

## ***First Isn't Always Best*** ***by Chris Burand***

Much has recently been made of the need to be first in introducing new products, new services, and adapting new technology. Many speeches have been given, even in our industry, worshipping the benefits of being first, or being the “first-mover” in industry parlance. I have been uncomfortable with such proselytizing because at its simplest, as it is usually preached, the first mover strategy ignores business basics, such as the need to have a very good product, a good sales force, adequate capital, and a good, if not great, marketing campaign. If first-movers have these characteristics as well, they definitely have a huge advantage, especially if they use their early entry to erect barriers to others entering their market.

Similarly, the phrase, “Build a better mousetrap and the world will beat a path to your door,” also overlooks those critical business basics. I took a class many years ago where the speaker provided an example of a better mousetrap—literally. The mousetrap was obviously better than those available in the stores. It was stainless steel (easy to clean), had a better snapping mechanism, and was much easier to set. Unfortunately, it was a total failure because the company lacked the sales and marketing ability required to sell even a better product.

A more timely example is Microsoft. Most comments I hear and reviews I read express the opinion that Microsoft does not have the best products. But they sell the most. If better products were the sole key, Microsoft most certainly would not be so successful.

The key is to offer the best total package. This does not mean one-stop shopping. Instead, it means to have the best package of products, service, price, marketing, sales, management, and capital. Historically independent agencies have depended primarily on salesmanship. With a good producer there was no need to worry about the rest. One good producer could carry an agency. While producers will always be critical, great producers are no longer enough and today, good luck finding even a decent producer. Agencies must provide the solid infrastructure required to make average or less than average producers generate significant profits. This means developing a total package, including the following:

- *Information systems.* Automation can significantly increase productivity, improve service, and help an agency operate with fewer staff.
- *Better support people.* More qualified support people can take on more responsibilities and free the best producers to produce even more. This means licensing CSRs and giving them responsibility for servicing and even renewing small accounts.
- *Marketing programs.* Success is possible with even average (or worse) producers if an agency develops target marketing programs, products, and services that have significant competitive advantages. Competitive advantages can reduce the need for great salesmanship.
- *Training programs.* So few trained employees are available today, agencies must begin

training people from scratch. I believe the ability to train people from scratch will be a key success factor. Training people requires more methodical procedures than many agencies have followed.

- *Capital.* Each of these items requires capital to fund them and with estimates that 40% of all agencies are out of trust, many agencies do not have the capital required to survive.

Like a championship sports team, success requires a total package. A football team with an exceptional defense will not win the big game unless its offense can also perform (Baltimore was the exception that proved the rule). In business, simply being first or simply having the best product is inadequate. Success requires the whole package. For agencies this means investing in information systems, better support staff, training programs, and marketing programs. It also means having the capital required to support these investments.

*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](mailto: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.

June 2001