

## **“Produce or Perish”**

By  
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Huh?

Anyway... there I was, blabbering-on about organic growth, sedating a prospective client with mind-numbing banter when all of the sudden it hit me in mid-sentence; “What am I saying? These guys don't have Producers, not a one” I said to myself; “Drones, maybe (no disrespect to Drones), but no-way do they have Producers, not a chance!” I wagered.

At first I thought I had landed in an episode of the *Twilight Zone*, but then I realized that I was in much worse shape. I realized that I had mistakenly landed on *The Island of Misfit Toys!*

Then, scenes from *The Stepford Wives* played in my head as the Sales Manager dispassionately used words like “wherewithal” as she railed against the unwashed practice of “Cold Calling”. Something she called “Positioning” and “Community Presence” seemed important to her, though I admit to missing the whole connection she made to customers paying the Agency's invoice.

I just sat there... mouth breathing. Tom Hanks, in *Philadelphia Man*, looked more alive than me.

I thought mythical Agencies like this had vanished into the ether; extinct manifestations of folklore and times gone quietly, as it were, “into that good night”. And I might have settled for the quaintness of it all, but for the fact that the P&C Manager sitting across from me was wearing a three piece suit! How did I miss the three-piece suit (jacket *and* vest!)? How could I have possibly missed that? I haven't seen one of those since my high school graduation picture!



I remember thinking, "Maybe you're here for a reason?" After that I remember waiting patiently, listening, and nodding. And, at the appropriate time, I remember the look on the President's face when I turned to him and ever-so gently asked, in my most gracious and respectful tone, "So...when's the last time you shot a Producer?"

Ahhh, the memories.

Have you ever had one of those moments, listening to the foursome ahead of you tee-off, when you realize that you just don't belong at that particular club, unaware that the foursome was thinking the very same thing?

Well, there they all sat, deflated and aghast at my brutish ways. I tried to explain that my question belies the unspoken quid-pro-quo of our industry, but I might as well have been speaking Latin, as in: door-nail dying dead Latin (See "Quid Pro Quo" above). I remember thinking, "Hey. They might actually speak Latin here?"

And just for fun, I was about to say, "***Experto Crede, ispa scientia potestas est***" (Trust the expert because knowledge is power) when I vaguely recalled promising my partners at Hales, after that whole golfing fiasco, that I would "work on my people skills". So, I just left myself on "mute" as the dangling participle I had hung in the Board room about "shooting" Producers, loomed overhead. Before long, I remember standing in the hallway in front of the elevator.

As I longed for the elevator, "Ping," I remember telling the President that my Partners would be happy to represent him if he decided to sell. I recall his surprise. "I'm sorry?" he asked. "Did you say 'sell'? I'm not certain you got the right impression Dan. None of us even mentioned being for sale. We are definitely not for sale," he said perplexed by my take on the meeting.

"No...I heard you," I politely replied offering my hand-shake 'good bye'. I won't forget the look on his face as the doors shut. The very next day, he sent a polished email of "thanks" which he copied to several others who I had not met that contained the phrase, "I was struck by your remark yesterday as you left....(blah, blah, blah)...give me a call".

He "knew" alright.

That day, I was but one step in a process to help him awaken his Board (which he confirmed when we spoke). He knew that the firm had long-since passed its ability to meet the challenges in the coming years...most "notable" of course, was the "note" he was due when he retired next year!

And, as you know by now... ***That got me to thinking...***

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### **It's all about "Who"**

Now, "Who" is a very hard place to start which is why most agency leaders concentrate on "What" or obsess about "How" which invariably leads to a preoccupation with "When" and "Why". In fact, "How" can justify many a fine lunch, but heaven forbid if you go into "Who" over a Chicken Cesar. That's like "talking about others behind their backs" or something isn't it?! In fact, almost anything but "Who" will do!

Why? (See *how* easy it is!)

That's because, with rare exceptions, agency owners are all alike: You hate Management!

You may "run the place" and your card may read: '*El Presidente*', but when a Producer introduces you to a prospect as "Management", you frame a smile without letting-on you're going to give him a Gillyooly (knee- cap him) when you get back to the car!

Most owners *juuust* hate everything about "management". They hate the word 'management' almost as much as they hate the HR lectures that go with it. They especially hate pretending to listen to those lectures. Slicing the ball thru the club-house window and cold-cocking Mrs. Feeble at the Woman's Auxiliary luncheon is less conspicuous than an Agency's CEO fidgeting around with "personnel issues". It's down-right embarrassing. (But enough about my infamous golf outing.)

Here...pick one:

1. "Hey Boss! Would you like to join me on a new business appointment?"

OR

2. "Hey Boss! Did you document your conversation with Steve about his numbers?"

Agency owners hate the "noise". They hate the year-end Producer true-ups. They hate budgets. They despise workflow discussions. They hate the sound of "progressive disciplinary action", even if they have no idea what it means. And employee evaluations...salary reviews! Are you kidding me?! Water-boarding is a better way to spend the afternoon! Ex-Nuns with "issues" are better lunch-company than an HR manager with a list she's been saving-up!

You think I'm wrong? Just look at the face of "Mr. Big" first thing in the morning as he surfs thru a tidal-wave of emails from well-intentioned subordinates who swamped his inbox (after he cleaned them all out the night before). He looks like his mother-n-law just came to town!

And nothing chafes the Agency's CEO/President/Sales Manager/"Mr. Big" as much as, "We need to talk about Producer X, Y or Z". Agency owners aren't stupid ya' know! They know that talking about stuff can sometimes lead to other things and agency owners hate that kind of "stuff".



And so, to all of my compatriots who so cursedly led a past life that they re-incarnated into this one, as the Agency's "President", the voices of the ancients have just one thing to say...too bad! No one cares how much you hate it. You volunteered for the job, you're in the top 5% of all income earners in the country, and I'm not even counting your "equity play". You're not only paid to do it, you're paid a boat-load to do it well, and do it every single day! If you're lousy at it or procrastinate everything distasteful then; take a little less home each year, hire a really good leader who reports to you, and get out of his/her way! (Shouting implied.)

(Do I have your attention now? Good! Sorry about the drop-kick. HR sent me.)

There's only one place to start and never, ever attempt to work on anything else...People. What's that you say? Fine...don't listen to me. Just take ol' Waldo's advice. He's semi-sort 'of more infamous than any of us will ever be:

***"Do what you fear the most" - Ralph Waldo Emerson***

There's only one place to start if you're serious about managing the agency's affairs and it's not "at the beginning". It's: ***Compensatio***. (*Don't pretend you can't read Latin!*) And, if you're going into the bottom of the abyss, then you need to start at the top: **Producers**. (That includes the one's with stock who might be able to vote you out...which you already know.)

If I had a dime for every time an Agency CEO or Board confided in me that after years of rationalizing he/she/they have finally stepped-up to a non-performing or under-performing Producer I'd have, well more than ten cents. And they say it with such pride! Which always seemed so weird; because all the time they're telling me about this-or-that I just keep thinking, "Why did you wait so long?" Occasionally (OK...usually) I wonder, "Why didn't you keep going?"

Apocalyptic comets whiz-by our ionosphere more frequently than Agency owners confront the idea of dumping a Producer who's been processing oxygen and collecting W-2's past the point of obvious (to absolutely everyone). If that Producer has stock, it's almost never discussed! It's amazing and it's true and almost always postponed past the point of damaging Leadership's credibility.

Ironically, the mime you refer to as a "Producer"; who never says a word, never causes problems, never upsets the staff, never causes a fuss along with never writing new business is the one "Producer" many Agency Presidents protect by reasoning, "He doesn't cause any problems. He's on a pure split so he's not costing us".

Eee' Gad!

And why is this avoidance behavior so prevalent? (You're not going to like this part.) It's not compassion. It's almost always "guilt", compounded by a legacy of "habit", and a pair of weak knees under the CEO's desk. Now I know that sounds harsh. OK, really harsh. And I really tried



to erase that last part, but I just couldn't bring myself to do it. Not when staff have to listen to "tough times ahead" in salary reviews.

Producers fail. It happens.

If they consistently fail in your shop, then you're the problem. Stop being the problem! Better you should give-up on the idea of bringing-in new blood (which many firms do) by rationalizing; "new Producers are hard to find" than continue to repeat the failures until fate, the gods or the law of random pattering (Physics ...though the term seems like an oxymoron to me) produces a "Producer" in your midst.

What's so weird is that most/many Agencies test their candidates, if for no other reason than, to shake-down a Carrier to help fund the new Producer. How can any of those dead-ringers fizzle-out? When they do, did you email to the evaluator asking for your money back? How many of you take that same evaluator's advice time and time again?

### **We need professional help**

Why don't consultants talk about this? It's like a CPA not mentioning TAX! Why don't we find this topic plastered in every trade journal every issue? ***Produce or Perish!*** It's the double-helix of our industry's DNA and "mums the word"! **Ex'nay ix'nay on shoot'eray Ex-Producer'ray?** (Pig Latin.)

Well, I'll tell you why and some of our colleagues won't like what I have to say. "They" don't mention it, because *they have never done it!* Which begs the question, "Why do you spend \$20,000 a year on someone who has never; sold insurance, run an agency, met a sales goal, missed a sales goal, lost a renewal, bought stock with cash and groceries on credit; and, oh by the way, hired and fired a Producer, some of whom have stock and a few friends in the joint who wonder if they are next?"

Nothing is on the mind of an Agency Leadership team more than the Production Team and when you seek the advice of the high-priced consultant, guess who swallows the olive and chokes? The daring ones bring-up "tweaking your comp plan", as if that really mattered. (It doesn't by the way. No comp plan will motivate the right behavior from the wrong person.)

On a visceral level, most consultants have no idea what it's like to build a book. You do! You've done stuff. They've read stuff and compared stuff. Most of the stuff they write is good, but who are you going to listen to when it comes to Producers? Are they any more credentialed than the "evaluator" on the sales aptitude test? Ask this before hiring a consultant. "Have you done my job... any job, in fact, inside an insurance agency?" If they answer "no", then why would you pay them to tell you how to do it?

Now the scientific method requires me to conduct a double-blind test, so if I'm wrong then how come those same Sales Aptitude Test Evaluators score a perfect "10" with the shop across town



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that has no less than three newbie Producers on the ramp stealing accounts from everyone in town at any given time?

Folks...it's what happens after you hire them! The Sales candidate doesn't have to be spectacular. YOU DO!

The guys across town (The senior guys!) literally put their livelihoods on hold to mentor, train, teach, guide, protect, bail-out, and mold the new hires, then eventually it becomes a cultural value supported by everyone (including the CEO who ultimately pays real money to a senior person to keep it up), because the owners are grooming the next generation of *stock buyers!* And, along the way, those very same youthful stock buyers and elder stock holders are driving the value of the stock higher and higher!

In the best firms, it is how everyone gets their start and it is how everyone gets to finish. In the best firms they don't ask, "Can this dude sell insurance?" Instead they ask, "Can this dude buy stock?"

### Agency Op's IQ Test:

If a tenured Producer who owns meaningful shares of stock and carries a \$900,000 book, makes \$450,000 with perks, yearend distributions, dividends, car, and all the stuff; and then writes another \$150,000 a year, loses \$100,000 in rate and attrition...is he/she better-off than the same Producer who helps grow the Agency's stock value 5% by mentoring young Producers?

Trust Mr. Math. By the time the growth component hits the firm's contingency calculations; the firm gets the best Underwriters; CSR's and Account Managers are flocking to join the Agency, your competitors are so busy circling the wagons that they hardly ever call on your accounts; and the smirk you gave Mr. Cheapshot at the convention last July after he made such a fuss over the account young Sky Walker (your favorite young Producer) took on BOR...you're almost (but not quite) going to forget about the rising stock value, especially when your "other equities" have performed so well in the stock market last year!

CEO's who understand this will use "plateaued" senior Producers to drive the next generation, their top line, and their stock price ever higher, even in the dumpster fire of today's economics. Give that CEO a bonus!

**Of course Senior Stockholders are better off growing the pie! They get the difference between a "big book" and owning a part of the Library!**

Besides, who looks better than you at the state convention all dressed-up in "smug"?! You're even thinking about ceding some of your faintly familiar small accounts, just to help pay for the new kids!



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Ahh...if only we could lay our hands upon their aching heads... to have them fall to the floor flapping about like carp on a dock...True Believers! Converts saved with the everlasting knowledge that in pouring their souls into new Producers, then....well...then I guess guys like me would be out of a job! Thank heaven agencies don't heed the word!

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