

CEO University

Atlanta executives share how their alma mater helped them achieve success

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Power to the people

Voluntary benefits company
makes huge strides
by altering course

By Michael Hunter
STAFF WRITER

In the current economic climate, consumers are faced with banks that have raised their credit standards for borrowing and credit card companies that are reducing lines of credit. **Purchasing Power LLC**, an Atlanta voluntary benefits company, offers a solution that lets companies put buying power back into their employees' hands. The company allows employees the opportunity to purchase new computers, electronics and home appliances using the convenience of payroll deduction as the repayment method.

Since signing its first Fortune 500 company in 2002, the company has grown exponentially. Revenue grew by

153 percent from 2005 to 2008 and the company expects to boost its revenue by another 30 percent in 2009. Since 2003, the company has generated more than \$250 million. The company has also doubled its workforce since 2006, from 47 to 106 employees. The company currently serves almost 8 million employees through agreements with 150 companies in all 50 states. In the metro area, Purchasing Power has contracts with Newell Rubbermaid Inc. and Children's Healthcare of Atlanta, among others.

While everyone is aware of traditional employee benefit programs like health insurance and retirement accounts, voluntary benefits

have become increasingly common in the workplace. Originally, these were additional forms of insurance: long-term care, disability and critical illness. In recent years, voluntary benefits have grown to include such diverse options as gym memberships, prepaid legal services, pet insurance and purchase programs. Purchase Power has simply extended benefits to

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Tangible benefits: Purchase Power CEO D. Keith Calhoun and Director of Operations Eleanor Fulton have helped the company grow by 50 percent.

Power to the people

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include electronics and appliances.

The company was founded in 1999 as a trunk sale business. A trunk sale is a special sale in which vendors present merchandise directly to specific customers at a unique venue, often on as a fundraiser on behalf of a charitable organization. CEO D. Keith Calhoun was brought in by the company's founders to help them make the transition to the Internet. Instead, he revised the company's business model to its current payroll deduction plan and set about finding a way to market the concept.

"Early days, we were looking for any way we could," Calhoun said. "We realized we were dealing with [human resource] people who already had a relationship with insurance brokers."

Insurance brokers proved to be the best way for the company to get their service in front of benefits managers.

"Anyone who is selling medical benefits is selling other products," Calhoun explained. "We had two or three brokers see the value immediately."

Currently, the company has agreements with all of the major employee benefits consultants.

The newness of the concept gives brokers a reason to call upon their clients, according to Elizabeth Halkos, vice president of sales and marketing. "One of the reasons we have been successful is that we are an innovative program that gives them a chance to re-energize their relationship with the employer-client."

The way the program works is simple. Eligible employees choose products from an online catalog and place an order.

"Every company would like to be a billion-dollar company. I can see us getting there."

D. Keith Calhoun
Purchasing Power LLC

Within 10 days, the product is in their hands. Payment is by payroll deduction over the course of 12 months, with no interest or late payment fees. "It's an excellent budgeting tool for employees," said Halkos. "A disciplined way of purchasing."

Purchasing Power vets each individual company, checks out their turnover rate

and sets a period of time an employee has to have worked for the company to be eligible to purchase.

"We do not underwrite individual credit," said Calhoun. If an employee leaves a company before the repayment period is up, alternative arrangements are made. "We've been very lucky so far. We don't have a lot of issues with that," said Calhoun.

Once a company has signed an agreement with Purchasing Power, the company spreads the word through benefit fairs, employee newsletters and e-mail.

"Any way we can reach the employees," said Calhoun, adding it's important not to disrupt the workday. There is no cost to employers for offering the program beyond the soft cost of implementing the payroll deduction, which is no different than any other payroll deduction. "We learned a long time ago we need to make this as easy



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as possible," said Calhoun. The company currently only offers the program to large employers with 500 employees or more, but is planning to service smaller businesses by the end of 2009.

Computers are the most popular purchase, making up 60 percent of the company's sales.

"This was built around the idea that computers would be the communication tool of the future," said Calhoun.

Seventy-five percent of respondents to the 2009 MetLife Study of The American Dream survey named access to the Internet at home as a necessity, not a luxury.

Adding value: Through Purchase Power, employees are able to pay for electronics and home appliances through payroll deductions.

Employers also benefit from a computer in the home.

Calhoun attributes Purchasing Power's success to its win-win formula for companies and employees. "Corporations saw the benefit of giving their employees access to computers, and employees saw this as an affordable, alternative way to pay for them," he said. The reduction in stress to employees that comes from their ability to purchase needed items also benefits employers.

Halkos noted that a survey conducted by the company has shown a 90 percent customer happiness rating and 50 percent of customers do repeat business with the program.

As for the future? "Every company would like to be a billion-dollar company," Calhoun said. "I can see us getting there."

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