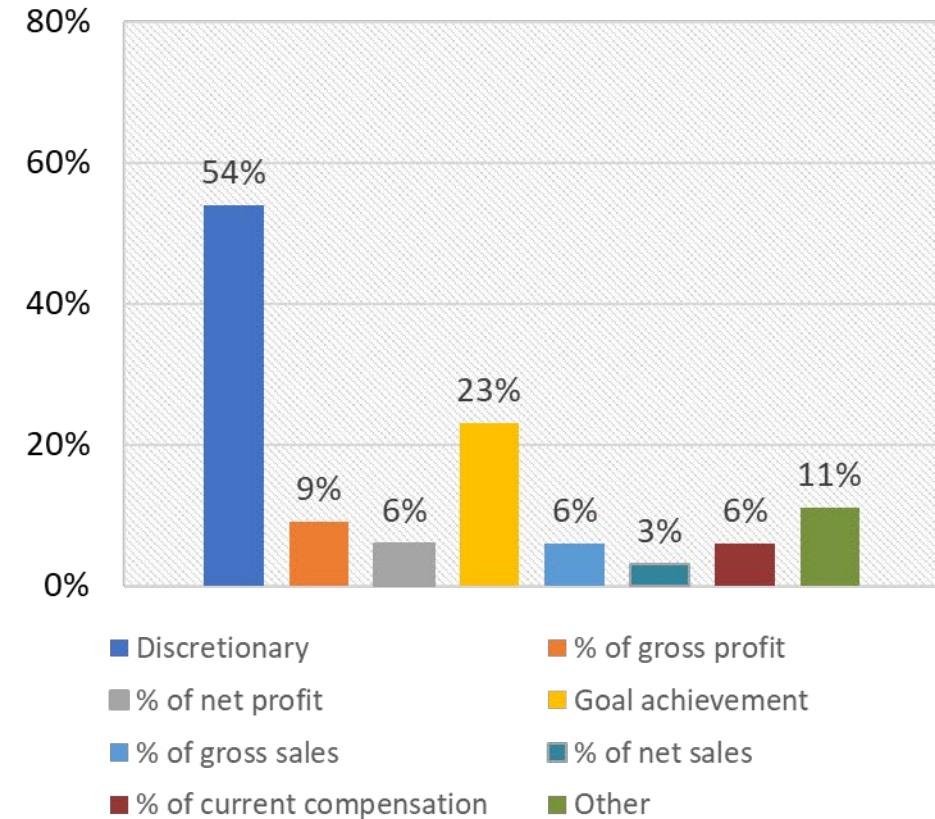
Multiple Responses were Allowed

Bonuses to Inside Sales Personnel

Companies Offering Bonuses to Inside Sales Personnel



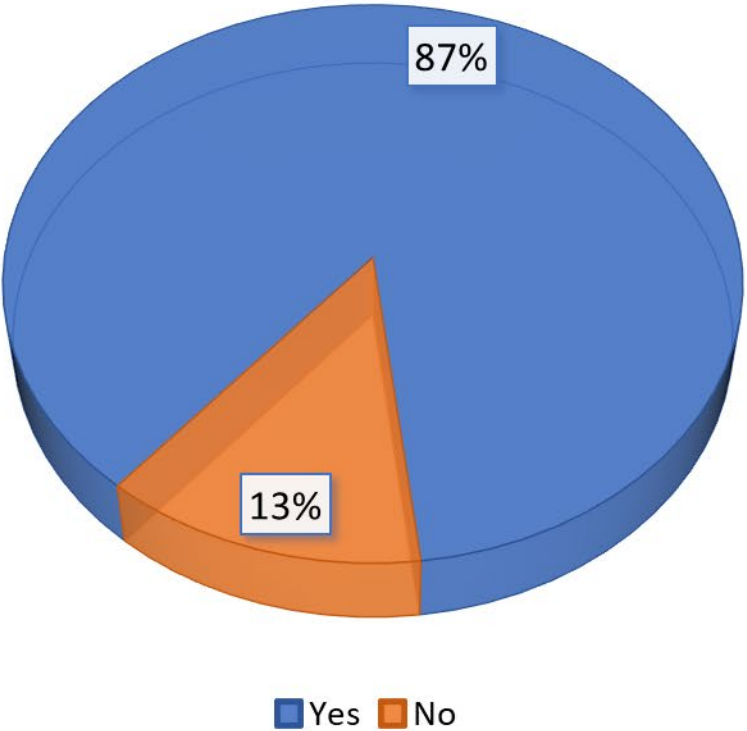
Bonus Calculation Methods for Inside Sales Personnel



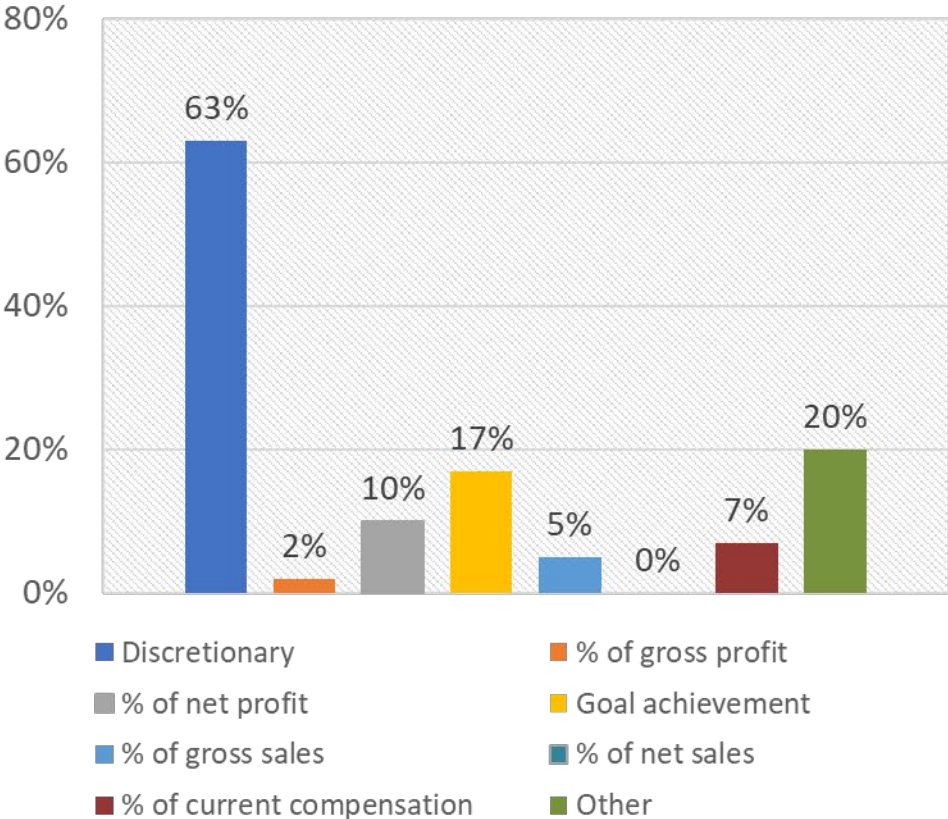
Multiple Responses were Allowed

Bonuses to Non-Sales Personnel

Companies Offering Bonuses to Non-Sales Personnel

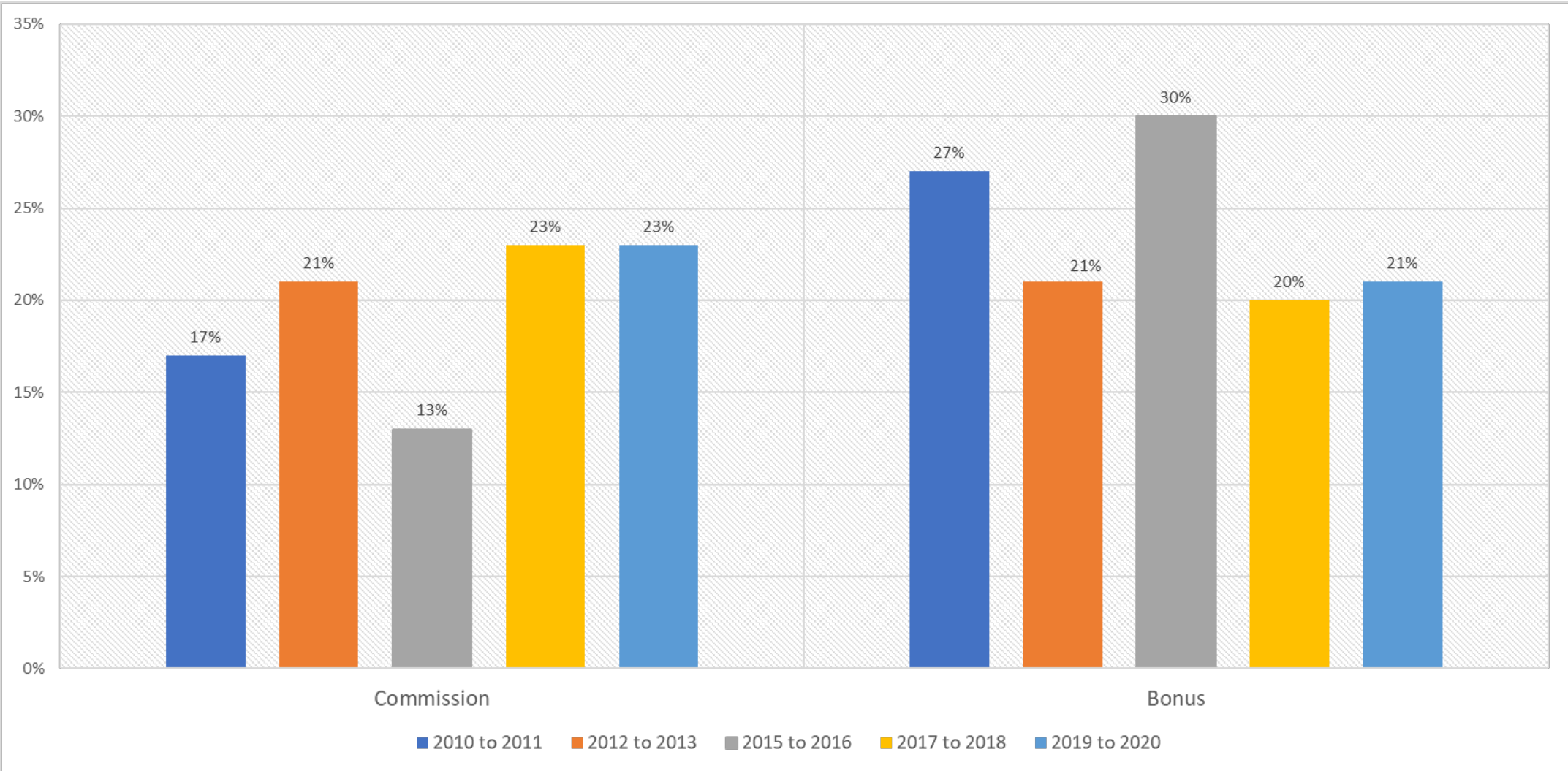


Bonus Calculation Methods for Non-Sales Personnel



Multiple Responses were Allowed

Commission and Bonus Compensation Structure Changes





Benefits

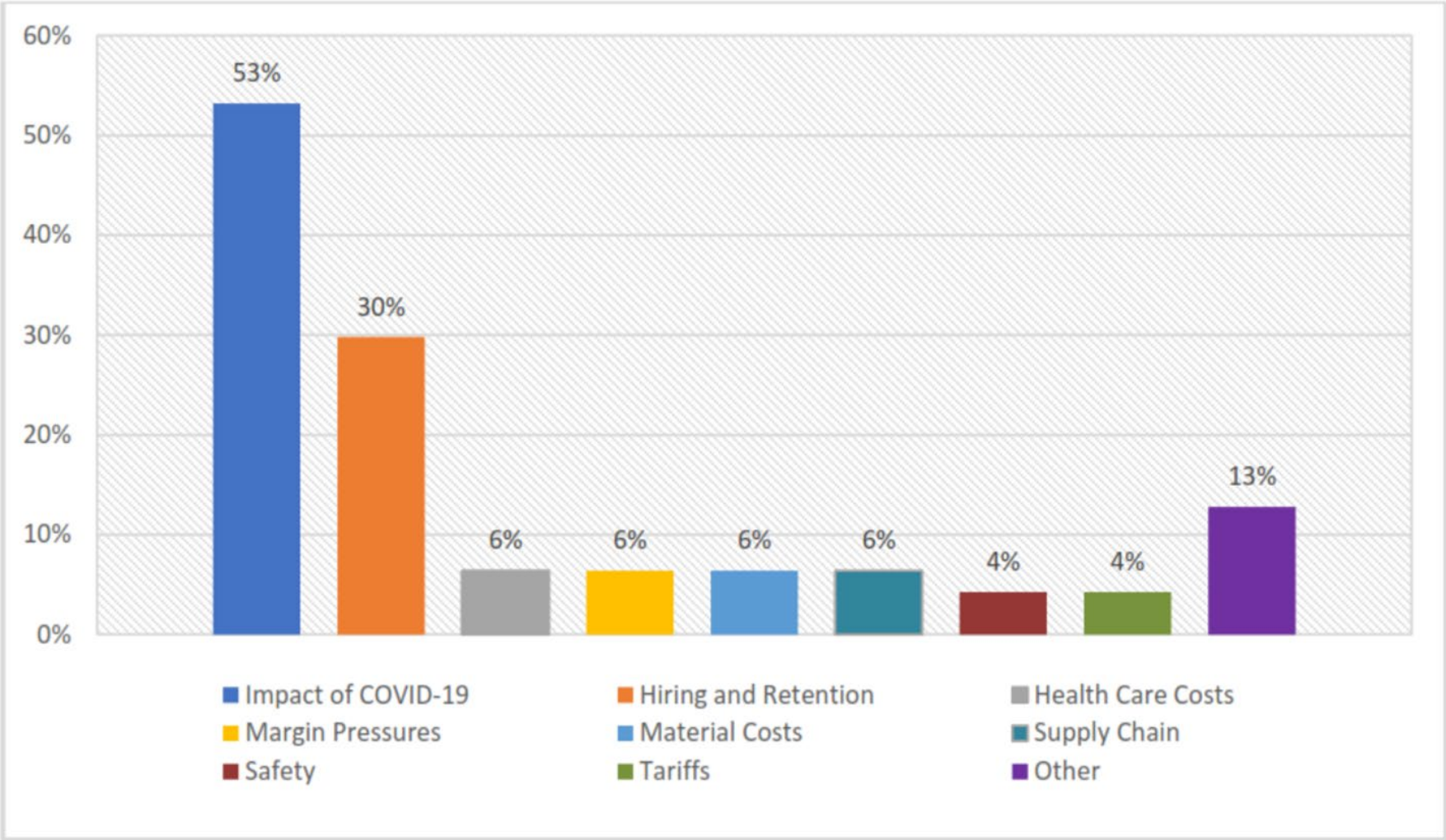
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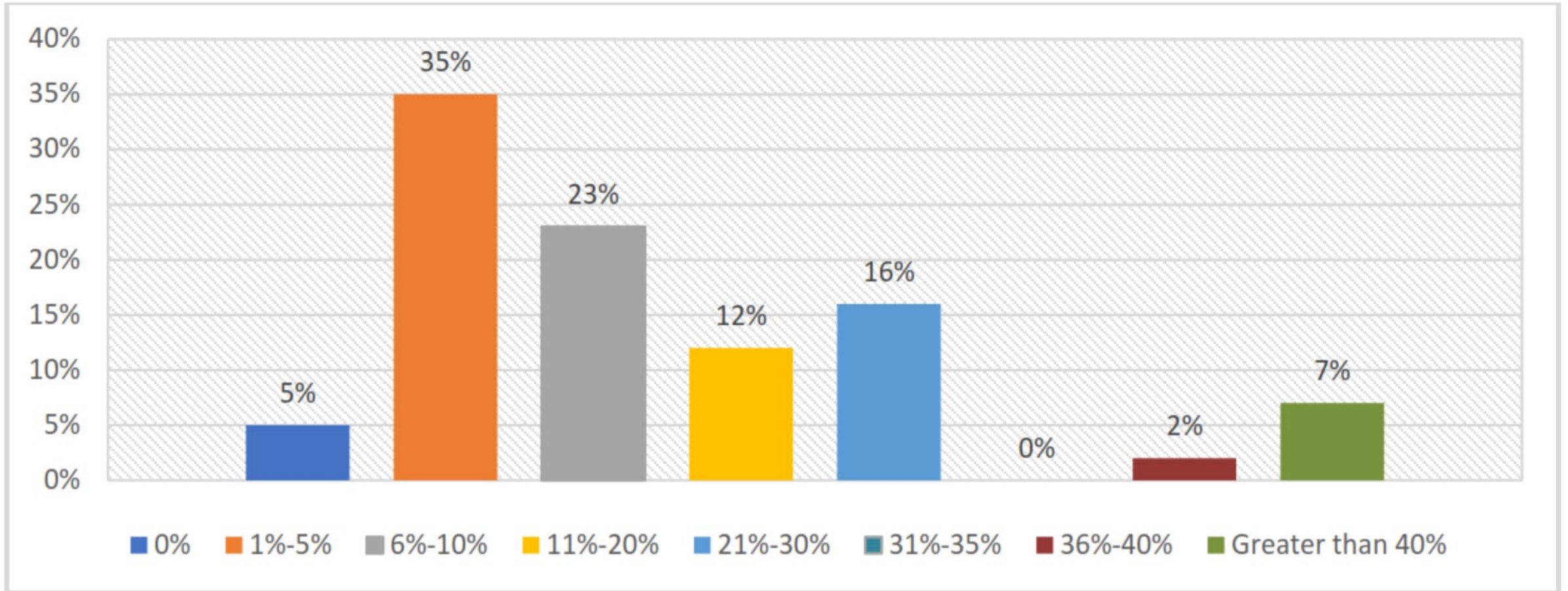


Top Issues



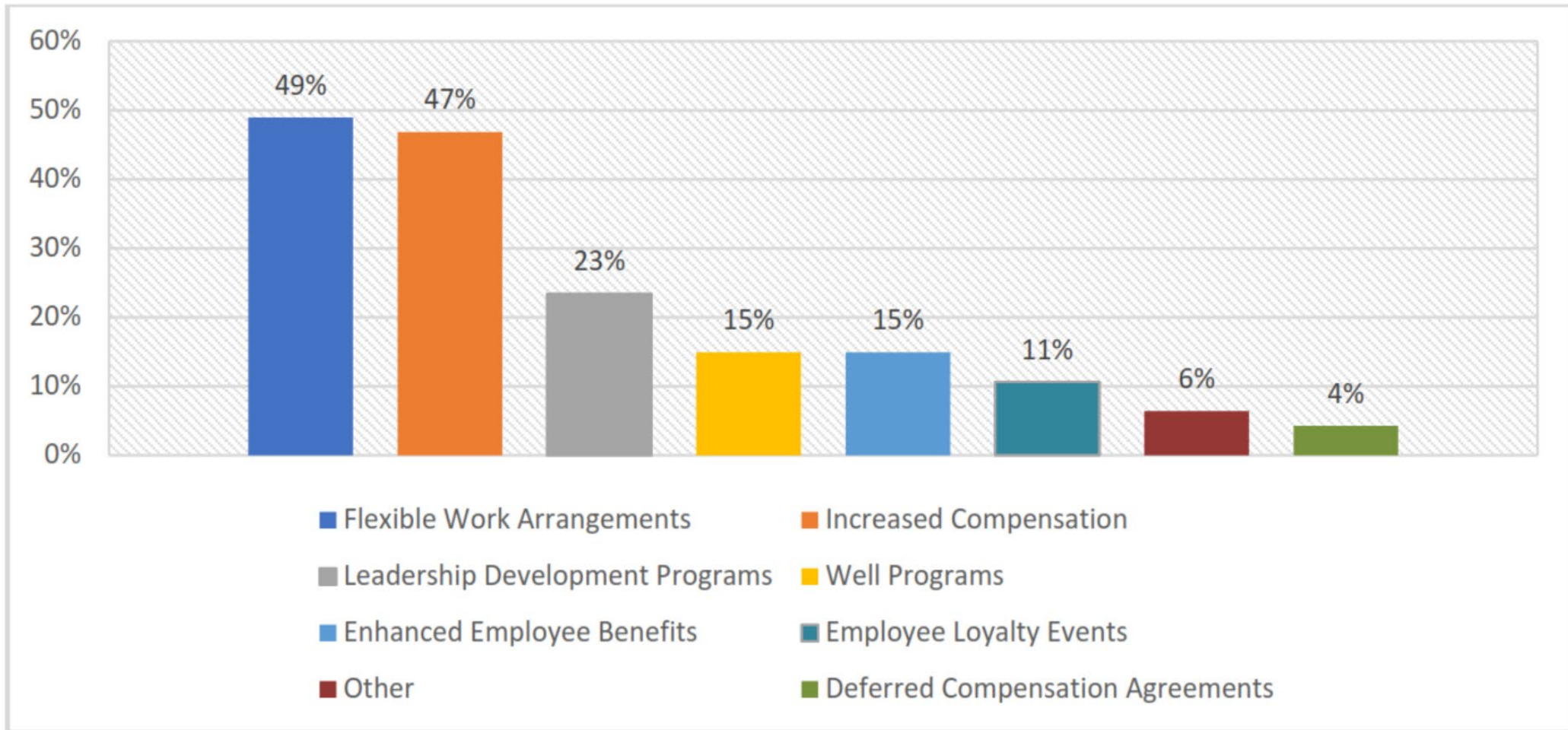
Employee Recruiting & Retaining

2019 Employee Turnover Rate

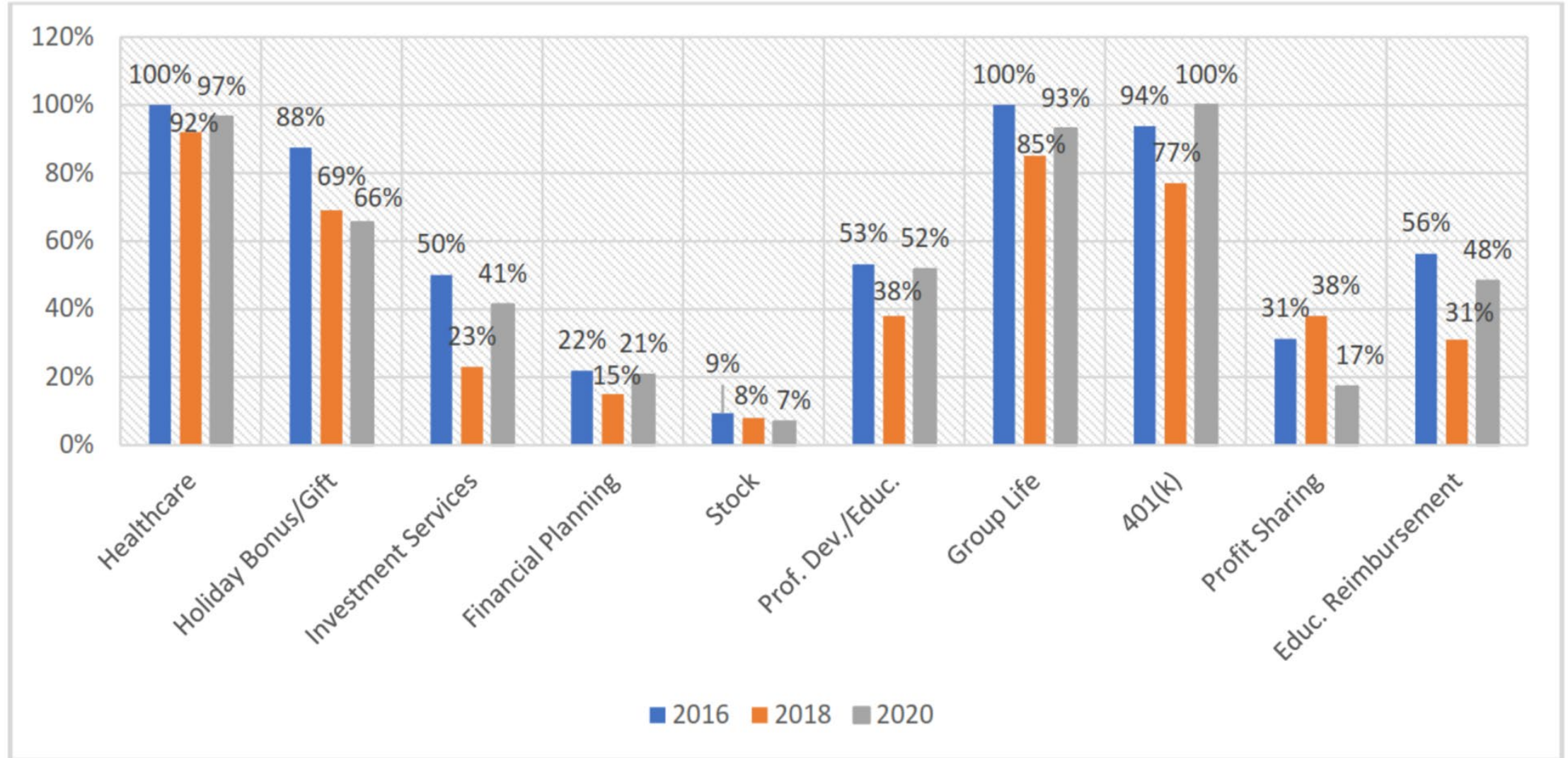


Employee Recruiting & Retaining

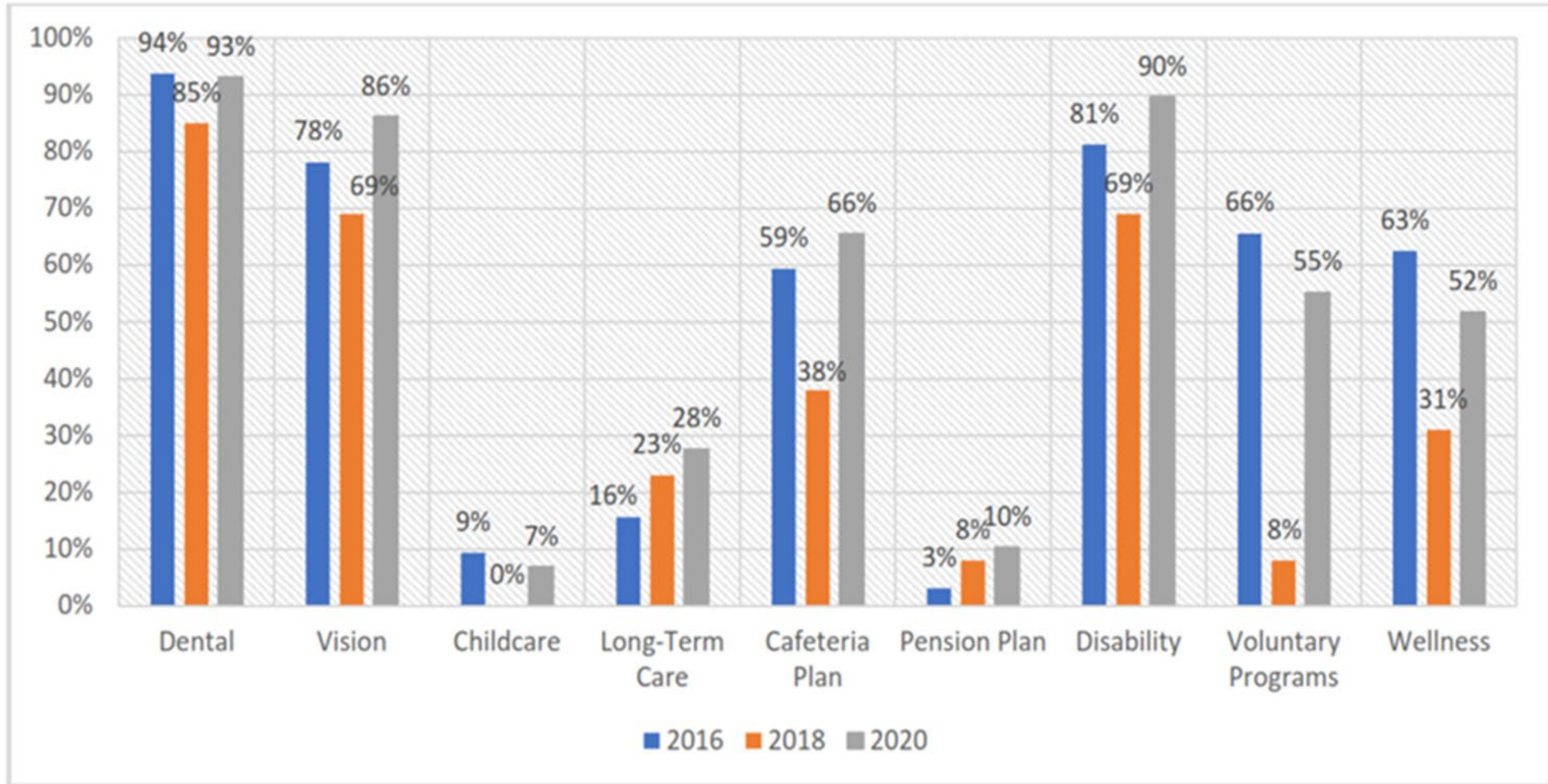
Strategies to Retain Talent



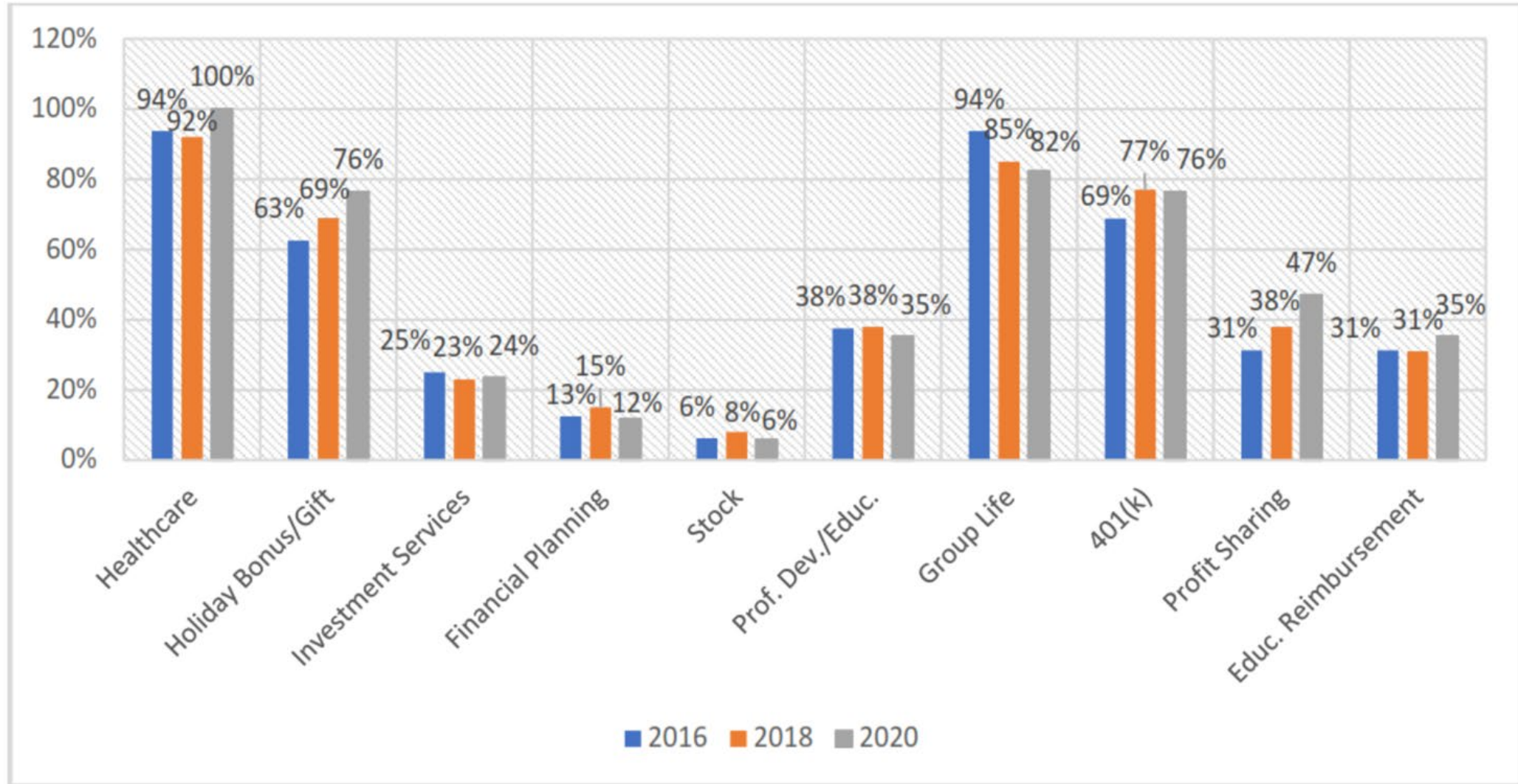
Benefits Offered (Companies with over 50 employees)



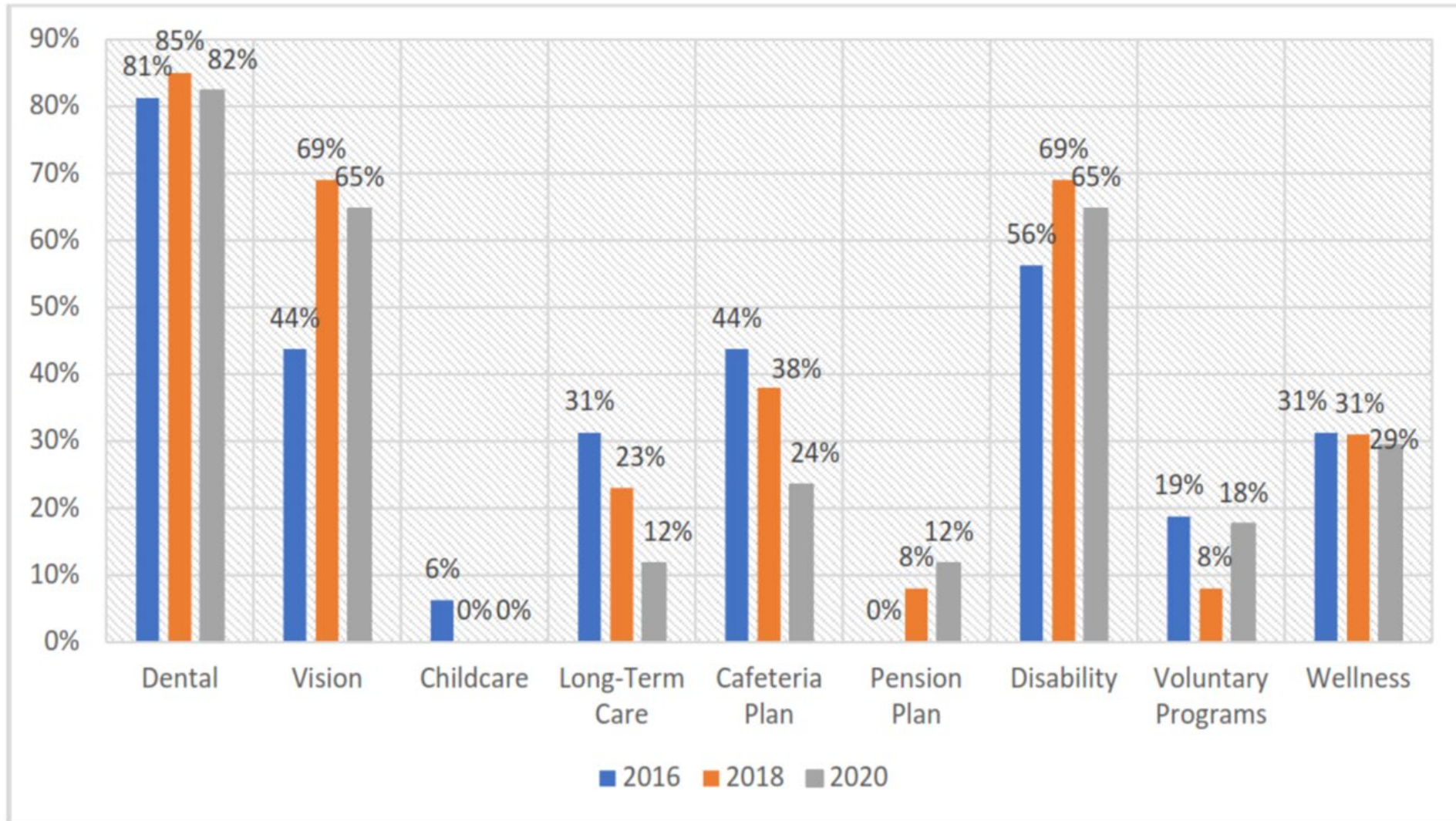
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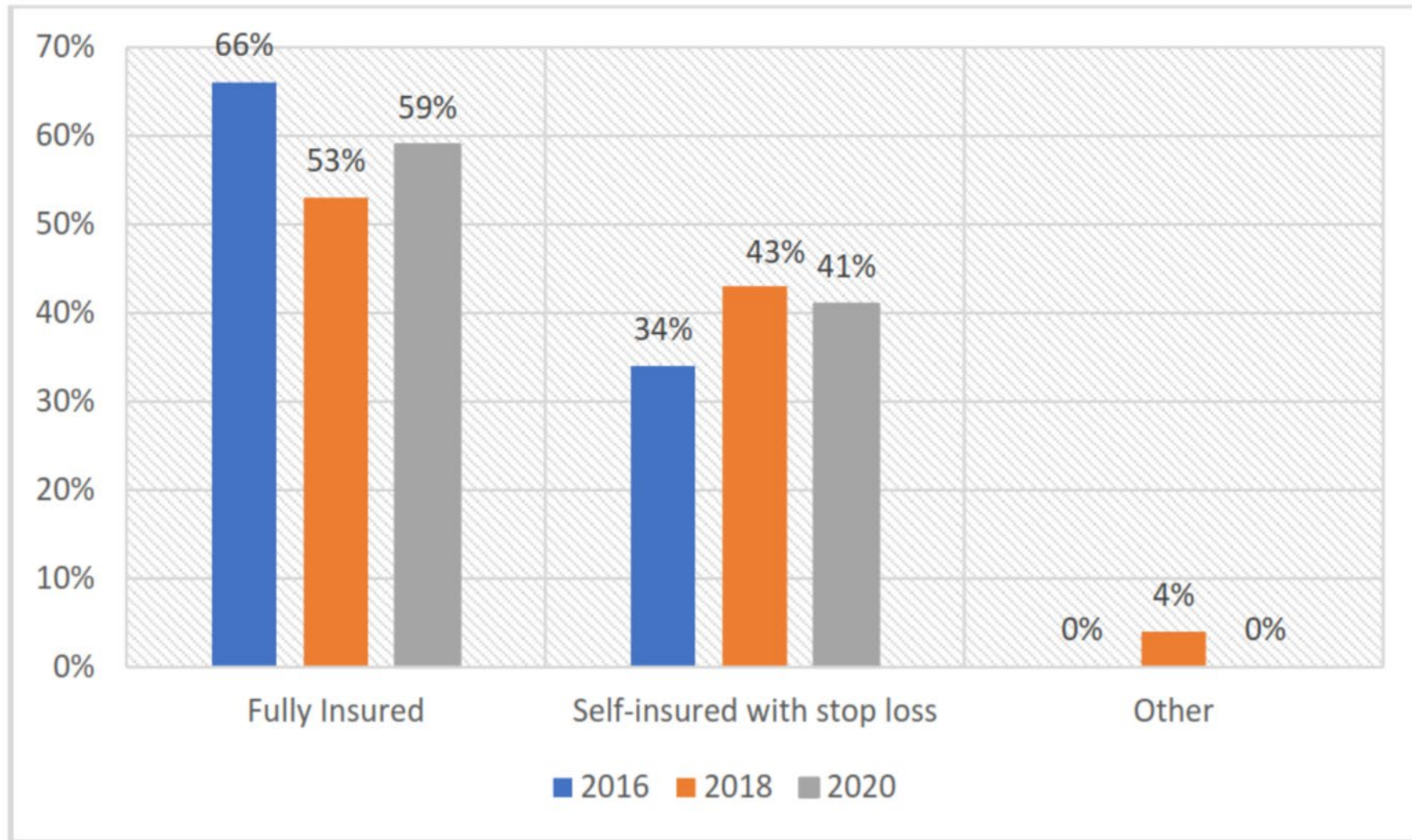
Benefits Offered (Companies with under 50 employees)



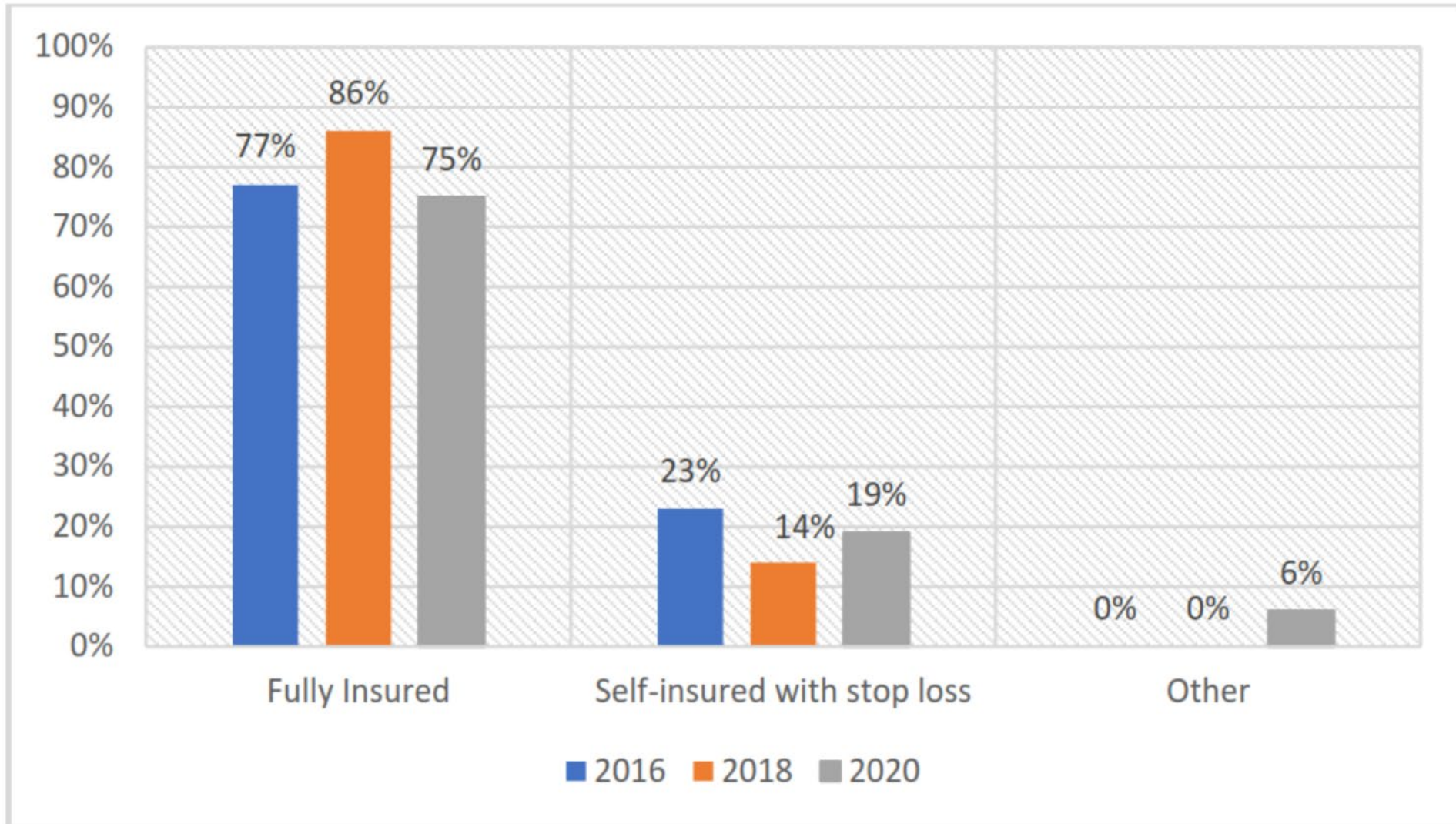
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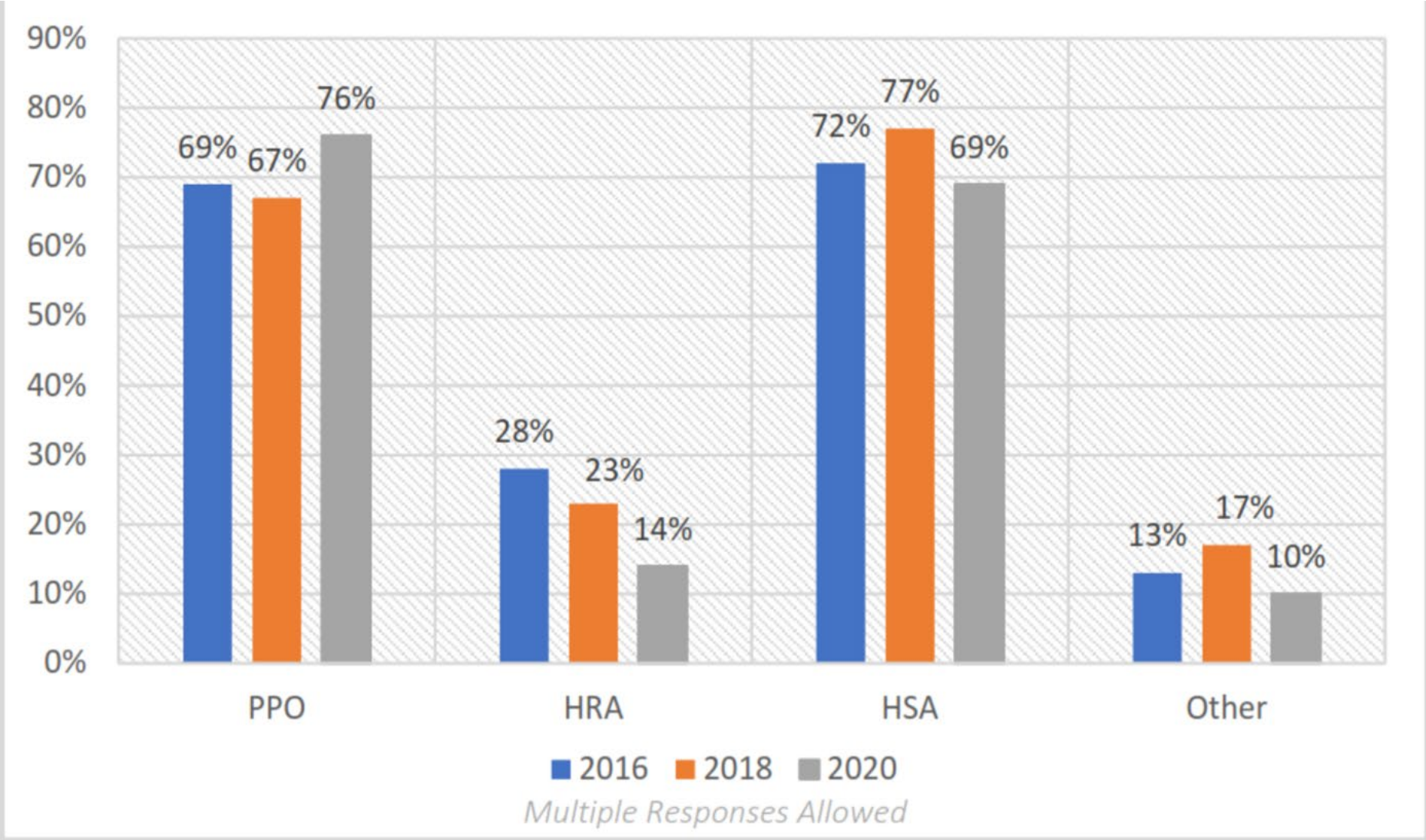
Funding a Health Insurance Plan (Companies with over 50 employees)



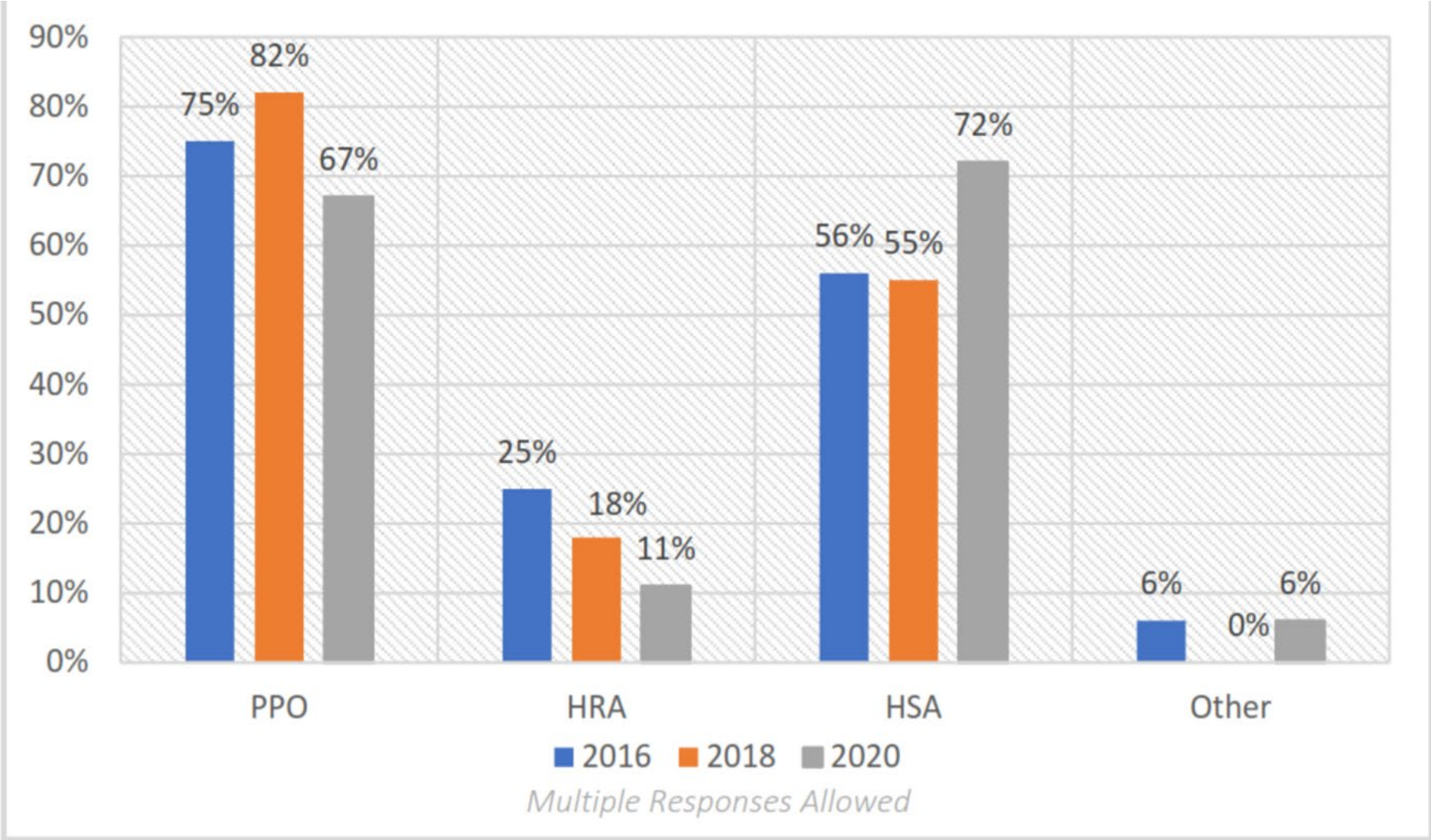
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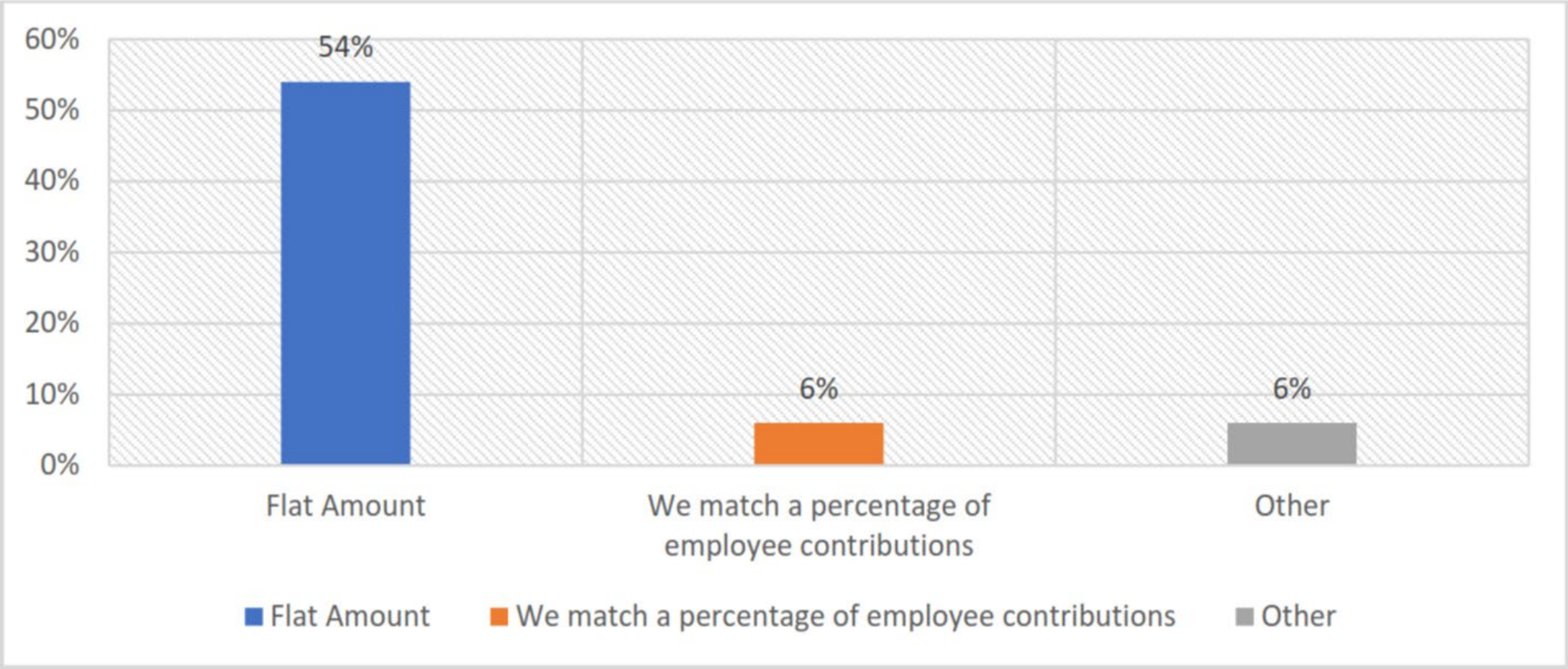
Types of Health Plans Offered (Companies with over 50 employees)



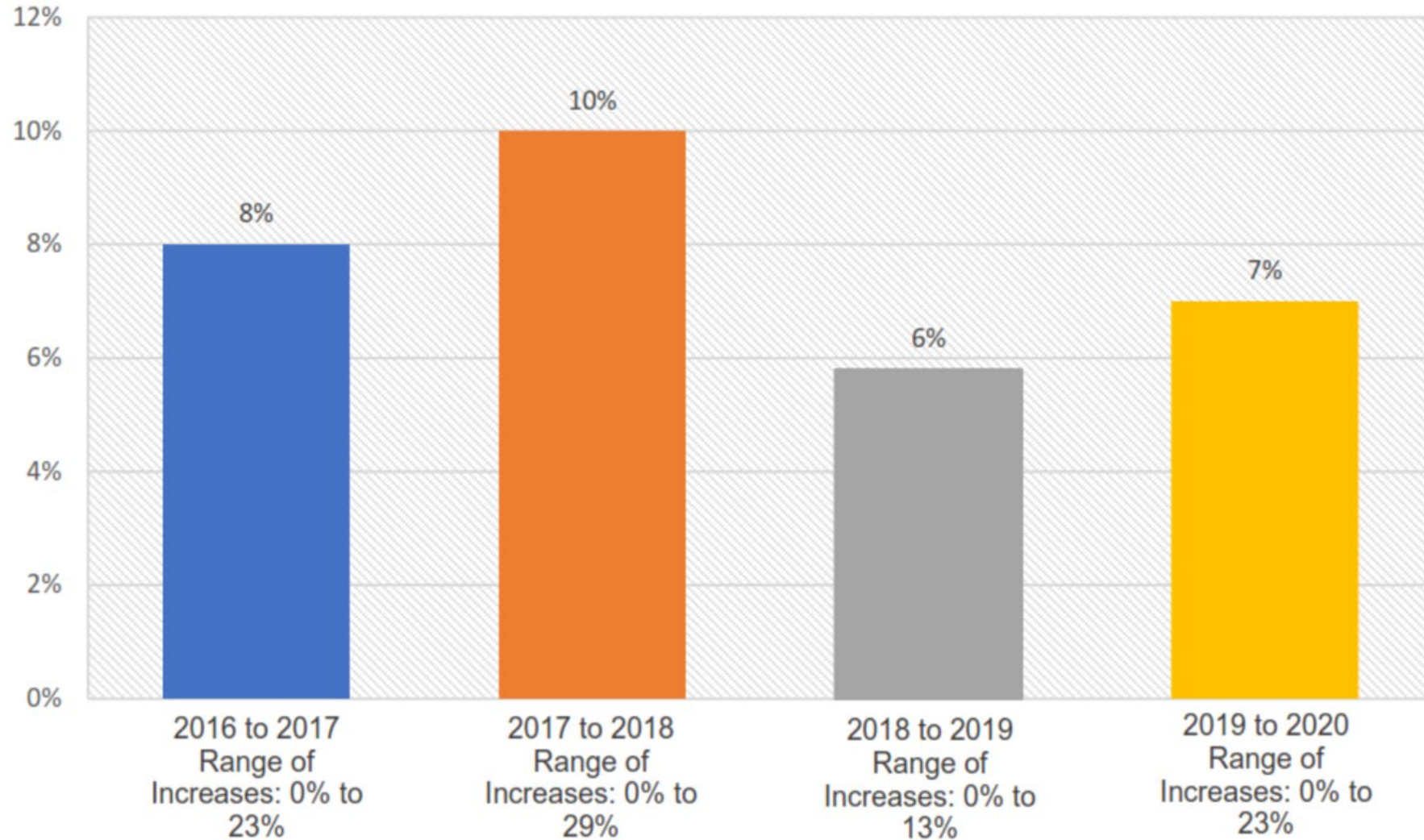
Types of Health Plans Offered (Companies with under 50 employees)



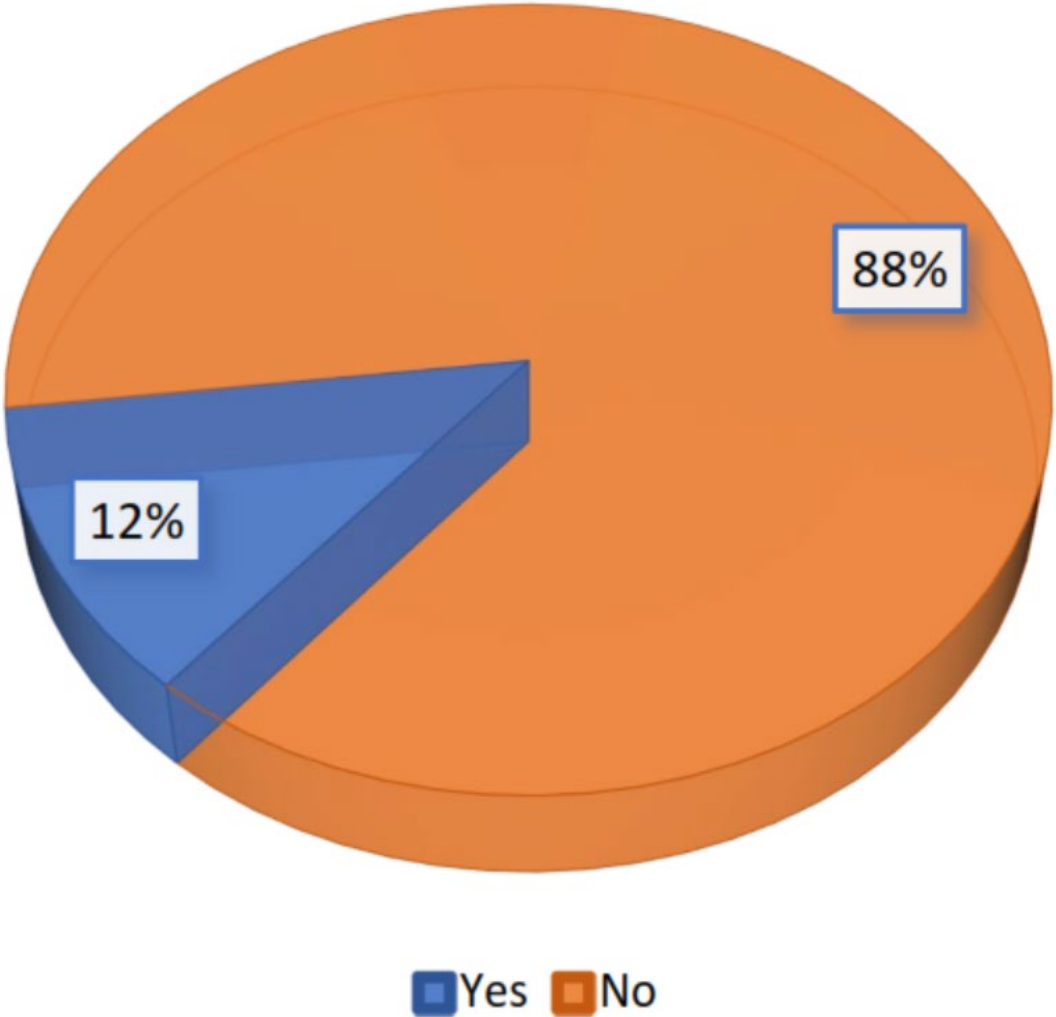
Employer Contribution to HSA



Average Gross Premium Increase

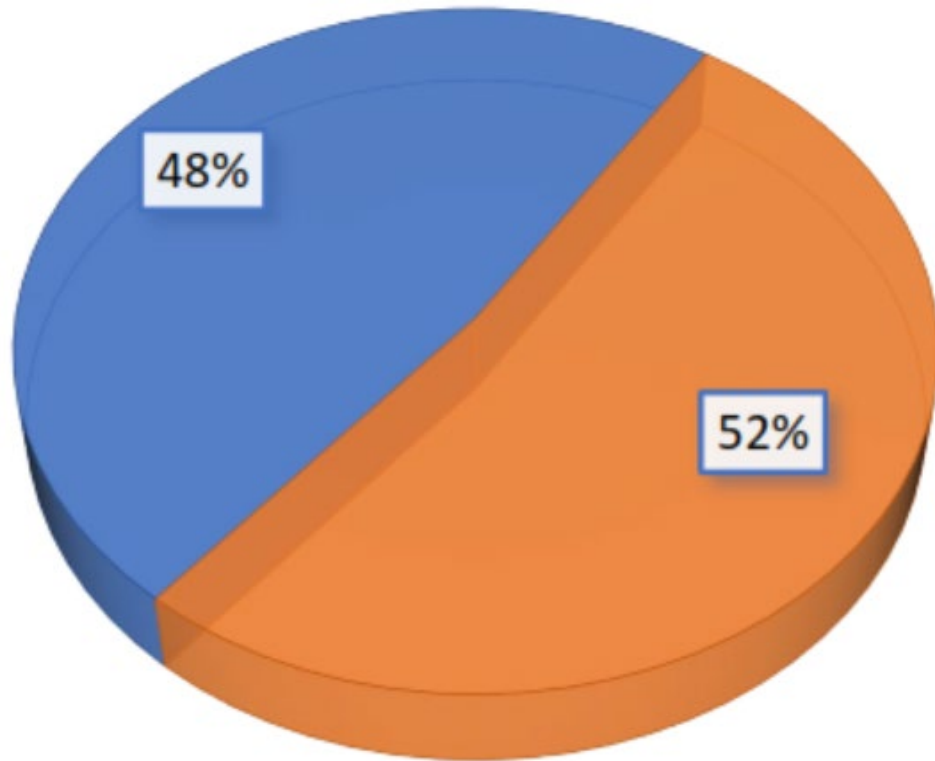


In anytime in the last two years have you had a specialty prescription drug claim in excess of \$100,000 annually?



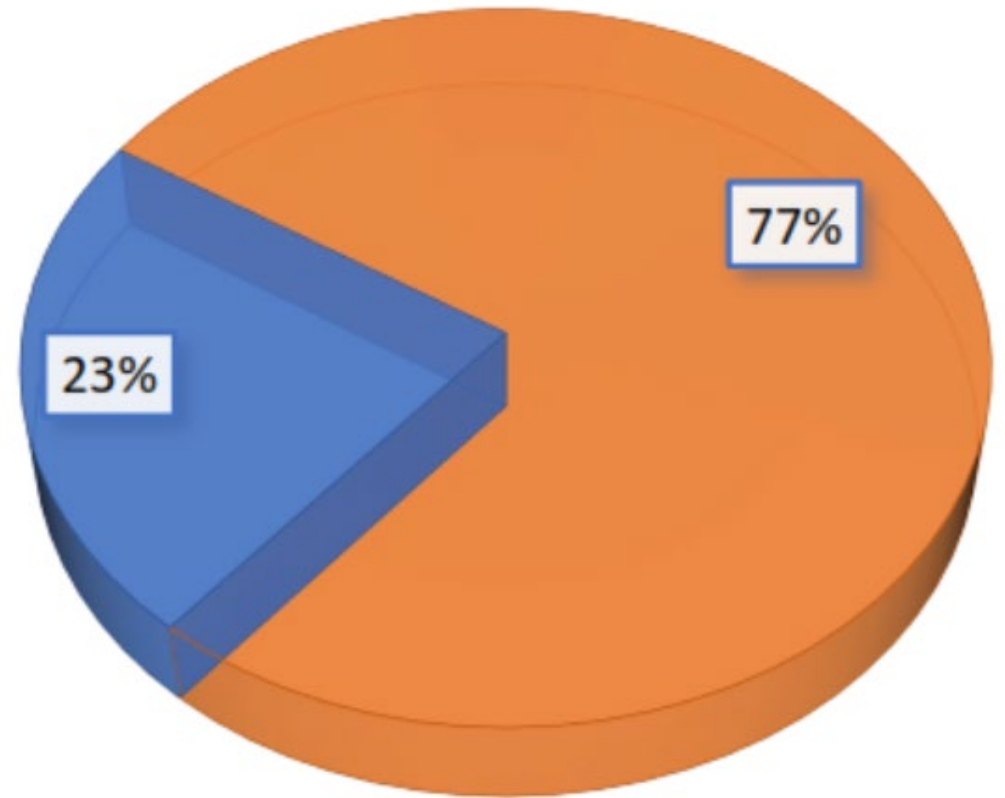
Wellness Program

Do you have a Wellness Program?



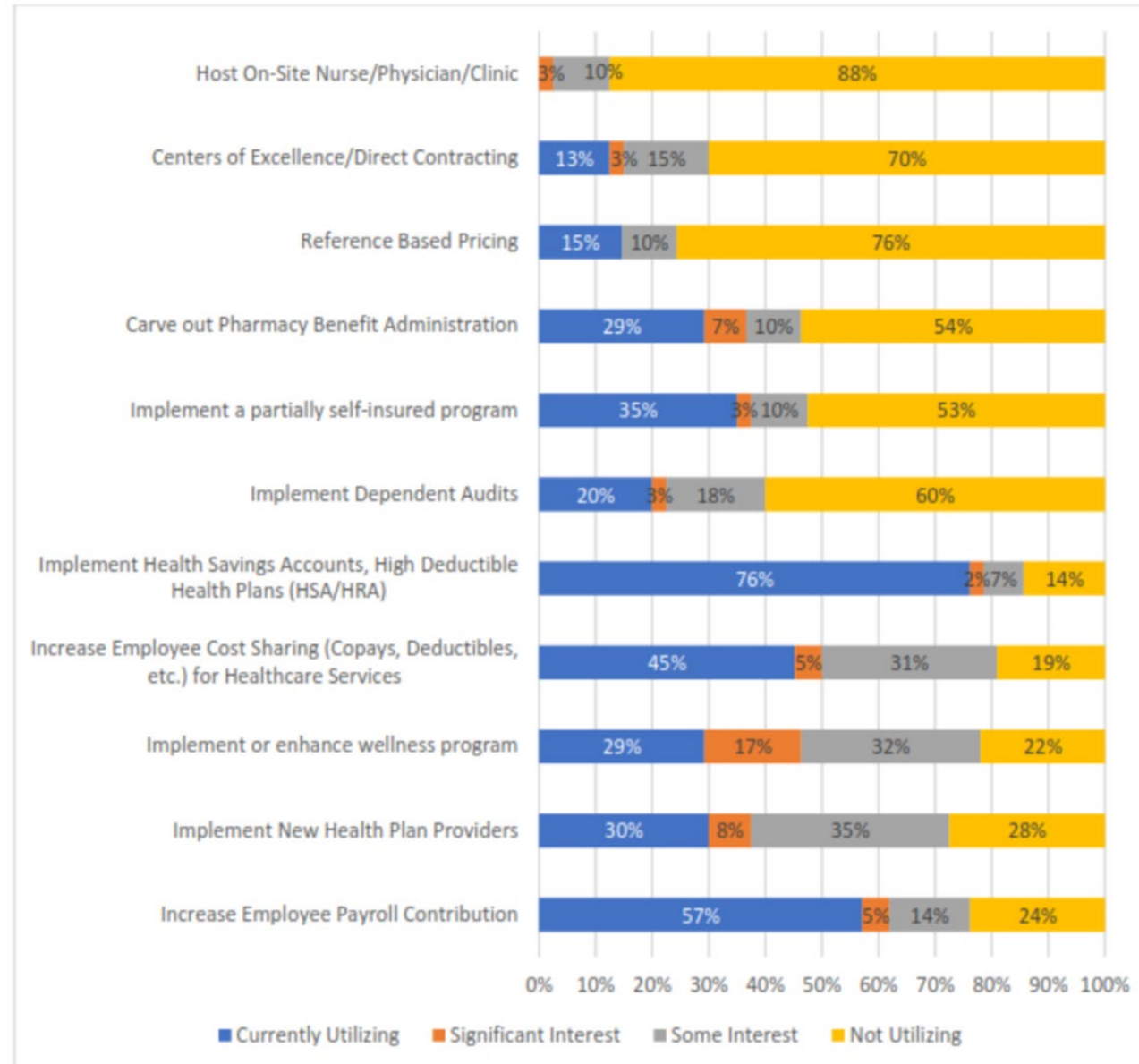
■ Yes ■ No

Do you charge a surcharge for not Participating in your wellness program?

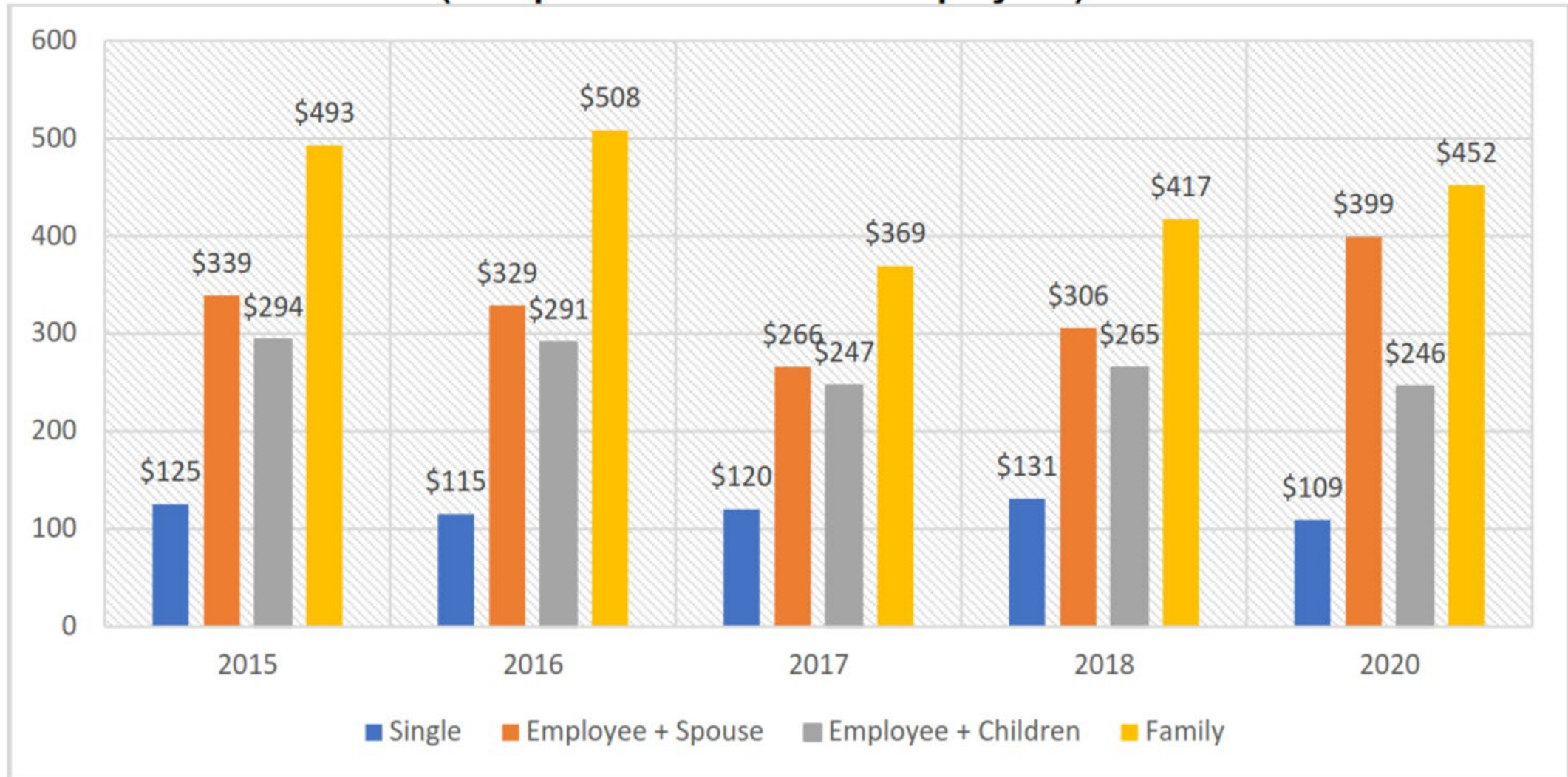


■ Yes ■ No

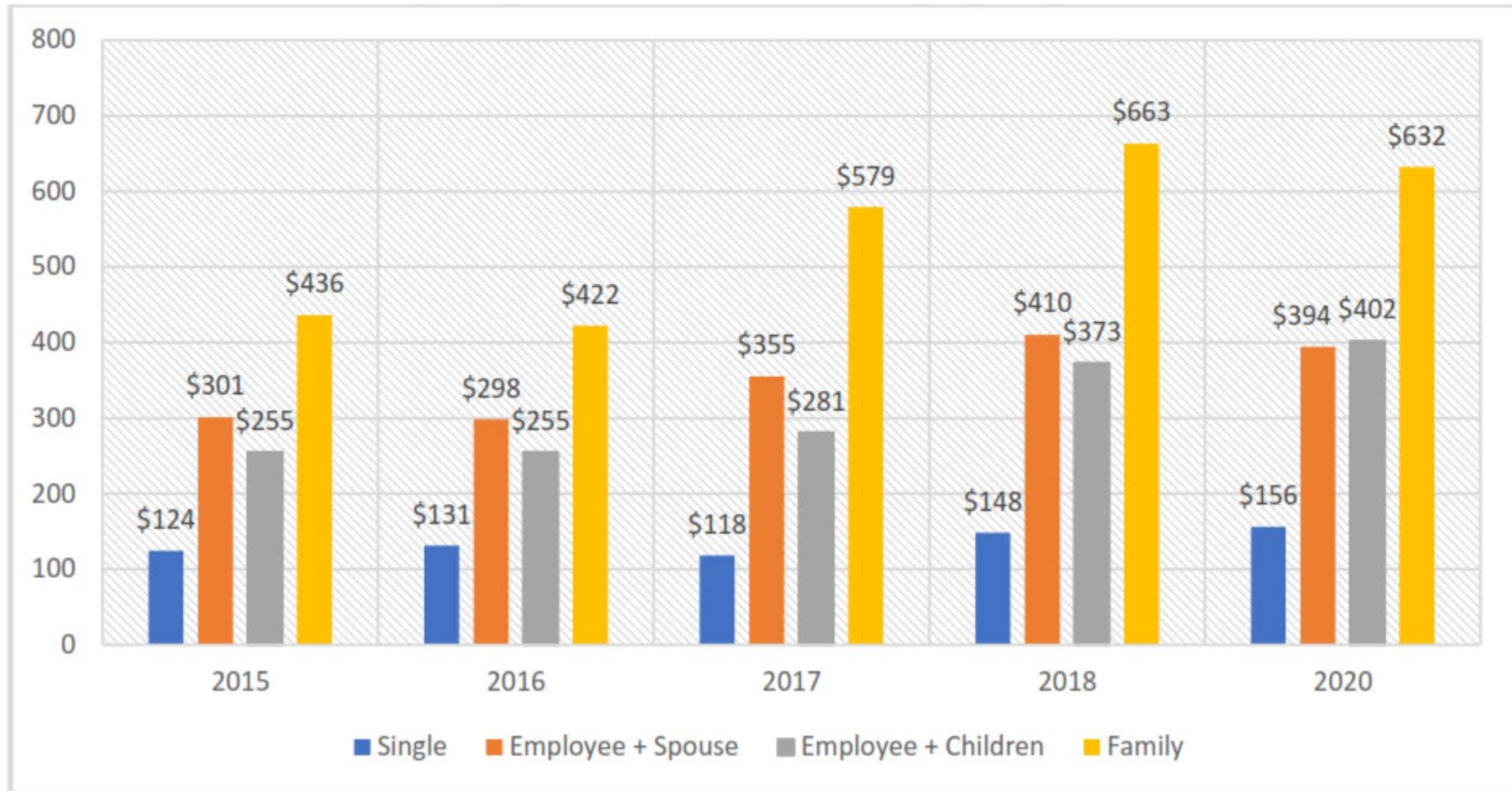
Strategies to Control Cost



Average Cost to Employee Per Month (Companies with over 50 employees)



Average Cost to Employee Per Month (Companies with under 50 employees)





Employee Benefit Hot Topics

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Employee Benefit Hot Topics

- Health Plan Funding
- Provider Network Management
- Reference Based Pricing

Health Plan Funding

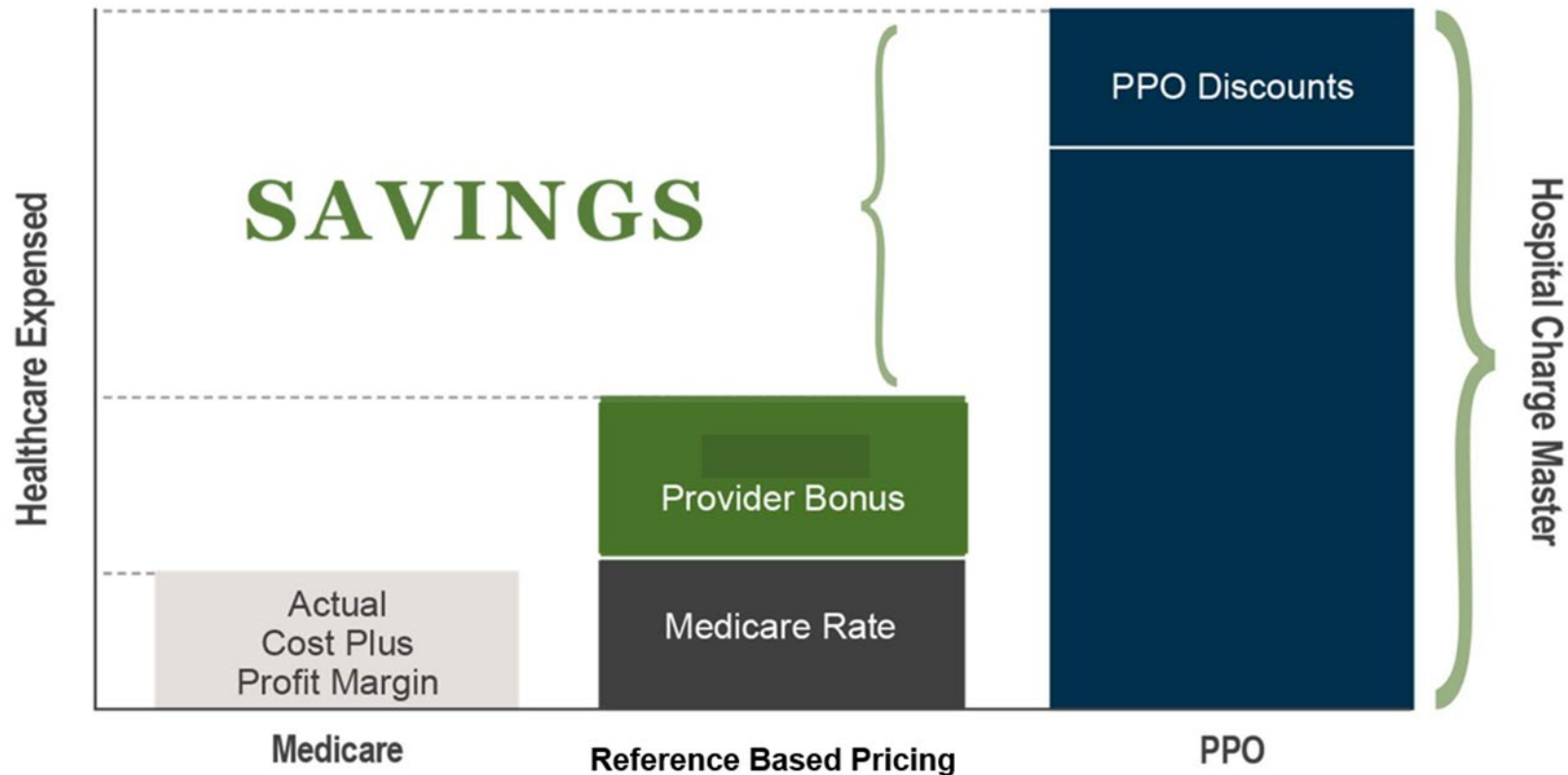
- Traditional Fully Insured Contract
- Level Funding
- Traditional Self-Insured Contracts with Stop Loss
- Stop Loss Captives

Provider Network Management

1. Someone had to graduate last in their medical school class, right?!
2. How can employers' benefit from steering employees to the most cost-effective physicians in hospitals?
 - Anthem Blue Connection
 - Aetna Simple Pay
 - UHC BIND
 - UHC Premium Networks

Reference Based Pricing – Must be Self Insured

Provider Reimbursement Model



Questions?



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Sponsor Recognition



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