River Rocks
By Chris Burand

Good salespeople have great qualities. Most are likeable, probably among the most likeable people on God's green earth. To be so likeable, they often resemble river rock. Solid cores and rounded off edges. Edges cut and salespeople, being likeable and wanting to be liked, do not want to cut anyone the wrong way. They make sales by winning people over, living the life by the motto, "It's easier to get a bear with honey than with vinegar"

If everyone was a customer such a life philosophy would be wonderfully successful! Unfortunately, not all people are customers. Some people are instead associates, partners, and employees. The difference is huge. Though we need customers to pay the bills, they come and go. Associates, partners, and employees can stick around for a long, long time (especially, it seems, when we don't necessarily want them to) and honey only makes them stickier.

What happens when a salesperson encounters a situation requiring vinegar rather than honey? Usually nothing. Salespeople are river rocks and often would rather endure pain themselves rather than inflict it upon even a deserving soul. Not addressing the situation though is equivalent to telling a lie. By ignoring the situation, we are imparting that something is true when it is not.

This can cause severe problems, especially when the salesperson is an agency owner. Problems arise, for example, when an agency owner has poor producers. This is a situation that often requires some vinegar, some rough edges. Most agency owners though are salespeople first and owners/managers second. They hate to deliver bad news. As a result, many producers go through life thinking they are great salespeople when in reality they are not and sometimes they are downright awful. But no one will tell them the truth. Everyone just waits for these producers to figure it out for themselves but they never do.

By acting as if someone is capable when they are not, we impart something as true when it is not. By not telling these producers they are failures, agency owners/managers are telling lies. They are leading the producers to believe they are good producers when they are not.

Telling these big silent lies has a huge negative impact on agencies. As a result, our industry is full of poor producers that do not know they are poor. Any producer with ten years experience and still less than $200,000 commission is probably a failure. These producers are huge cash drains on agencies. For example, a producer with $150,000 commissions would generate the following expenses in an average agency:

Revenues = $150,000
Producer commissions at 40% = $60,000
CSR compensation = $30,000
Benefits and employment taxes for CSR and producer (6% of commissions) = $9,000
Administrative expense at 20% = $30,000
Selling expense at 5% = $7,500
Total expense = $145,500

The remaining $4,500 falls significantly short of covering the producer's share of compensation for the receptionist, bookkeeper, claims person, marketing person, owner(s), or anyone else in the agency. On the other hand, a producer with $250,000 in commission would generate $207,500 in expenses which leaves enough revenue ($42,500 vs. $4,500) to contribute to the agency's overhead and profits.

Poor producers waste time and energy. Agency owners across the country spend time and energy trying to motivate, cajole, and persuade poor producers to produce. Agency owners are perpetually frustrated that these producers will not improve but they never tell the producers they are not cutting it.

Poor producers waste capital too. Many agencies are short of capital and if they were not wasting money on poor producers, they would be better able to invest in good producers, training, and growing their agencies. Trying to grow with poor producers is like trying to win the Kentucky Derby riding a Shetland pony.

Poor producers cause many other problems too. Poor producers can overwork the staff with incomplete, inaccurate applications and too many unqualified quotes. Poor producers are often the prime reason many good staff people leave agencies. Poor producers can put a strain on company relationships because they do not submit enough applications and/or the applications they do submit are poor. Poor producers with inflated egos can be a management nightmare. They are often totally unmanageable.

Enabling a poor producer to think they are a good producer, sets that person up for a bigger fall later. As time passes, poor producers will find it harder to improve their habits and skills. They will have more obligations and facing reality later will be very painful. Consider the producer who has been working for an agency for 15 years. He has a mortgage and a kid in college. The producer has built only a small book but as far as he is concerned, he has been doing a great job. Then, just as his second kid enters college, his agency is sold. The new management decides to cut compensation for producers with small books. Or, maybe the new owners recognize they do not need producers with small books and just lets them go. Perhaps that producer would have been a lot better off if someone had advised them ten years ago that they might be better suited for a different career.

Most agency owners' personalities make them better salespeople than managers. That sales personality never wants to rub anyone the wrong way. Sometimes though, we mistakenly confuse rubbing people wrong with steering them in the right direction. Steering them in the right direction might cause some immediate irritation but eventually, you will have made another sale.

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