

Figure 5
Corporation: (Average Profile)
 (58.8% response)

Average Number of Offices	1.60
Average Number of States Covered in Territory	5.30
Average Number of Manufacturers Represented	10.28
Average Number of Salespeople	4.03
Average Number of Agencies with plans to add to their sales staff in the next 12 months	46%
Average Number of Office Staff	1.50
Years in Operation	16.78
Average Age of Principal Owner	49.65
Gross Revenue in 1986	\$ 362,693.18
Gross Sales	\$5,349,249.83
Agency Net	\$ 56,787.88
Principal Owner Net	\$ 70,278.69
Partner Net	\$ 51,342.38
Established Agency	77%
Acquired Agency	19%
Result of a Merger — yes	4%
Representing Foreign Manufacturers — yes	45%
Selling Products Overseas — yes	11%
Planning to become involved in international trade — yes	17%
Agency provides warehousing	36%
Agency with a showroom	9%
Agency acts as a distributor	48%
What major markets do you sell to?	
OEM	54%
Wholesale/distributor	48%
Capital equipment in primary market	24%
Retail/mass merchandisers	13%
Capital equipment-manufacturing	29%
Government/municipalities	16%

Figure 6
Sub Chapter-S Corporation: (Average Profile)
 (11.6% response)

Average Number of Offices	1.31
Average Number of States Covered in Territory	5.43
Average Number of Manufacturers Represented	10.32
Average Number of Salespeople	2.60
Average Number of Agencies with plans to add to their sales staff in the next 12 months	3.48%
Average Number of Office Staff	1.38
Years in Operation	13.13
Average Age of Principal Owner	50.84
Gross Revenue in 1986	\$ 184,377.92
Gross Sales	\$3,741,468.24
Agency Net	\$ 35,309.96
Principal Owner Net	\$ 50,826.78
Partner Net	\$ 41,646.03
Established Agency	83%
Acquired Agency	16%
Result of a Merger — yes	2%
Representing Foreign Manufacturers — yes	52%
Selling Products Overseas — yes	9%
Planning to become involved in international trade — yes	11%
Agency provides warehousing	25%
Agency with a showroom	7%
Agency acts as a distributor	42%
What major markets do you sell to?	
OEM	56%
Wholesale/distributor	44%
Capital equipment in primary market	27%
Retail/mass merchandisers	16%
Capital equipment-manufacturing	31%
Government/municipalities	12%

□ The Sub Chapter-S Corporation

You will find very little variation between the conventional corporation and the Sub Chapter-S corporation other than sales and income figures, and number of salespeople.

The conventional corporation has about twice the number of salespeople on staff. And 46% of those with conventional corporations plan to add to their staff. By contrast, only 3.48% of those with Sub Chapter-S corporations plan to add staff. This seems to say that those who are using the conventional corporate structure are far more interested in expanding their businesses. It also suggests that the Sub Chapter-S structure might be used mainly as a way to limit liability of the owner. We have no way of arriving at this conclusion from the numbers alone. But from comments we have heard over the years by those who have chosen a Sub Chapter-S format, this appears to be a good bet. It remains to be seen whether the new tax laws have any effect on the use of the Sub Chapter-S form of business ownership.

With half the number of salespeople, the Sub Chapter-S corporation enjoys about half the gross revenue of the conventional corporation. However, and this is interesting, the net to the owner of the Sub Chapter-S corporation is only about 30% lower than the net to the owner of the conventional corporation. If your criteria for success is based on the kind of analysis that includes an input/output calculation, you can't escape the conclusion that those running Sub Chapter-S corporations are definitely doing well. Their actual take-home dollars may be less, but this would seem to be more than offset by the lesser number of responsibilities they have with the operations they are running. (Figure 6)