

Producers and Quarterbacks *by Chris Burand*

I have heard many agency owners announce they “were going to quit hiring new producers because they always fail!” This would be like a pro football team not drafting any more quarterbacks because their last one was a failure. Both have high new-hire failure rates but agencies must continue to develop producers just like football teams must continue to develop quarterbacks.

While agency principals must accept that some new hires will not work out and work to resolve the issue, this is not the same as continuing to employ lousy producers. Agencies employ too many lousy producers (experienced producers with books less than \$200,000 - \$250,000 commissions). Many owners keep lousy producers just so they can say their agency has a producer and/or because the owner is too nice to fire the producer and/or because the owner does not have confidence (which may or may not be justified) that their staff can handle a small book without a producer.

A better alternative for most agencies is to methodically let go of weak, experienced producers. Agency profit margins are too thin to waste time, energy, and money on producers that have never, and probably will never, produce. That time, energy, and money is better spent on developing new producers.

A good analogy is the San Diego Chargers. They spent an expensive #1 draft choice on Ryan Leaf. But when he did not work out, the Chargers had the courage to cut him relatively quickly. They cut their losses so they could move on more swiftly and now they have a bright young quarterback in Drew Brees that seems to have a great future. Many insurance agencies should follow their example and consider cutting their much experienced producers that still do not generate at least \$200,000 in commissions.

Such an approach though might send some agencies into an endless spiral of hiring and firing which is expensive, time consuming, and wasteful--not to mention somewhat ruthless. Therefore, this approach demands one more key ingredient: Agency principals must take more responsibility for developing their producers. Many producers fail because agencies do a poor job training, educating, and developing their players. The Chargers even appeared to fall into that trap when they drafted Ryan Leaf. Perhaps they figured since Leaf was a superstar, he did not need much mentoring, guidance, and development. In reality though, he probably needed more of all these factors.

Agencies that continue drafting producers and spend the money, time, and energy developing these essential players will gain considerable competitive advantages. Agencies that have created detailed and methodical programs for developing producers are realizing incredible success. With this extra step, agencies can break the endless cycle of hiring and firing producers (or keeping lousy producers forever) because so many more producers succeed.

Drafting and developing a quarterback is expensive. It costs a lot of money, they require

considerable dedicated resources (what other single player has a coach dedicated to them?), they require considerable energy to motivate (and they must be motivated because they in turn must motivate all the other players), and they are usually high achievers moving into a difficult league where they may not succeed as easily as they have in the past. This requires an incredible devotion of time to build their confidence and teach them patience while their skills develop further. Even with all this extra work, the investment remains risky because of so many intangibles.

Without all this extra time and money, however, the risk of failure skyrockets. All these factors are just as true for producers as they are for quarterbacks. We can reduce the risk and cost with a thorough plan but we can never eliminate it entirely. That is part of the game, a cost of doing business. Accept it, make the best of it, and you will be set to take advantage of all those who say, "I'm never hiring a new producer (or at least never developing a new one) again." The choice to be made then is whether you will be developing new producers or making do with retreads and has-beens. Which path will you follow?

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.

NOTE: None of the materials in this article should be construed as offering legal advice, and the specific advice of legal counsel is recommended before acting on any matter discussed in this article. Regulated individuals/entities should also ensure that they comply with all applicable laws, rules, and regulations.

October 2003