

George, the Eternal Optimist

By Chris Burand

George had hit the wall in 1992. He couldn't produce any more than he was already producing. Most people would have said it was time to hire a producer. George thought otherwise. He figured a producer would cost him money and he had his spending priorities already set. Besides, the money would have to come out of his pocket because the agency did not have any capital. George always outsmarted the IRS by bonusing himself almost all the agency's profits every year to avoid double taxation.

His companies wanted more production though so he couldn't just sit on his book. So George came up with a better idea than hiring producers. He announced to his CSRs, "Start cross-selling and I'll pay you \$15 for every cross-sell." Paying CSRs for sales would not cost him a dime because he wouldn't pay unless they sold something (and he would not incur an initial salary while a new producer got started). The CSRs promptly guaranteed they would start cross-selling, tomorrow. Three months later, George looked at his flat sales and scratched his head. He asked his CSRs why sales were flat. They told him none of their customers had called and asked for additional insurance!

George then implemented a program for them to actually call clients. Four months later his company marketing reps asked why sales were flat. He assured them all would improve when the CSRs started selling. When the CSRs didn't ever start cross-selling (successfully), he asked them what was wrong. They told him they didn't like to sell and didn't know how to sell. He had forgotten they might need some sales training.

George went to the state convention later that month and because it was raining, he attended a presentation. The speaker suggested the best course was to hire a producer and train them from scratch. He saw the point. Easy enough to do with the right resources but the agency did not have any money. George also did not want to give up any part of his lifestyle, as few people do. He drove a very nice car which salespeople need to impress clients. He had the country club membership required for selling on the golf course and a big house. He also paid his staff very well.

Being pressed for more business, he decided to give up part of his paycheck anyway and hired an experienced producer so he would not have to subsidize him for long. George hired a former company marketing rep. who had been laid-off after twenty years with a company. The producer came to work Monday, George showed him where to sit, introduced him around, showed him the restroom and coffee machine. A CSR showed him the automation system that very morning and he was ready to start.

George and the producer had a meeting a few months (actually 15 months) later. The producer's severance had expired and he was starving. George had hired him on a small salary plus commissions because they thought he would make enough sales before his severance ended. George told him, "Hang on. It'll just take some time." The producer said he needed some training and money to survive. George had always meant to get around to training him, so he

said he would come up with something soon and he would increase his small salary. Because George is an eternal optimist, he knew sales would start picking up that very afternoon so cutting expenses was out of the question. George also drew down some of his cash accounts (i.e., trust account) for the producer's raise. After all, the producer's dry spell was only temporary.

A few months later, in the fall, the company reps began showing up pressing for growth commitments. Times were tough with the soft market and all. George turned some of his accounts over to the producer to supplement the producer's income and to give George room to write more. Prices were falling fast though and George was not as aggressive as he used to be. His lifestyle was conspicuous so a few more withdrawals were made. His bookkeeper warned him about having a trust ratio of less than one but she didn't understand the needs of an agency owner. Besides, sales would soon skyrocket with the producer starting to get customers.

The months rolled by and the market stayed soft. New sales came in but with prices diving, the agency barely stayed even. He saw that most agencies were still growing but his market was softer than any other in the country so staying even was quite an accomplishment. Wages and other expenses rose. Times were tough as all the agents at the state convention commiserated. Only if the market would harden.

Another year passed and the marketing reps again began their annual parade into his office. The meetings went a lot like the last several years' meetings with George promising to hit unrealistic goals the company set. The meetings got him thinking about sales though. His producer's sales hadn't increased much after he had sent him to that one day sales school in April. He would start spending more time with his producer in January. The holidays were a bad time for starting anything new.

George started going on sales calls with his producer in March. His producer was indeed good with customers and prospects and he had good technical knowledge. Sales failed to result though. Their relationship grew weaker as both became frustrated. In November the salesman left. He had built his book to \$110,000 in commissions, including what George had given him, over the last four years. George wanted to hire someone else but everyone with experience wanted \$50,000 to live on while they got started and 40% of renewals.

George is still looking for someone today. He needs a producer. He has worked hard and wants to relax a little. He still doesn't have the money to pay the going rate though and because George financed his last producer through his trust fund and hasn't repaid it yet, he cannot afford that route again. He hopes to find a great producer willing to work cheap and one that can immediately succeed. Sometimes he thinks about leaving some money in the agency but something else always comes up and besides, who wants to pay double taxes? Meanwhile, he keeps looking for a way to grow. After all, sales will begin rolling in tomorrow!

Chris Burand is president of Burand & Associates, LLC, an insurance agency consulting firm. Readers may contact Chris at (719) 485-3868 or by e-mail at chris@burand-associates.com.

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