

The Great Compromise

by Chris Burand

Kemmons Wilson, the founder of Holiday Inn, had a rule for business success. In his autobiography, *Half Luck and Half Brains*, he advises, "Work 12 hours a day. It doesn't matter which 12."

When I read this, it gave me pause to think about two things. First, a person that works twelve hours per day must give up a lot of family and friends time. Second, is his rule really applicable to most insurance agency owners?

Mr. Wilson later notes in his book that to be very successful, a person must give up a lot of things many people value. Coors beer used to have a commercial with a question, "Do you live to work? Or do you work to live?" When consistently working 12 hours per day, a person is living to work.

While consulting for agencies around the country, a general trend I have noticed over the last 15 years is that, generally speaking, older agency owners were much more willing to work twelve hours a day than younger agency owners today. Maybe this is because the older owners grew up in the Great Depression, maybe it is because they grew up with a stronger work ethic, or maybe it is because they, almost exclusively being men, did not feel they needed to participate as much in child rearing. Mr. Wilson was also part of this generation.

Younger agency owners seem to feel more responsibility for raising their kids which is a key reason they are less willing to spend so much time building their agencies. Even without kids though, my impression is that most are not willing to work such long hours (contact Chris Amrhein, a noted industry writer and speaker, at www.insuranceisfun.com or chris@insuranceisfun.com for his fascinating insight on this subject). I am not suggesting working only ten hours per day rather than twelve is a bad thing. However, not working twelve hours often presents two huge problems for agency owners.

First, eight hour days are almost always insufficient and many agency owners of the younger generation seem to think eight hours should be enough. Agency owners have too much responsibility. If working eight hours per day interferes too much with raising kids or a marriage or whatever else, I am afraid a very difficult decision must be made.

Second, I have worked with a number of agencies where the younger generation, or their spouse, expects to earn as much as the older generation without working as much. This conflict between desiring, and sometimes demanding, twelve hours worth of pay for eight hours of work can cause tremendous conflict between partners and families. It can also destroy agencies if the owners' spending habits exceed the agency's ability to support those habits.

Perhaps the solution is for the younger generation to be considerably more effective than the older generation. Few can do this, but it is possible. For example, producers who are selective in whom they write are much more successful. Most producers will sell any living entity willing to

say “Yes” or even “Maybe.” Successful producers, however, quit writing those customers who always pay late, are too small (unless they charge a fee in addition to their commission), require excessive service, or are just generally pain in the butt customers. It is not unusual to see books increase 20%-40% when producers and owner-producers do this. To put this in dollar terms, most agents will never run out of writing \$500 commission accounts. Even in rural America, \$500 accounts are plentiful. Therefore, if an agency’s average account is only generating \$300 commission, by eliminating a bunch of \$100 accounts and replacing them with \$500 accounts so that the average account size increases to \$400 the result is a 33% pay increase. Yet, when all is said and done, no extra work will result. There is no more work involved in servicing a \$500 account than a \$100 account.

The great compromise involves working smarter rather than harder. Of course, twelve hours of working smarter is always going to pay more than ten hours of working smarter but many people that worked twelve hours per day did, and do, because they are not working smart. Again, by working smarter, a lot of agents can generate as much revenue and profit by working ten hours per day rather than twelve.

Another way to achieve this is doing what The Strategic Coach program terms “finding your unique ability.” This means delegation! Delegation is something hard for many agency owners to do. Yet, if one delegates all but the most important responsibilities, profits can rise. For example, the average agency principal makes about three to four times more per hour than CSRs, so why would a principal do work a CSR can do? Is it not more profitable for the owner to only do the most important tasks? Another way of looking at this issue is considering your attorney’s fees. If your attorney charges \$200 per hour, do you want to pay them for typing a letter? The attorney might make more since they charge by the hour but agents don’t, so the only person hurt by unproductive activities is the agency owner.

Working smarter is the key for agency owners looking for the best of both worlds: shorter working hours and the compensation to match those who historically worked long hours.

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