

What's in a Name?

By Chris Burand

“What’s in a name? That which we call a rose by any other name would smell as sweet.”

~William Shakespeare

Cheech and Chong had a funny comedy routine built around the concept, “If it looks like s%!#, if it smells like s%!#, it’s got to be s%!#.” A similar sentiment is conveyed by the modern version of an 18th century expression: “You can put lipstick on a pig, but it’s still a pig.” And like putting lipstick on a pig, many agency owners try to make producers out of employees simply by giving them the title “producer”. Even if these employees are not producing, they are given the title “producer” — and voila! they are magically producers!

Once that title has been bestowed, agency owners will often go to great lengths to rationalize their producers’ lack of success. In some agencies, the rationalization is so obvious it reminds me of Garrison Keillor’s Lake Wobegon sign-off where all the children are above average (which is an obvious impossibility). It’s as if once the title is given, the owners have to convince themselves their producers are successful. Agency owners will rely on conversations they’ve had with people who know nothing about the situation and they will use the wrong benchmarks to prove their producers are above average. If the situation is really bad, they start giving their producers call-in and walk-in business. Then they give their producers business their customer service representatives (CSRs) can handle on their own. Then they give them house business. Then they give them personal lines books.

When agency owners start giving their producers the CSRs’ business, they’ll often rationalize it as, “It’ll free up time for the CSRs.” For what? To service more new business the producers are not producing? When agency owners start giving them their own business, they’ll rationalize it as, “It’ll free up more of my time.” To do what? Rarely have I seen 55-65 year old agency owners give away chunks of their book and then replace it with all new sales. It happens, but rarely. Or another rationalization is, “They just need more experience working with clients.” What have they been doing the last 10 years?

I’ve also found it interesting how many of these same agency owners want their agencies valued high, like a high performance agency. But high performance agencies have producers who can sell. Rather than hiding behind a false title, doesn’t it make more sense to manage people better? Doesn’t it make more sense to give people appropriate titles? This means giving the title “producer” ONLY to people who do produce.

A problem with a generic title is it carries expectations and cost. No agency is going to achieve true success until the owners recognize and accept reality. If their producers cannot produce, they should not be producers. Even if the agency cannot find anyone who can produce, very often the better solution is to leave the position open. A huge number of agency owners though will never accept reality, so the opportunities for those who do get this point are great.

For those willing to try, a good place to begin is by recognizing and accepting that not all producers are created equal, and the differences are great, not small.

Next, recognize and accept that people with very different talents and skill sets should have different titles and pay scales. Let's get past political correctness and deal with reality. Just because that's the way it has always been is not a legitimate reason for not changing things going forward. The fact that producers may be paid commission rather than salary is no excuse either because it ignores the following realities:

1. Many producers, especially poor producers, are paid a salary whether the agency calls it that or not.
2. Many producers, especially poor producers, are *given* business upon which they earn commissions.
3. Agencies have *de facto* fixed costs to cover and producers have to generate enough of their own sales to cover those costs.

A first string quarterback makes more than a second string quarterback. This fact does not mean the backup quarterback is not important, just not as important. So why pay producers as if they all have the same importance to the agency? Why give a \$100,000 producer the same title as a \$1,000,000 producer? Why give them the same perks? Are you afraid of hurting their egos? How much is this worth to you?

The agencies that get this are doing much better in this economy than those that do not. The agency owners that understand this reality have historically saved enough money (by not wasting it on producers who cannot produce) so they can afford to continue to hire people who can produce. Their morale is higher because everyone in the agency is contributing and their higher morale contributes further to their success. Even when a producer who cannot produce tries hard to produce, morale is still injured because everyone sees the person is in the wrong position. This employee can only come into work with a great attitude for so long.

This does not mean a producer who can't produce is not valuable as a servicing producer or account manager. (Do not let any biases cause you to make the wrong decision just because the "producer" is male.) An agency can be successful with just servicing producers, but the model and cost structure must change.

Agency owners that get this have defined clearly what a producer is in their agencies. They do not give the same title to employees based on what they should do, but based on what they actually achieve. To me, a producer produces at least \$300,000 of his or her own commissions. It is inappropriate to call an experienced person who produces less than this a producer. Such a distinction pays huge dividends, including the ability to attract better people to the agency. Who wants to go to work at an agency where the future is limited because the producers can't produce? It is so much more fun to work on a winning team.

Title your people with appropriate titles. Don't let wishful thinking get in the way. Manage reality and success will follow.

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November 2011