A Mouse is a Mouse and a Lion is a Lion
By Chris Burand

Long ago, I landed my first real job. I was working for IBM and I remember thinking what a great company! They treated their employees very well, the benefits were great, and they seemed to really invest in their people. In return, their employees' blood ran IBM blue. This relationship between employee and employer was touted inside and outside the company as the key to IBM's success.

I am sure the relationship contributed to their success and I am still certain many employers could improve their own situation by adopting much of what IBM was doing back then (and I am sure many current IBM employees would say the same now for IBM). However, the relationship was not key to their success. It was an effect, not the cause.

The cause of their success was an effective dominance of the computer market resulting in extremely high profit margins which enabled them to spend a lot of money on employees. They did not spend the money first and get profit margins later.

Through the years, many retail businesses, including insurance agencies, have grown quickly because they figured out how to successfully lend money to their customers (by delivering goods/services but accepting payments later) while their competitors didn't. Their strength was not their sales people's abilities, and when they began believing it was, their growth slowed and their profits sank. Many pharmaceutical companies have great reputations for treating employees well and having excellent salespeople. Again, they run high profit margins and can afford this luxury.

I was working with an insurance agency that made a similar claim suggesting their success was the result of choosing great employees, treating them well, and paying them well. The truth was they had a great niche market enabling them to spend a lot of money on their employees and in reality, their employees contributed relatively little to the agency's success.

I have worked with several agencies that have achieved fantastic growth, and some have even received national recognition. When asked how they achieved such fantastic growth, they inevitably claim they have great relationships with their employees, they only hire great producers, their agency's teamwork is phenomenal, they really listen to their customers, etc., etc. An analysis of these agencies' financials and operations though shows the agency owners do not really understand their own success–or perhaps they are just not telling their true reason for success.

One of these "fantastic growth" agencies was growing significantly because they were basically giving away the first year of commissions, working for free. Another agency who touted their great "sales culture" was losing more accounts than they were writing every year but their acquisitions hid that fact and they apparently did not care to research it further. Another was successful simply because they had cash to buy enough other agencies at inflated prices, so they became the best acquirers in the industry! Another actually had a bookkeeper cooking the books to make things look good.

Understanding why we succeed is more important than understanding why we fail because with failure, in most cases, the most obvious alternative is to try to improve. With success, it is easy just to relax and coast. If an agency is successful but does not understand its success, there is a greater chance of failure. If an agency understands its reason for success, it has a better chance of maintaining it.

When IBM attributed too much of their success to their employees and employee relations, they lost track of where their industry was going, the shift to lower margin products, and the increase in services.

An agency with a great niche that focuses too much on its employees will eventually lose track of its niche. An agency that thinks their producers are great salespeople for making so many zero commission sales will be too slow to figure out what is happening when those accounts must renew at a much higher price to cover commissions. An agency that touts its sales culture, when none really exists, will not have a clue what to do when acquisitions can no longer camouflage their inadequacies. A broker that thinks it is a really great acquirer will be blind sided when they can no longer simply pay 25% more than anyone else for their acquisitions. And obviously, the agency who must one day correct their books will have a bad day of reckoning when they review their real results.

The most overlooked reason behind many agencies' successes is many agency owners do not understand that being able to sell is a very special strength. The difference is subtle between those that are successful in sales and those that are not. Great salespeople are often like great writers or painters. Others can copy the subject matter, the brush strokes, or the style, but it is the subtle genius that makes the difference. Subtlety by its very nature is difficult to discern, so many successful agency owners focus on the obvious reasons they have succeeded, such as hard work. But hard work alone is insufficient. Plenty of people work long hours and get no where.

If you are an agency owner or top producer, consider whether you have a special sales ability that is your strength. Placing credit where none is due, or a limited amount is due, will cause an agency to focus on the wrong strengths.

As Clint Eastwood famously said, "A man must know his limitations." He must also know his strengths. Take for example, a mouse and a lion. Each knows and uses his strengths and knows his limitations. Top male lions use their power or appearance of power (scientists have discovered lions with bigger manes are more successful leaders because they look bigger). They know what they need to do to succeed and so do mice who obviously do not survive by trying to bully anyone or anything, but they are quite successful at stealthily finding food and reproducing in great numbers.

What has been your true key to success? What do you need to do to continue to succeed?

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