

If Producers Could Produce

By Chris Burand

How much wood would a woodchuck chuck if a woodchuck could chuck wood? Or for agencies, how much production could a producer produce if a producer could produce?

This is neither a rhetorical, nor cynical, question. It is a serious question. The answer to which a huge proportion of agency owners and managers have neither good answers nor expectations.

A few months ago I gave a speech on this subject. An agency owner came up to me during a break and asked to clarify something I said. He said, "So, you're saying a producer needs to generate at least \$150,000 just to break even in the best case scenario?" I said that in the best case scenario, \$150,000 commission might be breakeven. His response, "\$150,000 commission? I thought you meant \$150,000 premium! Hah! \$150,000 commission isn't possible in five years or even 10 years. It took me 20 years to build a \$150,000 commission book! Your standards are ridiculously high!"

More recently, an agency owner told me he was "proud" of his producers who, on average, had 10 years of experience and wrote only \$150,000 each. That is far below the norm and yet it is far better than what the owner in the previous example thought possible.

According to the new Producer Profile by the National Alliance Research Academy, the average commercial producer has between \$300,000 and \$350,000 commissions. It varies by age, location, experience, agency size, and other factors, but the overall average is \$300,000 to \$350,000. Should an agency owner be proud of producers who are not even doing half of the industry average?

So how much production can a producer produce if a producer can produce? Before going further, let me clarify the question by stating that it does not matter how much new business a producer generates. New business only matters relative to retention so both metrics combined or a net new measure can be used.

Another agency owner expects all of his experienced producers to grow their books by at least \$50,000 annually, even in this soft market. The producers are doing it, too. These producers' books all exceed \$500,000 commission. How much can a producer write at \$50,000 net new annually before reaching a reasonable capacity? Well, if the average is \$300,000, then on a normal curve, good producers should achieve \$500,000 without much stretch.

Agency owners like the gentleman who thought \$150,000 is unrealistic are really saying, without realizing it, that they know their producers can't produce. So the question is no longer, "How much can a producer produce if a producer can produce?" The question now is, "How much can a producer who can't produce, produce in my agency?"

Agency owners are often defensive when presented with proof their producers cannot really produce. They know their producers can't produce, but they are not going to admit it to anyone, much less themselves.

I have even seen owners spend hours trying to dig up research or calling everyone they know to get someone to tell them their producers are OK. Every reader knows that if you call enough people, especially company people who want your production, you will eventually get someone to tell you that your producers are good, even if they are not good. For some reason, many agency owners desperately prefer to maintain denial.

This behavior is rampant in this industry. Can you think of any other situation (other than government) where someone would say they're proud of producers producing less than half normal? Is an NFL running back getting 50 percent fewer yards than average going to last long? Is an outfielder batting .125 going to last long? Is a CEO who continually fails to grow his firm and/or loses money going to last long? How many people in other sales professions last when their sales are less than half normal and not even improving? How many other managers are going to defend like a wild female animal protecting her offspring, sales people who barely get to 50 percent of average as successful?

These producers just may be in the wrong job and/or the agency is doing a horrible job of managing their sales effort and training. If it is the former, why defend someone who is failing in a job they should not be in anyway? If it is the latter, then the agency should fix it. If they really are good producers but their numbers just don't show it, management should be able to fix it.

So, readers, if you know your producers are not making the grade, what are your emotions? Are you angry at me, the author, for suggesting unrealistic expectations? If so, barring a program, you're in denial or your agency is mismanaged.

If you are reading this and recognize \$500,000 is feasible if your producers really can produce, then what are you doing about it? When I say \$500,000 is feasible for a good producer, I am not implying that all producers have to be good. If you have a bunch of "B" producers all doing \$350,000 to \$450,000 of their own business (not given and not business they only contact at renewal every few years), you are in far better shape than most of your competition (excluding large agencies and brokers). But if your producers are all average or worse and you know it, what is the agency's true future without improvements?

Are you reading this thinking that your producers are good producers but they haven't been given a truly fair opportunity because the agency lacks a true sales management culture? Then it's your job to fix this, which is easier said than done. But every solution starts with one small step. What is the first step to fixing this? Even if fixing sales management is overwhelming, remember, by doing so you have a huge competitive advantage over all your competitors who are still sticking their heads in the sand and denying reality!

If your producers really can't produce, are they really producers? If not, why continue to employ them? If your producers really can produce, how much can they really produce if you have good sales management and high, though realistic, expectations and goals?

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June 2011