

Figure 7
Partnerships: (Average Profile)
 (3.7% response)

| | |
|---|----------------|
| Average Number of Offices | 1.73 |
| Average Number of States Covered in Territory | 4.85 |
| Average Number of Manufacturers Represented | 11.27 |
| Average Number of Salespeople | 3.55 |
| Average Number of Agencies with plans to add to their sales staff in the next 12 months | 39% |
| Average Number of Office Staff | 1.73 |
| Years in Operation | 15.42 |
| Average Age of Principal Owner | 50.55 |
| Gross Revenue in 1986 | \$ 243,172.41 |
| Gross Sales | \$3,309,534.48 |
| Agency Net | \$ 131,078.95 |
| Principal Owner Net | \$ 58,401.81 |
| Partner Net | \$ 44,686.84 |
| Established Agency | 85% |
| Acquired Agency | 15% |
| Result of a Merger — yes | 21% |
| Representing Foreign Manufacturers — yes | 55% |
| Selling Products Overseas — yes | 3% |
| Planning to become involved in international trade — yes | 21% |
| Agency provides warehousing | 39% |
| Agency with a showroom | 12% |
| Agency acts as a distributor | 39% |
| What major markets do you sell to? | |
| OEM | 39% |
| Wholesale/distributor | 70% |
| Capital equipment in primary market | 18% |
| Retail/mass merchandisers | 18% |
| Capital equipment-manufacturing | 6% |
| Government/municipalities | 6% |

Figure 8
Sole Proprietorship: (Average Profile)
 (26.05% response)

| | |
|---|----------------|
| Average Number of Offices | 1.18 |
| Average Number of States Covered in Territory | 4.25 |
| Average Number of Manufacturers Represented | 7.94 |
| Average Number of Salespeople | 1.95 |
| Average Number of Agencies with plans to add to their sales staff in the next 12 months | 38% |
| Average Number of Office Staff | .86* |
| Years in Operation | 9.88 |
| Average Age of Principal Owner | 46.89 |
| Gross Revenue in 1986 | \$ 117,700.70 |
| Gross Sales | \$2,137,419.91 |
| Agency Net | \$ 53,611.60 |
| Principal Owner Net | \$ 51,985.92 |
| Partner Net | \$ 32,838.71 |
| Established Agency | 84% |
| Acquired Agency | 9% |
| Agency is the result of a merger | 1% |
| Representing Foreign Manufacturers — yes | 35% |
| Selling Overseas — yes | 7% |
| Planning to become involved in international trade — yes | 18% |
| Agency provides warehousing | 15% |
| Agency with a showroom | 5% |
| Agency acts as a distributor | 29% |
| What major markets do you sell to? | |
| OEM | 75% |
| Wholesale distributor | 46% |
| Capital equipment in primary market | 13% |
| Retail/mass merchandisers | 13% |
| Capital equipment-manufacturing | 21% |
| Government/municipalities | 15% |

*Since most of the sole proprietorships are operating out of their homes they do most of the office work themselves.

□ The Agency as a Partnership

Only 3.7% of the respondents are operating as partnerships. The numbers in Figure 7 pretty much speak for themselves, but it's worth noting that partnerships represent more of a state of mind for their owners than anything else. Many people just starting out in the agency business feel that having a partner will make it a little easier for them. In essence, they are usually a little unsure of themselves, and feel that the presence of a partner can add a dimension of safety. This is often true in the early stages. However, partnerships are often characterized by stormy relationships as the business grows. It's hard to say why a 50% partner feels any differently than does a person who owns 50% of the shares of a corporation, but this seems to occur.

When the partnership relationship falters to the point of dissolution, the business must be dissolved and reformed when a partner leaves. All in all, there really aren't many advantages to the partnership unless the individuals are very well suited to each other. (Figure 7)

□ The Sole Proprietorship

The sole proprietorship is nothing to sneeze at in terms of income to the agency and to the owner. However, it's a form of ownership that has very little built into it to foster continuity. And it's a form that leaves the owner open to all sorts of liability actions, given the litigious nature of some business people today. Despite these seemingly significant drawbacks, a surprising 26.05% of our respondents operate under this form of ownership.

We suggest that if you are operating as a sole proprietor you ask your accountant if there are any advantages in changing to another form under the new tax laws. (Figure 8)