Leaders Growing Leaders

A MASTER FIRM BUILDER BOOK

Leaders Growing Leaders
Building a Master Agency from Scratch Through Leadership Development

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Foreword

DURING HIS CAREER, MY FATHER MADE MORE FRIENDS THAN MOST OF US do. I cannot attend a meeting without several people asking, "How is Quincy doing? What is he up to? Is he really retired?" He is one of the most respected general agents in our industry and has influenced how many of us think about our agencies.

Sitting with him through a Baltimore Ravens football game would help you understand how his mind works. He critiques the game almost to the point of being overly critical — something we give him a very hard time about — even when the Ravens are up by 20. You see, my father is a teacher and a coach by training and by nature. Whether you are having a casual conversation with him at a Ravens game or having a discussion in a board meeting, Dad is going to try to teach you how to improve your current situation. That is just what he does. At his core he wants to help people grow beyond what they ever thought possible.

You will be hard-pressed to find a bigger believer in the development of middle managers than my father. The strategies in this book are ones that he used many times over: strategies that brought success to his primary insurance carrier, his middle managers, his agents, and himself. As a GAMA International Management Hall of Fame inductee, he has walked the walk. He built one of the most successful agencies in The Guardian and developed five general agents during his career, then walked away from it all when it was time to retire to spend more time with his family.

Now that he is retired, Dad spends most of his time traveling the world to remote areas most people will never see. He has been to India, Nepal, Bhutan, China, Australia, Peru, the Amazon, the East Africa plains, Russia, and many other places just in the past couple of years. His next trip will likely be to Antarctica, although we are trying to talk him out of that one.

But even in retirement, he continues to teach and coach. When he isn't traveling, he is mentoring several general agents throughout the country, teaching classes to managers at The Guardian's home office, and working with GAMA International.

He would never say it himself because it is not his style, but every general agent I know refers to him as "one of the greats."

They say there is one way to truly teach people — tell them what you are going to tell them, tell them, and then tell them what you told them. After the third time they should finally hear you. I have been the beneficiary of my father's coaching in life and in the insurance industry for 35 years. It is to the point now where I open my mouth in a meeting and somehow Quincy just comes out. I've heard his lessons thousands of times. I almost feel I could have written some of the chapters of this book for him!

On my first day on the job, Dad told me that being his son would be both a blessing and a curse — he could open doors for me that others could not, but also I might never get the proper credit for my own success. I can say without reservation that there are very few things I would change about my time in the insurance industry with Dad as my general agent. I've had the benefit of having a one-man board of directors in my father. He has taught me more than I will ever truly grasp. He tells his friends he has very little to do with my business, but the truth is, I owe all of my success to his influence and guidance.

This book will change the way you look at running an agency. My suggestion is to read it once, read it again, and then read it a third time. After the third time you will have learned some important lessons from "one of the greats."

Steven L. Crawford
General Agent
Guardian Life Insurance Company of America

Preface

WHEN GAMA APPROACHED ME ABOUT WRITING A BOOK, I REALIZED THAT two things would be very important to me. First, I wanted it to be a practical, day-to-day tool with leadership ideas that could be applied to leading a financial services field office — and not an academic tome on management theory.

Second, I didn't want the book to be all about me. I wanted it to be a way to share ideas with other field leaders by relating many of my personal experiences — both good and bad. I envisioned sitting down with my fellow field leaders at LAMP over a cup of coffee and reminiscing about what I had learned from those experiences.

I've always believed that the best way to teach is by telling stories. And so I've shared many of my own stories throughout this book. My hope is that they bring the leadership ideas in the book to life for you. Therefore, while you may notice liberal use of the pronouns "I" and "we," I hope that, rather than focusing on me and what I did, you will think about how to take these ideas and adjust and enhance them to make them your own.

The first part, Chapter 1, is my personal history, followed by our story of how we built an agency. It is meant to assure you that I have been where you are now. I have faced many of the same hurdles you now have in front of you, with no special advantages. Whatever advice I give, I've applied successfully to circumstances just like you are experiencing today in your agency.

The second part, Chapter 2 through Chapter 8, is a discussion of the importance of leadership development in your agency and a brief history of that development in my firm and how it helped us to become one of the largest firms in the world.

Third, in Chapters 9, 10, 11, and 12, I've listed and discussed ideas and principles that you need to teach your frontline managers and, of course, master yourself.

Chapter 13 is written specifically for new first-line leaders and senior frontline leaders who are about to become first-line leaders. This chapter contains leadership tips to get your new agency moving in the right direction and in the right way, including something I don't read or hear much about — the sales support staff, their leadership development, and their effect on agency culture and morale.

In Chapter 14, I address agency succession planning. Hopefully, we haven't built these businesses just to see them disappear when we retire.

The last two chapters, 15 and 16, contain my personal thoughts about this wonderful industry and its future.

Thanks for reading, and I hope it helps!

Acknowledgments

SUCCESS HAS MANY FATHERS; FAILURE IS AN ORPHAN.

Coming from modest beginnings, I had further to travel and required more help than some. I am forever grateful that I received it.

To list individually all the people I am indebted to would require more pages than the body of this book contains. And I would invariably offend someone by accidentally leaving them out. So I will limit myself to a list of group thank-yous.

First, I want to say thank you to the teachers and coaches who helped shape me. Growing up, the only people I ever met who wore neckties were my teachers. They helped me see a bigger future and guided me to college and college athletics. They also instilled in me a love of teaching and coaching.

I would be remiss if I didn't acknowledge the role played by the three insurance companies that I had the privilege to represent over the past 40 years. Fidelity Union no longer exists and, at the time, only sold package policies to college kids. But for a 24-year-old, with absolutely no natural market, it was perfect for me. I learned an enormous amount about target marketing, and with 150 sales per year for four years, I got a lot of sales experience in a short time.

The Home Life of New York was just the opposite. It was a blue chip, old-line, Eastern mutual life insurance company, and being there taught me the business insurance market, estate planning, and advanced underwriting. That company too no longer exists in its previous form. But during my time there I was proud to represent such a Tiffany-level company. All of this experience prepared me for my association for the past 28 years with Guardian Life Insurance Company of America.

Without turning this into a commercial for The Guardian, let me just say that it was the perfect company for me, and I never minimize the role The Guardian played in the growth of our firm. Too often as field leaders, we discuss what we are doing to build our agencies and don't acknowledge the role our home office partners play. The Guardian played a very large part in our success.

Next, I want to acknowledge GAMA International and its role in my career — a role that ultimately brought about this book. The

organization has constantly broadened my vision. The great motivational speaker Charles "Tremendous" Jones said we will be the same people tomorrow that we are today except for the individuals we meet and the books we read. GAMA, both my personal involvement with it and my attendance at LAMP, has caused me to continually reevaluate and grow.

I would also like to thank the members of all the study groups that I have been privileged to belong to. My fellow general agents at both The Home Life and The Guardian have been a constant source of encouragement and enlightenment. Here, I will break my rule and personally thank one individual. Earl Lutter, the general agent for The Guardian in Pittsburgh, has done more to enlarge my vision and encourage me to be creative in my thinking than anyone else. (It is a shame he's a Steelers fan, but we all have flaws.)

Next, I want to thank the 220 people that I worked with every day. Any success I might have had was nothing more than a compilation of their individual successes. I am forever in their debt.

The last acknowledgement and thank-you are the most important: my wife, Genie, and our three children. During my Hall of Fame speech, I spoke of how we really live two lives — a personal life and a professional life. It is very difficult to have a successful professional life if your personal life is in disarray. We were only able to accomplish what we did as a firm because Genie was taking care of the home front.

I sometimes like to brag that I never missed a ball game; in fact, I coached several of my children's teams. But that's the easy part. Just as I discuss the hard work of management in this book, Genie was left to deal with much of the hard work of parenting. The result is three pretty terrific children of whom we are very proud and eight grandchildren who, like all grandchildren everywhere, are perfect in every way.

Quincy M. Crawford

Introduction

THE INSURANCE BUSINESS IS ALL ABOUT HELPING PEOPLE PLAN AND PREPARE for life.

I love this business. It has been a major part of my life for more than 40 years. As a recent retiree, I can now take a step back from devoting all my energies to running my agency and fully analyze what worked, what didn't and, most important for this book, how I can help others by sharing my experiences with them.

I may not have all the answers you need. But likely you can relate to many of the experiences I have had. Though you may agree or disagree with how I handled them, you certainly can relate. I guarantee you will be nodding your head or even having a little chuckle as you read the words in this book.

The insurance business is about people — lots of people. This book will address the people on our side of the equation — first-line leaders who are building a business and frontline leaders who aspire to grow in their management careers. I came out of a general agency system and much of my language in this book will reflect that. But the concepts and techniques apply to all field leaders regardless of title: general managers and managing directors, sales managers and middle managers. This book is directed at all who believe in the importance of growing our industry by growing leaders.

How you choose to use the information is your decision. I offer it freely, and I welcome your further exploration and enhancement of it. This is a personal business, but there are most certainly time-tested systems and tools to guide success.

I'm going to talk about why I believe the industry desperately needs great managers and how you can build proper infrastructure for effective leadership teams in your agency or firm. We will also delve deeply into the all-important process of selection and how it relates to recruiting, training, and retention. Field management leadership concepts follow — not at a 10,000-foot, in-your-dreams level but as practical ideas that you can implement today.

Next, I will share my whole concept of ensuring that your agency goes beyond you and into the next generation and the generation after that — building something that is bigger than you, that outlasts you, and that continues to grow long after you've retired. I will close with personal observations about this fine profession.

GAMA International has been important to my career development. Its mission — building the leaders who build the insurance, investment, and financial services industry — is in my head as I write this book. And its mission is *why* I write this book. As an industry, we must select and grow our own management talent. We must train, teach, and measure leadership skills. We must come as close as possible to a system that ensures that the new leaders we appoint will succeed. I hope my experiences shared with you through this book will help in that much-needed, long-term effort.

People in our industry do change people's lives. We help people with their life insurance. We help them with their investments. We provide them with a secure future, and we give them peace of mind. These aren't just words; it's all true. In what other industry can you enrich the lives of the people you touch, both the customers you serve and your own clients — your agents and advisors? It is truly rewarding to be able to say that I have done good, interesting, and important work in my lifetime.

Walk with me now, and let's see if we can continue to change lives.

CHAPTER ONE

A Big Fish in a Small Pond

"Getting there" requires that you know where you want to go. I was fortunate to figure out where I wanted to go at a young age, which meant that my steps could be calculated to that end.

Goal No. 1 for me was to get to college. I was the only one in my family who ever went to college, and I have more than 30 cousins. The only way I could go to college was to attend this little school, Frostburg State Teachers College. If I agreed to teach in the public school system for three years, my tuition would be waived. I could attend college for $400 a year — room, board, books, everything. I dug ditches for $1 an hour the summer before to get the money to go.

College was a wonderful experience for me. I was the hungry kid looking for a way up, and I made the most of my college experience because I wanted it so badly. I was a dean's list student earning a degree in mathematics, captain of the varsity basketball team, and vice president of my graduating class.

Then I was a schoolteacher and coach for three years. At the end of three years, I had to get a job that paid real money. My wife, Genie, and I wanted to start a family, and we had made the decision that she would stay home and raise the children. That's hard to do on $5,000 a year, which is what I earned teaching school.

When I was recruited into the life insurance business to sell policies to senior college students, another person from my college was being recruited at the same time. Now, the recruiter really wanted the other person, not me. I think he only took me to keep the other recruit company at the home office school. The other recruit smiled great and was dressed in a pinstriped suit, wingtip shoes, the whole deal. I was in a cheap, off-the-rack blazer and scuffed loafers.

The recruiter saw only the suit; he didn't ask the right questions. The other recruit was the fraternity guy who partied his way through school. I was the one with all the achievements. But because he wore the suit, the recruiter wanted him, not me. He was assigned to the college that had produced the best results over the previous five years. I was given the college that no one wanted. In fact, everyone who had been assigned to this college in the past had failed. Well, in six months the other guy was gone, and I was the leading producer in the agency.

That was my first lesson in the importance of selection. Everything in an agency or firm goes back to selection — getting in deep and trying to figure out what you really have in front of you. It definitely goes beyond the bright smile, the nice suit, and a good tie. We'll cover the keys to proper selection in detail in later chapters.

It was 1968 when I went to work for Fidelity Union. I was in my 20s, selling policies to college kids. I had success at that. I became Fidelity's leading producer on the East Coast. Because I was a big producer, Fidelity made me a general agent in 1971 at age 27. I had some success, but on a very small scale. I was a big fish in a tiny, little pond.

About that time, I went to my first MDRT meeting. Interestingly enough, my company tried to persuade me not to go. They said, "Stay here. If you go to MDRT meetings, you will get your head all messed up." Of course, I immediately had to go to see what it was they didn't want me to see.

When I got there, I saw a whole new world that I hadn't known existed. My eyes got as big and as round as basketballs. I thought, "Oh my goodness, look at this. Look at these producers and the sales they are doing. I want this; I want to go play with the big boys." I immediately knew that's where I wanted to go; that's what I wanted to do. But I wasn't sure how to go about it.

Framing My Future

I looked around the city of Washington, D.C., and asked myself, "Who is the most successful general agent in this city?" It was a guy named Bill Wallace, who is a member of GAMA's Management Hall of Fame. At that time, he had the No. 1 agency for The Home Life of New York nationwide and the largest agency in Washington, D.C., of any company.

One day in 1973 I picked up the phone and called him. I said, "Bill, you don't know me, but I've been in the business for five years. I am five years MDRT, and I started a scratch agency two years ago at Fidelity Union. We are now the second largest in our region. I will be a CLU [chartered life underwriter] this summer, and I think I want to come to work for you." And he said, "OK, I'll find time to talk with you."

When we met, I said, "I'd like to make you a deal. I will come to work for you and I will give you five years of my life and I will build you the largest unit in all of The Home Life, and in return, you can teach me how to do your job. Then at the end of five years, help me get my own agency."

He said, "Deal." As it turned out, I didn't build him the largest unit in the company — I built him the second-largest unit. But I did it in four years, not five. And in return, he helped me get my own agency with The Home Life.

I had joined his firm as a young sales manager, and that changed my life. You know, as you go along, you meet people who make a huge difference in your life — Bill Wallace was one of mine. He ran a great agency, and he taught me how to do the job. He taught me a sales system that worked, and he modeled successful management at the highest level.

When I left that agency in July 1977, I knew what success looked like. I was prepared to do the job. I had the tools. I had the systems. I had everything I needed to succeed. I had a vision of what I wanted from my experience working with Bill. And I knew exactly how I wanted to get there. I had the road map firmly in my head because I lived it in a very successful shop for four and a half years … I understood.

It was this vision that carried me to even greater heights when The Home Life sent me to Baltimore as branch manager. At that time, in July 1977, The Home Life had 74 agencies, and Baltimore was 74th. If there had been 200 agencies, Baltimore would have been 200th. The agency had six agents, all of whom were in their late 60s or early 70s. None were writing any business. All were demanding all kinds of services but basically saying, "Don't ask me to do any work." They were running about a $200,000-a-year deficit, which was big in 1977.

The Home Life gave me 18 months to turn it around. We did, and we won two President's Cup Awards in four years. We would have won three, but in my fourth year there weren't enough agencies in the company that qualified for the President's Cup. Only three agencies, including mine, in the whole company had had a plus year. The Home

Life required at least five in order to name an award winner. So it did away with the award.

My Introduction to GAMA

Another thing Bill Wallace did for me was to introduce me to GAMA International. Early on in my time as sales manager with him, he said I had to attend the LAMP meeting. I ponied up the money and went. It was in St. Louis, and it was a wonderful meeting. I was as stimulated at that meeting as I had been at the MDRT meeting some three years before. Again, it gave me a bigger and better vision of what this industry is all about.

Because Bill Wallace was on the executive committee of GAMA at the time, he was invited to a cocktail reception at LAMP, and he suggested I come along. Here I am, a 28-year-old kid at a cocktail reception with Frank Sullivan, who went on to become CEO of Mutual Benefit, and many other big names at the time. I am sitting there with a cocktail in my hand listening to all these conversations going on all around me. It dawns on me that I can do this; I can do what they are doing. They are no different than I am. Bill Wallace gave me that exposure, and it opened my eyes to the even bigger picture.

LAMP did for me in management what MDRT had done for me in sales production. It gave me a bigger view of possibilities, a larger, more expanded vision. After I left Bill Wallace, I continued to go to LAMP every year and work *on* my agency, not just *in* my agency. Every year, I'd come back from LAMP and I'd change two to three things, constantly expanding my vision, making myself better.

Find Opportunities to Grow

During the course of a career, you are faced with decisions about the path you will take. Sometimes you make those decisions, and sometimes those decisions are made for you.

In 1983, with changes being made by The Home Life, I learned it would not be the company where I could ever become a general agent. At that time, I had an accountant whose national practice included the top general agents of all the major mutual life insurance companies. I called him in one day and I said, "You know, The Home Life has made a lot of changes, and they are doing away with all future general agents. They are going to have only branch managers, and I am a general agent by nature. Also, I think that The Home Life is going to go out of business." He just smiled and said, "Yes, they are. It's only a matter of when. They probably won't exist three years from now."

I knew it was time for me to find a new home. (I was right. The Home Life as we knew it no longer exists.) I asked him, "Where do you think I should go?" He said, "The Guardian. If there is an opening with that company in this town, that's the one you should take. They best match what you have told me you are looking for."

Soon after, he took me to New York to meet with Guardian Life Insurance Company of America.

LEADERSHIP BUILDING BLOCKS

Frame Your Future

- **Know where you want to go.** As the saying goes, "If you don't know where you're going, any road will take you there." Be deliberate about your road, and work hard.
- **Widen your horizons.** Expose yourself to the bigger world. Go to MDRT. Go to LAMP. Expand your vision of this career's possibilities.
- **Find a mentor.** Set deliberate goals, and find someone who is willing to help you get there. Never stop learning.
- **Don't be afraid of change.** Look at the big picture and see where you fit.

CHAPTER TWO

Build Your Business By Building Managers

On December 1, 1983, I became a general agent with Guardian Life Insurance Company of America. Just me — and 5,000 empty square feet. It was the smallest agency in the Baltimore/Washington, D.C., area.

This was a scratch agency. Eventually, three or four agents joined me from my old company, but not right away. We started building a scratch operation, and I did what I knew how to do — what Bill Wallace had taught me — one agent at a time. Bill had taught me how to be successful by seeking quality people. Look for — and select — only those with a burning desire to succeed. Then help them achieve, and you will be successful too.

By 1996, 12 years later, we had become a master agency. That was with no mergers and no acquisitions. We accomplished this growth by adding quality managers, who selected quality agents and who delivered on productivity and retention.

From 1996 through 2005, we continued to grow, and I mean almost exponentially. Sometimes The Guardian would have troubled agencies in the mid-Atlantic region, so we took over those agencies and solved problems for them by applying good basic management principles.

The problem for most of those agencies was that they didn't have good management in place. I was focused on developing management talent, so when an agency had a problem with its management close to Baltimore, I likely had a manager I could put there to solve it. Nobody else was developing management talent the way we were. Eventually, I absorbed one, two, three, and then four other agencies by placing the management talent I had developed in Baltimore into those troubled agencies.

By 2005, when I retired, we were doing $16 million in first-year commissions, and GAMA listed us as the seventh-largest agency in the world as measured by agent first-year commissions. We had 140 career agents, 80 staff members, and a good number of brokers. We also had a four-year retention rate that exceeded 60 percent.

What I Learned

Building a scratch agency was the hardest thing I have ever done. But it was also the most rewarding. And the reason I believe I was successful is because of a lesson I learned early on: *Agents may bring you premium, but it is management that builds your business.*

In other words, good agents make *good* agencies, but good managers make *great* agencies. Outstanding managers have a much more profound and long-term effect on the agency than outstanding agents. There is an old cliché in our business: First-rate people hire first-rate people. Second-rate people hire third-rate people. That's so true. If you build a first-rate management team, they will grow your agency by recruiting, selecting, and retaining first-rate agents.

In My Agency, It Was Up or Out

Many producers have a limited view of their income potential. Once their income reaches that level, in many cases, they cease growing. In their eyes, they are now being paid what they are worth. It may fluctuate some from time to time, but essentially some agents reach a point where they are comfortable with their income and meeting their obligations, and they plateau. Sometimes, their production actually decreases as their revenue (renewals and assets under management) grows. Given the choice of continuing to prospect hard and make more money or working less hard and making the same amount of money, many choose the latter. This is one of the challenges we all address as field leaders.

The same thing is true in management. In management, recruiting is the hard part — hiring enough quality recruits of the right kind. Over the years, I've witnessed sales managers becoming complacent when their organizations pay them the same dollars on their units regardless of how long they are there. They get their income up to a certain level, and their recruiting slows down. Given the choice of continuing to recruit hard to increase income or working less hard and keeping the same income, some choose to work less hard.

Often, not only does the pace slow dramatically, but the quality of recruits also suffers because these managers are seeing fewer people. When the selection pool is small, mediocre candidates are suddenly appealing. Just like agents who prospect less because that's the hard part, some sales managers may settle for the status quo in recruiting.

Let me emphasize that these, of course, are not your best managers. Your best people always continue to grow because your best people always want more. But let's suppose your best people are 20 percent of your agency; that leaves the other 80 percent to deal with under the old 80/20 rule.

We addressed the issue of motivating our managers through the three ways that we paid our people. In their first three years, sales managers received a small salary. In 2005, that salary was $3,000 a month the first year, $2,000 a month the second year, and $1,000 a month the third year. After that, there was no salary.

We also paid sales managers an override on the business. They received 35 percent of commissions as an override. In our system, we sold mostly whole life insurance, so it came to about 19.25 percent of premium. But we only paid that on agents in their first five years within the sales manager's unit.

Now, the next part is what surprises some people. We insisted that all of our sales managers split cases on joint fieldwork. For example, if my sales manager took out Agent A and they wrote a $4,000 premium, $2,000 of that application went into the sales manager's name under his contract and $2,000 went to the young new recruit under his or her contract.

The result was that sales managers had to be out there writing business and training agents to increase their own income. The young recruit was trained in a safe environment while earning income, and the sales manager increased his or her income while helping to "survive" the new agent. And no, we never lost a single recruit to other agencies because of split commissions.

I explained to new associates that our sales system was far too sophisticated to turn them loose on an unsuspecting public immediately. Every interview they had in the first four to six months would be conducted with either a manager or an established associate. I further explained that when they became senior associates, I would start directing new associates to them for joint work on a split-case basis. This was all good news, and I never heard a single objection.

Provide a Path Up

The people we bring into management are not there just to serve us. They are there to help build and grow the agency and, while doing so, to grow personally. If you want to build a great agency, you have to have great people in management. And to get great people in management, they have to see great opportunities. Remember, great people in management can attract more of the same, and that is a win for all. This is why I believe managers are so important — they set the tone and create the energy that drives your agency or firm to success.

But no Court of the Table producer making a quarter of a million dollars a year is going to see why he should leave that job to become a sales manager. Why would he? Why would they give up that income potential and give up that freedom to go out and recruit to build *your* agency?

There is only one reason — he wants your job. He wants to run his own agency or firm. This is good — his desire to grow and achieve will help you build your business. Be sure you can reward that effort and find people a place when the time is right and they are ready.

I believe there are only so many years that frontline managers can do the job. It's a tough job, so you have to accept the fact that they do this job, learn it, master it, and then should be moved up. Within the agency, maybe the move is to an associate general agent's position, where they are in charge of all recruiting and given additional responsibilities. But the job has to change or they have to move back into personal production or take a functional job. Because the full job of recruiting, training, and developing an individual is something people can do anywhere from five to seven years before they plateau.

Now, there are exceptions to every rule, and there are always people who excel in frontline management and want to stay there. In some successful situations, someone becomes a recruiter but doesn't do the joint work and the fieldwork — he just does recruiting. He has a place in the agency and can attract quality people. But for most young sales managers who aspire to be first-line leaders, the job of recruiting, training, and developing — where you find enough of the right kind of people, put them on your back, take them to the field, and survive them — can only be done for so long. That is why you have to provide a career path for frontline managers.

Rather than moving up, some managers will decide to go back into personal production, which is not a bad thing. Most of my better agents were sales managers at one time. When they went from being sales

Rise in the Ranks to Work Less? Ha!

While I was still at The Home Life, my boss, Bill Wallace, took me to New York for some meetings, and we had dinner with Gerald Rugger, the company president and CEO. I was a young sales manager in the Wallace organization, and Bill was the No. 1 general agent in the company. Because I was with Bill, I got to sit at the table with The Home Life president; otherwise he wouldn't even have known who I was.

I am sitting next to the president, and he turns to me and says, "Quincy, what are your goals?" I guess at the time I was probably 29 years old. I had been a big deal in my previous company, and I was having some success in the Wallace organization. In my youthful smugness, I said to him, "Well, you know, I think that I would like to get things done so that I can retire no later than 50."

He burst out laughing, looked over at Bill Wallace, and gave me that look that said, "Kids today!" Then he said, "Let me explain something to you, son. I am 64 years old and I still work a 60-hour week and I am president and CEO of the company. In fact, I took an apartment here in town, in addition to my home in the suburbs, so that I can stay in the city some nights and work until 11 or 12. I don't go home. I stay here, shower, and get back to work the next morning at seven. I've risen through the ranks, am now the president of the company, and I am working harder than you are right now.

"If you're going to be successful in this world, you will continue working hard until you retire. Otherwise, you will not be successful. That's the good news, not the bad news, because work and achievement are, in themselves, rewards."

My initial reaction was "what does he know?" He was 63 and I was 29, so I was a lot smarter than him! Of course, he was absolutely right. As I've grown over the years, I have indeed learned that work is its own reward.

managers back to personal production, they had a greater appreciation for personal production and were better agents almost every time.

But the person who wants to stay in management has to be able to see a path up; otherwise, he burns out. And when you start relying on burned-out sales managers, the agency begins to atrophy. It's much better to get that sales manager a position as a general agent and bring in another person to fill his role. If my choice is between a sharp, young MDRT producer who has to be trained to be a manager or living with an experienced sales manager who has plateaued and isn't growing, give me the young producer every time.

You Are Never Done

Once they have a management team in place, many field leaders think, "Hey, I've got this management thing down, and now I'm done. I can just sit back and supervise." Well, let me be clear — you are never done. A good agency is a dynamic organization. It's always growing, it's always changing, and it always requires your hard work.

As soon as you think you are done, the people you have in place are beginning to plateau, and your agency has already begun to die. It may take a year or two for you to see it, and then it's going to take another couple of years to turn it around again. By then, you've lost three or four years.

Your job as a field leader is to help sales managers get their own agencies. Then you need to bring in new, dynamic people to replace them, and do it all over again. If you don't go do it again, you are not going to have dynamic people recruiting for you, you are not going to have a dynamic agency, and you are going to have atrophy all around you. You need to continually put energy into the organization, and the best way to do that is by focusing on recruiting and developing managers. Don't simply protect what has been built; always strive to keep building.

If you continue to grow managers, they will grow your agency. You won't lose anything when they leave because there will be five hands going up to take their place. Those five people have seen that they can get your job by rising up through your agency, and that's good because the more great people you have in management, the more great people they will attract.

I will say this again and again — *your top producer may bring you premium, but management builds your business.*

LEADERSHIP BUILDING BLOCKS

Build Your Business

- **Apply good basic management techniques.** Good managers are problem solvers. Position your talent to do their jobs effectively.
- **Focus on building managers.** Remember, agents may bring you premium, but it is management that builds your business. With great managers in place, the agency or firm is positioned for success.
- **Provide opportunities to grow.** Don't let your people plateau — challenge them to get to the next level.
- **Never stop building.** You are never done. A good agency is a dynamic organization — always growing, always changing, and always requiring your hard work.

CHAPTER THREE

Identify Stars Early

So often — and this is a real indictment of our business — failing agents and advisors are hidden by being placed in management. The firm leader takes someone who is not quite meeting production goals and makes him or her a manager. What a disaster that is.

I've seen the flip side too. A field leader might refuse to groom a top producer for management, saying, "I'm not going to give up an MDRT producer to management."

You can't say that if you really believe in management, because the right manager will bring you 10 MDRT agents. That's how you build a business.

Select Your Best People for Management

I don't know about you, but I want my managers to be high-caliber people who can attract future Court of the Table and Top of the Table producers. This benefits me in two ways: first, I'm building my agency with high-caliber producers and, second, it provides me with a pool of potential future high-caliber managers.

I believe that the best way to grow your business is to take your best people and move them into management where they can recruit more people just like themselves. When we brought in new recruiting classes, we tried to identify those emerging leaders — the people who were well-rounded, solid citizens — and we started thinking about them for management right away.

As I looked at new recruiting classes in their first year in the business, I was searching for people who had the ability to attract enough of the right kind of people — people with charisma and leadership capabilities, the kind of people others naturally follow. Those qualities bubble right to the top after a very short time.

Somebody once told me a story, and I believe it's true. He said if you put 10 entrepreneurs in a room together, lock the door, and come back in an hour, they will have established a pecking order. They will have exchanged cards, they will know who does what, who is where, and — boom — they will have a pecking order of one through 10. Everybody understands that among high achievers and entrepreneurs, that is just how it is. This is also true of the people we recruit. We are looking for the emerging leaders in that group.

What I looked for — and what I believe you should look for too — was someone who was at least an MDRT-level producer, who had the charisma to attract people and the unselfish attitude and patience required to train and retain. The best manager candidates are natural leaders with their heads on straight. They think about other people, care for other people, have a sense of fair play, can think long-term, and are willing to wait for their rewards.

In management, you always have to be thinking five years out. Some very aggressive Top of the Table producers don't deal well with the long term. They're driven by the more immediate satisfaction of the close. Their sense of urgency to finish things may be a detriment in a management role. I looked for producers who had a broad perspective, who could do long-range planning, and who could wait for their rewards.

A good-quality manager with the right traits, who is an MDRT producer, is worth more to an agency than any Top of the Table producer. Find those folks, and you will have taken the first step toward building your business. Don't get me wrong. I like Top of the Table producers — they have great value. It's just that a great sales manager has *extraordinary* value.

Once you have identified these stars, the next step is to learn about their goals. I would talk at length with potential management candidates to see what they wanted to accomplish. Knowing that, I could then structure my approach to each of them individually. I would find out how their strengths might fit with potential growth in my agency. I could show them a path to getting my job.

Bringing your best people into management is one of those things that is sometimes easier said than done. A perfect example of this in my agency was Lloyd Polmateer.

Our agency gave out two big awards each year: Associate of the Year and New Associate of the Year. Both were sales awards based on results. The New Associate of the Year was for agents in their first five years in the business. In his second year in the career, Lloyd was our runner-up for the New Associate of the Year award and odds-on favorite to win it the next year. He is a very talented individual who is hard-working, intelligent, and gifted. I expected that he would be a perennial Court of the Table and Top of the Table qualifier and would always be in my top five, eventually vying for the Associate of the Year award.

Lloyd is also very levelheaded and possesses an attitude conducive to management. So I was delighted when he approached me and offered to move from the small town of Frederick, Md., to work in our Bethesda office in a management capacity.

The problem arose when Lloyd had difficulty putting both feet in the management camp. He had been successful in sales and knew that, at least initially, he could make more money selling than he could as a manager. Because of that, he had difficulty giving up his private practice. However, Lloyd had made it to clear to me that he wanted to be a general agent, not a career sales manager. To accomplish that, he would have to give up his clients and devote his full attention to building a million-dollar unit. He could still sell, but only through joint work with his new agents, not by taking time away from management to build a larger private practice.

Another difficulty Lloyd had in transitioning to management was his sense of losing control. As an agent, he was in control of his own practice. In management, there are many pieces you can't control. People do things for their own reasons, not yours. This was a difficult transition for someone like Lloyd, with a driver personality who valued control over everything else.

Lloyd straddled that fence for almost two years. I was patient because I knew he had the right attitude and skills to be a manager; he just needed to regain that sense of control.

After two years, it finally clicked for him. He became convinced that he could control recruiting and, therefore, he could control his career in management. That was the final piece he needed to truly commit to management. He went on to build a very successful unit.

Lloyd was worth waiting for. He became the general agent for the Bethesda branch of my old agency when I retired, and I'm fully confident he is on track to build a master agency.

It's OK to Make Mistakes

Just as you can't learn to drive a car by reading a book, people can't become managers simply by taking management classes. It's the coordination of recruiting, selection, training, supervising, and market development — on a day-to-day basis with supervisor oversight — that grows management talent.

Sales managers have to learn … and read … and study … and listen. Then they have to go out and make about 5,000 mistakes. And unless and until they have all the ah-has — all of those life experiences — it won't work. While it is our responsibility to teach and supervise, the truth is, sales managers actually learn best from their own mistakes. Obviously, you have to work with them and help them understand what went wrong — analyze and discuss what happened and why, so the mistakes are not repeated. Sometimes, it takes years to grow a sales manager to have the skills, ability, and self-confidence necessary to recruit — and select — the kind of people you want. The strategies I used to develop these all-important skills follow in the next chapters.

I know that there are those who believe that the agency or firm leaders should do all of the recruiting. After all, with their experience and industry status, these leaders can go out and attract higher-quality recruits than sales managers who don't have the same level of experience. But that kind of thinking won't build your business. In 2004, we brought 30 recruits into my agency. I couldn't personally select 30 outstanding people, but my nine sales managers could.

I admit that some recruits were better than others — based on where the sales managers were in terms of their own development. Some were good. Some were not so good. Frankly, I knew some were not so good coming in. But they were all learning experiences. And each year, as the sales managers became more experienced, the quality of recruits went up. They learned from their mistakes and grew in their jobs.

Systems Provide Structure

Of course, we didn't just let sales managers flounder. We coached and guided them to be sure they learned from both their mistakes and their successes. And we had systems in place to provide structure to their learning. We were a systems-driven agency, not a personality-driven

Self-Selection

Any time one of my MDRT-level agents came to me saying he would like to go into management, my answer was always yes. Even if I didn't think he would make a good manager, I always said yes. I would always visit with the agent. Sometimes, I would ask, "Are you sure you want to do this?" and then explain what management is really all about. At this point, some would choose to opt out. But if that MDRT agent really thought he'd like to try management, I always let him do it. Always.

Many of our better producers think that management is a lark. I've had some of our biggest producers say to me, "Gee, all you guys do is sit back and live off the sweat of my brow. I am doing all the work and you are making money." Some agents actually feel that way.

So whenever an MDRT producer wanted to go into management, I always said yes and I always trained him personally. We would cover the selection process, the recruiting process, and so forth. Very quickly, many of them would say, "Now I understand what this is all about; I had no idea." After they'd been in management for six months or a year, they would hold up their hands and say, "You know, this isn't what I signed on for. I just want to go sell."

When that happened, I had an agent for life. First of all, almost without exception, they became even better agents. You never learn anything so well as when you have to teach it. And by coming into management and doing training on our sales system, they learned it so much better. By coming in and holding other agents accountable and understanding how that accountability worked for them and their success, they became so much more accountable to themselves.

Therefore, when these agents-turned-managers went back into personal production, they were better producers. They understood the whole process better and they did everything better. They had an improved work ethic because they now held themselves accountable and understood how the accountability process worked to their own benefit.

Also, I never had to worry about their being lured away by some other company to go into management because they now understood the hard work of management. Once they experienced it, they realized that in many cases, being a manager is harder work than being an agent. When these ah-has took place, I had much better MDRT producers, who saw their chance to go to Court of the Table and Top of the Table.

agency. We selected only sales managers who had achieved MDRT-level production as agents. This was a double bonus. We knew they had a strong drive to succeed *and* we knew they were knowledgeable in our sales system and would do things our way.

New sales managers had to recruit and select agents using our selection systems. We didn't let sales managers bring in more than four recruits each year. Why? Because they had to be responsible for each recruit; they had to put that person on their back and take her into the field. They had to live with her for three, four, five weeks — whatever it took. They had to show her what a workday looks like, show her the sales process, and go through the process with her. They had to help her survive.

We all know the numbers. The manager has to interview 100 qualified prospects to get 25 quality candidates to eventually find four. The stats haven't changed in years, and they probably never will. Actually, it was OK if sometimes they only found three because it was the net growth that counted. I was more interested in whether they could survive 50 percent of their recruits over five years. You can't do that if you bring in 12 recruits a year. You only stand a chance of doing that with a limited number. Of course, it was my job to get enough sales managers to reach overall numbers and to maintain retention.

In addition to attracting quality recruits, we made sure that our sales managers understood their accountability in the process. Nobody comes into this business expecting to fail. Those new recruits we brought in expected to succeed. I never allowed a sales manager to complain to me about what a failure Agent A was. The new agent can't be expected to know if he is right for this business. *We* are supposed to know that. It is the sales manager who is accountable for the success or failure of that agent. *So we either hired him wrong or we trained him wrong.*

Of course, I too was accountable for the success or failure of my sales managers. And if a large number of management recruits failed, I had to ask myself the tough questions: Did I select the wrong sales manager? Did I train the sales manager incorrectly?

The success or failure of your managers is the key to the success or failure of your agency. That's why I believe that building an agency requires growing strong, capable management — leaders for the future.

LEADERSHIP BUILDING BLOCKS

Identify Management Talent

- **Choose the right individuals for management.** Don't use a move to management as a way to hide poor producers. Likewise, don't be afraid to move top producers to management if they have what it takes.
- **Begin the search with new recruits.** Leaders will emerge early in your process. Look for the rising stars in your recruiting classes.
- **Let new managers learn from their mistakes.** Our business cannot be learned solely in the classroom. The largest part of training involves supervised activity in the field.
- **Use systems to create structure for new managers.** Make sure they understand that following established processes will bring them success.

CHAPTER FOUR

The Hard Work of Management

Now, let's get down to the nitty-gritty of building your business. How do you find outstanding people to keep your firm dynamic?

I believe that the all-important management skills of recruiting and selection to grow the firm must be developed early, when new sales managers are first tasked with finding new producers. Those same skills are also applied later, as they grow in their management careers. Let's face it — if sales managers don't master recruitment and selection of high-quality producers, how can they grow to be first-line leaders who then recruit and select high-quality frontline managers?

Selection is the most important skill that new frontline managers must master. It will dictate the level of success they have in their careers. And effective recruiting is step one to success in selection.

There were two sayings that I used to imprint on the inside of all my sales managers' skulls. Here's the first: "You have two jobs — recruiting and everything else. Of those two jobs, recruiting is by far the most important."

The second saying was "The ability to recruit in and of itself will not guarantee your success. However, the inability to recruit for any reason will absolutely guarantee your failure." We talked with our sales managers about that all the time when we were working to develop and teach them.

The legendary Al Granum said that your success as a field leader is directly tied to the quantity and quality of the people you recruit, train, and retain. J.B. Conway, in his famous acceptance speech into the GAMA Management Hall of Fame, said you can't teach a duck to chase mice. Dr. George Merritt, developer of the Personnafax selection system tool, said it perhaps most succinctly of all: *Selection is everything*.

So the one thing that we all have to come to agreement on, and the thing that everyone who is embarking on a management career has to understand, is that recruiting and selection are the two most important tasks for any field leader at any level.

Selection is not just about choosing lots of people — it is choosing enough of the right kind of people. Until that task is mastered, nothing else matters. There is nothing else you can do — no matter how well you do it — that can overcome a deficiency in selection.

Achieve Selection Success

There are many keys to success in selection. It starts with having a large enough pool of candidates from which to select. For instance, if it is February and I have 30 people in front of me who passed the tests and are competing for a job, potential hire Jim might not look so good. Jim might look mediocre at best. But if it's November 30, and I have just three recruits and the regional vice president is breathing down my neck because I need one more to make my quota by year's end, suddenly Jim looks like the greatest thing since sliced bread.

This is not operating from a position of strength. It is not right for us, and it is not right for Jim.

Let me say it again — it all starts with having a large enough pool from which to select. This is what I call the hard work of management. Sometimes, producers come into management because they think it's easier than selling and what they're usually running from is prospecting. They think management is sitting behind a desk and telling people what to do. They had a hard time prospecting as an agent, so they think maybe they'll be better at management. Among the first things they discover in management is that management is about recruiting. It's their old prospecting job — doubled.

The agent that comes into management because he is running from prospecting is in for a very rude awakening. Typically, you must interview 30 quality candidates — not just 30 bodies but 30 *quality* candidates — to get one quality hire. If you want to add four people a year, then more than 100 candidates must take your tests and run through your interview process.

Of course, you have to look at a lot more than 100 people to get 100 people who are quality candidates. So if you do the job right, if you are really going to hire enough of the right kind, then you have to be finding a lot of people. (See the next chapters for details on how I made this potentially overwhelming task manageable.)

Developing a Pool of Candidates

The ideal, of course, is to obtain 100 percent of your new agents as referrals from existing agents.

The industry statistics are there for everyone to see. Without question, our best recruits come through referrals from our agents. All the statistics show that when we select a recruit who is referred by an agent — specifically when we select a recruit who is referred by an MDRT agent — we have higher retention and higher productivity. Every study that has ever been done shows that.

There are lots of reasons. First of all, MDRT producers know what a quality recruit looks like; they know what it takes to succeed in this business. Therefore, you are automatically getting higher quality recruits. But I also know that most times there is a direct correlation between the success of the referring agent and the caliber of the recruit. What I learned is that a failing agent is afraid to bring in a top-caliber recruit. He doesn't want to be put in the position where a respected friend may see him fail.

Here's the second reason why an MDRT agent referral is more likely to succeed: if this person joins your firm, the MDRT agent usually takes a vested interest in the individual and unofficially works with her. He helps her out. He answers questions. He and the recruit almost always end up doing joint work together. The agent goes out of his way to help the recruit fit in. The recruit is joining an organization of people who are like her, and she already has formed a relationship within the organization.

If you can get 100 percent of your new agents as referrals from existing MDRT agents, you need never use another source.

But let's assume that you are like 99 percent of the field leaders in the industry. You can't get all the names you need from your MDRT producers because you don't have enough MDRT producers or because they aren't providing enough names.

Certainly, most of your younger managers have not yet developed the necessary relationships. And at small agencies, the numbers just aren't there. That is one of the reasons large firms have better retention rates and better productivity. Of course, there are other reasons. Large firms have more systems. They have more backup. They have more support. They have more money. But I believe the main reason is that most of their recruits are coming from their producers and that alone gives them better retention and higher productivity.

But we all have to start someplace, and we are where we are. The Kinder Brothers tell us it is management's job to make good, and the situation is the boss. If you are running a 150-person agency, you have one situation. If you are a scratch field leader with two agents, you are in a different situation. Regardless of the situation, your job is to make good. That's why you're here. It all comes back to finding a way to create a large enough pool.

You have to do the hard work — you have to get names from all possible sources. Developing those sources is an important first step.

Centers of Influence

Your current agents are your most important centers of influence. But early on, you will need additional centers of influence. Part of my job as general manager was to teach new sales managers how to develop centers of influence who could point them to the outstanding

Your Agents Are Your No. 1 Center of Influence

I can't emphasize this enough — your best recruits come from your best agents. As I advanced in my career, I found a great way to encourage my agents to provide referrals.

One year for Boss's Day, the staff gifted me with a private dinner, cooked at my home, by a chef from one of the finer restaurants in town. It was a lovely gift that Genie and I used on our wedding anniversary — champagne and candlelight for the working parents of small children. It was a delightful evening.

We enjoyed it so much that I thought maybe I could do something similar in the business. I instituted a program in the agency for associates whose recommended recruits successfully moved through our selection process and joined our firm. Their reward would be a professionally prepared dinner at my home with Genie and me, their recruits, and spouses. I would do this with two agents and two recruits at a time, so there would be 10 of us at dinner.

I think this worked on a number of levels. For example, it spoke to the financial success possible with this career without my actually saying so. At the time, we lived in a pretty nice home overlooking the Chesapeake Bay with a nice lawn in the back, my boat at the dock, and a beautiful

individuals we were seeking. One important and effective tool we encouraged was the business development lunch where sales managers took acquaintances to lunch to talk to them about our industry. The desired result, of course, was obtaining referrals of potential candidates to join the agency.

I taught my sales managers that centers of influence include faith leaders, local CPAs, business owners who have salesman call on them, attorneys, and other professionals. We put together a centers-of-influence presentation our new sales managers could adapt to make their lunches productive.

Over the years, I found that most people don't truly understand what a wonderful profession financial services is, so our presentation outlined the benefits of this career. We utilized all kinds of third-party materials that talked about the financial services career, its income potential, the self-satisfaction to be gained, and the growth opportunities available.

view of the bay. The fact that we were having a private chef prepare a dinner at home also spoke to that success. (While this seems extravagant, in reality it's not any more expensive than going to a restaurant.)

But that was only a small part of it.

The second level was that during the course of the evening, Genie and I would tell stories about the tough early days with long hours, hard work, low pay, and lots of rejection. Genie talked of my being gone many evenings, and we would share some of the other hurdles we had to jump over in the early days to get to where we were.

The third level was the most important. The referring agents and their new recruits were there together, so they were tightening their bond. Their spouses would also begin to know one another and hear that they were not alone in the challenges they were facing. They would react to the stories we were telling and add their own. They talked about their kids and shared family experiences over dinner and a bottle of wine. More than before, the referring agents wanted to do whatever they could to be sure their recommended recruits succeeded.

On the fourth level, the two new recruits and their spouses were bonding — you know, misery loves company. Now I had eight people involved and nobody wanted to let anybody down, so the recruits expanded their support network. This worked well for us.

We talked about the training because of the many unasked questions all centers of influence have: How will you train the person I might refer? What kind of career path will he have? How are you going to help him, and how are you going to treat him? Our centers-of-influence presentation also explained the selection process, the career potential that candidates have, and the average income within the agency. We had a pretty good story to tell.

I recommend that you help your new managers prepare a centers-of-influence presentation for their contacts and then go with them into the field to present it — just as you went with them on joint work when they joined your firm as agents. After you've shown them how to conduct a centers-of-influence presentation, hold them accountable for activity in this area.

Our sales managers were accountable for at least one centers-of-influence appointment a week, preferably two. That meant they needed to identify at least 26 centers of influence and meet with them twice a year. That's how we developed advocates for our firm, and we constantly cultivated those contacts.

Candidate Profiles

To be successful with agent referrals and other centers of influence, you must know the type of person you want. People often like to give you names of people who are out of work or having other employment or financial issues.

This is especially true when you are talking with members of the clergy. Their natural inclination is to find out who in their congregation is in trouble and provide you those names. You must explain to them that this is a position for special people. You aren't just looking for a person out of a job and looking for work; you are trying to find outstanding young people between the ages of 28 and 35 who have the ability to earn a six-figure income.

You must explain to all of your centers of influence that the person you are looking for is an exceptional individual who is successful where he or she is today. Coach them not to make prejudgments.

We had a list of traits and characteristics that we were looking for. We also had a list of people holding different jobs who, with training, could do well with us. These included people currently in sales, those in the accounting field with an outgoing personality, and others who were leaders in their community.

We also loved people who were involved in fund-raising. We liked people who were coaches, especially those early in their coaching career with a winning record. We liked teachers in the first three years of their career. We didn't like them much after that because they were often too settled into a bureaucratic mentality.

You know the candidate profile that is right for your firm. Be prepared with a list of traits and sample job categories to show centers of influence so they can recommend appropriate names.

Once you have identified people who might be interested in a career with you, selection begins.

Get Behind the Masks

Selection is the art part of the art and science of building an agency. Only through experience can we teach it. Every young sales manager I ever trained took selection very seriously and, on the first day, swore he would work very hard at choosing the right person for the job. It took each of them at least a year to get it.

All potential recruits came into the agency putting their best foot forward. Our job was to get behind the mask to find out what we really had. I don't mean that prospects were lying to us. They were simply enamored by the career and income possibilities and wanted us to agree that they would be good here.

You have to get behind the outer shell and find out what is inside the people you are considering to see what they have to offer our industry and your agency culture. You've done the recruiting, and you have a pool of candidates. Now the real work begins! (The next chapters cover the systems I used to get behind the mask and select enough of the right kind.)

LEADERSHIP BUILDING BLOCKS

Find the Right Fit

- **Adopt this mantra: selection is the most important skill in our business.** It will dictate the level of success you achieve. Selecting the right people is more important than selecting lots of people.
- **Develop a large pool of potential candidates.** It is only with a large pool that you can be free to select the best and brightest.
- **Know who you want.** Create a candidate profile that clearly describes the exceptional people you are seeking.
- **Build relationships with your centers of influence.** Give them the information they need to feel comfortable sharing names with you.
- **Create a robust producer-referral process.** Your producers understand what it takes to succeed and will recommend only appropriate people to join your team. Strive to make producer referrals your primary source of candidates.

CHAPTER FIVE

The Selection Process

The Story of the Broken Rear Axle

In the story of the broken rear axle, I want to sell you my used car. I put an ad in the paper: car for sale, four years old, 40,000 miles. You come to look at my car, and there it is. It is four years old and has only 40,000 miles on it. It has a brand-new convertible top and a spotless all-leather interior. I open up the hood, and you could eat off the engine, it is so clean. Steam-cleaned engine, overhead cam; the car looks beautiful, and I priced it $2,000 below *Blue Book*.

You ask me if you can drive the car and I say, "There's a problem with that. You can't drive the car because the rear axle is broken, and the car won't run." Game over. You don't want to buy the car. It doesn't matter if it has a brand-new convertible top. It doesn't matter if it has great tread on the tires. It doesn't matter if the stereo works beautifully, and it doesn't matter if it has a steam-cleaned engine. If the rear axle is broken, the car won't run. You are not going to buy the car.

The same thing is true in the selection process. To find the right people for your agency, you should first look for the broken rear axle. Too many people focus on the pros and cons of candidates in the selection process. They evaluate someone by counting the pluses and minuses. If he has more pluses than minuses, they invite him to join the agency. *Wrong.*

The car had 15 pluses and one minus, but it took only one minus to kill the sale. If the rear axle is broken, the car won't run. In selection, look first for reasons to reject the person — to *not* select him or her. Look for the broken rear axle.

Save Yourself Time

The bottom line here is that you should not spend lots of time with people who don't have a very good chance of joining your organization.

My initial interview was designed to be about 15 minutes long and to move people to tests for determining if they had the qualities needed to continue in our process. If they made the cut after testing, I could afford to spend a bit more time with them.

In that initial interview, I first sold the career. I would give a little background on the career and agency, and I would ask questions about what the candidate most wanted in a career, what was important to him. Reacting to his answers, which most often were income and security, I would provide examples of how this career could offer him those things. Whatever he was looking for, I showed him how he could get it in this business.

And then I would say something like, "But Harry, our industry has a reputation for turnover. And this reputation is well deserved. For every 100 people who enter our industry today, in five years there are 13 left. As an industry, we have an 87 percent attrition rate and a 13 percent retention rate over a five-year period. Those are the *industry* numbers, and they are very real. But *our* numbers are a little different.

"More than 50 percent of all the people we've hired over the last 10 years are still here. In any sales profession, 50 percent retention is extraordinary, and we think there are a lot of reasons for it. I think part of the reason is income. We have a very high income in our firm. I think part of the reason is products. I think part of the reason is our training program. But the primary reason, Harry, is selection." (Remember, first I sold him on the career and now I am going to take it away from him.)

I would go on to tell him that we believe very strongly that most people do not belong in sales. And among those who do, most don't belong in intangible sales like financial services. And for the few people who do belong in intangible sales, most don't belong at our firm. I reiterated that our firm was not for everybody. I told him, "You have to put the round peg in the round hole and the square peg in the square hole."

Then the true sales presentation would begin. I would tell him that for every 30 people we interviewed, we found that 29 did not belong at our firm. For the one person in 30 who we thought belonged at our firm, we pursued that person aggressively.

By this point, Harry was more interested than when he had first walked in the door. Who wouldn't want to belong to a club meant for a select few?

The "Selling" Side of Selection

Everybody wants to join a club they can't get into. That's why in the initial interview, I established the fact that we don't take very many people into our agency. "The chances are 30 to 1 that you're not going to be coming here, pal. You have to be very, very special." They start thinking that if it's an exclusive club with high-income potential and very few can get in, that's the kind of firm they want to look at.

It's opposite of that old Groucho Marx line — "I refuse to join any club that would have me as a member."

I talked with them a bit about the benefits, but then I took the opportunity away from them. I talked about how tough it was, especially in that first year. In fact, I told them, "In the first year, there are a thousand jobs that'll pay you more money with less aggravation and heartache. But this isn't a job; this is a career. Your first year here, quite frankly, is very difficult. **In fact, there are long hours, hard work, low pay, and lots of rejection. What more could you want?"**

We made no apologies for that. Why should we? They were starting a business. I asked them if they knew anyone who owned their own business. Most of them said yes. "Did you know them when they were first starting out?" About half would say yes. "When they first started, I'm guessing it was long hours, hard work, low pay, lots of rejection, hanging on by their fingernails, just trying to make the thing go, right?

"No different here. That's what you do when you start a business. Just like those people you know who are running their own businesses; they're successful, make lots of money, and have a great lifestyle. It is the same thing here once you build the business.

"So I am not going to say it's a great job here in the first year; in fact, it's very difficult. But there are very few places you can go now where in five years you will make this kind of income or have the freedom and flexibility you will have here."

I don't know anybody who has been in this business successfully at the MDRT level for 10 years who would ever consider doing anything else. How many people can say that about their careers? But you do pay a price in those early years — long hours, hard work, low pay, lots of rejection. That's the entry fee to get you where you want to go.

Continue Looking for the Broken Rear Axle

How did we determine who was that one person in 30 who we thought would succeed? Our selection process began with testing. We used three tests to look for the broken rear axle. It took candidates about three and a half hours to complete the tests. (See Chapter 6 for details on these tests.)

Those still in the running for a spot based on their test results were then invited to go through a series of five interviews. The first interview I called "industry, agency, and company." During this interview, I was selling. If the tests showed that the candidate at least belonged in the pool, I wanted him to want us. So we would discuss the many benefits of our industry, our agency, and our corporate partner, The Guardian.

The prospective recruit would be given the assignment to bring his financial information to the second interview. At this meeting, I would take a confidential questionnaire from which I was going to do his financial plan. I got to see his entire financial situation as well as observe his family relationships. He got to see and feel what the job would be like. During this interview, I was buying (selecting), not selling. At the end of this interview, I would give him a Project 100 to complete before the next meeting.

During the third interview, I would present his financial plan for his family. Again, he got to experience the job. I followed this up with more probing selection questions and would give him 15 field surveys to complete before our next meeting. I would choose the 15 people from his Project 100. In this interview, I was still buying, not selling.

In the fourth interview, we would review the field surveys to see how many referrals he had and whether he had the respect of his natural market. He was then introduced to our agency specialists, who individually described their roles in assisting his career. Here we were *both* buying and selling.

So far, I had seen his tests, his finances, his natural market, and his willingness to approach that market. Assuming I was sufficiently impressed, we would go to a fifth interview to discuss compensation.

Here I would continue to reinforce and emphasize that the new associate is a business owner, not an employee. Everything revolves around building the business. The Guardian, like many of your companies, has a wonderful career contract that pays very well while you are working and has terrific retirement benefits, including renewals, a

defined benefit pension, a 401(k) with a match, and nonqualified plans for big producers. We would also show the candidate computer runs of income projections, given various assumptions and expected income for 20 years after retirement.

The key here was how we presented it. The income projections spoke for themselves, but discussing what happens after retirement required more explanation. We talked not about pensions but about the income flow that could be created by selling the business back to a Fortune 200 company.

This approach was based on one of the biggest problems that small-business owners face when crafting an exit strategy: how do they get their money out of a business after they've built it? Because that is a question that prospective recruits will have once they become successful agents, we would demonstrate how a 30-year-old MDRT producer could build his income up to seven figures and later sell his business for many millions, with it being "bought" by a Fortune 200 company with billions in surplus. That's an exciting story and one we reinforced for the entire career of that associate.

We would interview for about an hour and half on compensation, and I would conclude that interview with an offer — to get "engaged."

Get Engaged Before You Marry

I always explained to candidates in the initial interview that we first worked in a precontract stage, where a candidate attempted to qualify for a position with our firm.

"Harry, if you agree to become engaged, you'll be assigned a sales manager. Together, you'll go in the field; the sales manager will sell and you will watch. Slowly, he will talk less and you will talk more, and you'll begin to do some selling while he watches. Try on the suit before you buy it. How does it fit? Are you motivated? Are you challenged? Are you having fun? Because, Harry, life is too short if you don't really enjoy what you're doing.

"If you're motivated, if you're challenged, and if you're having fun, and we are convinced that you can perform in our market, then we get married."

I want to reemphasize that the precontract stage is another *selection* device. One of the biggest mistakes that many young sales managers make is thinking that precontract is simply something to complete to get a candidate under actual contract. That's not true at all. Precontract is a reason to select people out and not bring them on board, so that your retention is up because you get rid of them in precontract.

You determine early on, before you waste a lot of time and energy, that this is not going to work. Too many new managers do not see precontract as a selection tool. With precontract, you are giving a person an opportunity to qualify for a position within your firm. In our agency, that person had 60 to 90 days to meet set criteria before we allowed him to actually join our firm. By the way, 50 percent of the people we put in precontract did not complete it.

The full process from the first interview through precontract took about three months, but it worked for us. Remember all of these steps are to look for reasons to reject — it only takes one broken rear axle for the potential candidate not to succeed in our business. That rear axle is different for different people. If a person is in debt and doesn't have the money to sustain his lifestyle, the rear axle is broken. If he has had five sales jobs in 10 years, then as far as I am concerned, the rear axle is broken. If my tests show that he won't sell because he fears rejection, the rear axle is broken.

Once I weeded out all those with broken rear axles, only then did I have a pool of viable candidates. It is from this pool that I would then select whom to bring on board.

Too many managers look for a reason to select a person when they should be looking for a reason *not* to select. I believe that's one reason why retention is so bad in our industry. It's human nature; we are programmed to look for the best in people.

Systems Provide Stability

I believe that successful agencies are systems driven. Nowhere is this more important than in selection. A process is absolutely necessary to boost your success with selection and to keep you from spending too much time on unnecessary tasks. In the system I used, I rejected about 75 percent of the people after spending only some 15 minutes with each of them and another 10 minutes or so reviewing their tests. As I moved along in my career, this is the system I insisted my field leaders use to find new agents.

LEADERSHIP BUILDING BLOCKS

Look for the Broken Rear Axle

- **Use your initial interview to sell.** Be sure candidates know you are looking for extraordinary, unique individuals who will fit your agency. Make them want to become a member of your exclusive club.
- **Reject before you select.** Look for the broken rear axle to narrow your pool of potential candidates.
- **Spend your time wisely.** Develop a process that allows you to spend minimal amounts of time with those least likely to succeed in your environment.
- **Get engaged before you get married.** Use the precontract period as a selection tool.

CHAPTER SIX

The Selection Process

Using Testing as a Key Rejection Tool

I have a very clear philosophy about the use of tests in the selection process: Pass the test, forget the test. Fail the test, forget the individual.

Testing was the first step in my *rejection process* with potential candidates; I wasn't looking to select anyone by testing. I didn't weight responses or compare columns of strengths and weaknesses. Remember, I believe it only takes one good reason *not* to hire somebody.

We found three tests worked best for our agency — the Personnafax Career Analysis, the Zimmer handwriting analysis, and the Bill Grimes & Associates SPQ-Gold sales preference questionnaire. Many good tests are out there, and some companies have created their own. I used these three for specific reasons.

I reviewed candidates' Personnafax test results first. With the Personnafax selection system, I could eliminate 50 percent of the participants on the spot. When candidates were eliminated, I put their tests in a file and explained to them during a follow-up interview that the Personnafax people said they should not join our business and why.

For the 50 percent who did pass the Personnafax test, I sent it, the handwriting test, and the SPQ out for analysis. When I received these analyses back, I triangulated the results and eliminated another 25 percent. With this system, I eliminated 75 percent of the candidates after spending just 15 minutes with each of them and another 10 minutes looking at tests. Testing was integral to my selection process as the results showed so much while taking a minimal amount of my time.

Personnafax Career Analysis

The Personnafax Career Analysis is designed to show a candidate's potential for success in commission-based sales careers. Because I could grade the Personnafax test myself, it saved me an enormous amount of time and money. I used the Personnafax to test for the broken rear axle.

The Personnafax test has 10 sections:

- Section A: Residence and Contact Information
- Section B: Education
- Section C: Sketch of Yourself
- Section D: Work History
- Section E: Financial Statement
- Section F: Occupational Preference
- Section G: Attitudes and Motivation
- Section H: Self-Perspective
- Section I: Community Survey
- Section J: Career Preferences

For me, sections D, E, G, and H were the most telling. I looked at these areas first and in that order.

Section D: Work History

Most experienced recruiters know that past performance predicts future performance. If you want to know what a person is going to do in the future, look at what he or she has done in the past. Is there a track record of success? If past performance doesn't indicate a track record of success, then the chances of succeeding in this very difficult career of ours are pretty slim.

The kiss of death for me was someone who had been in sales for 10 years and held five jobs during that time. Every two years, he would change sales jobs. There was always a ready explanation of why. Guess what? In two years, that person would have a very good reason for leaving me too. If he was not willing to do what was necessary to rise to the top where he was before, why would I want him?

I was looking to hire outstanding people, not someone who held five jobs in 10 years. I was looking for the person who stayed with the same company for 10 years and had five promotions. That's an indicator of an exceptional candidate.

Section E: Financial Statement

The financial statement was also very important to me. This allowed me to judge whether candidates were currently living within their

financial means. A candidate's desire to make a lot of money wasn't as important to me as a history of good financial judgment. It told me that this person had a better chance for success with me.

I have heard field leaders say, "I want to hire sharp people and get them in debt so they will work hard." I have never believed in that philosophy. I just don't think that works long term. I wanted people who handled their money well and who were in a good situation themselves. This allowed them to give good advice to their clients.

Section G: Attitudes and Motivation

Section G of the Personnafax text contains 100 questions, to be answered yes or no, regarding attitudes and motivation. There are 20 questions each on dominance, emotional stability, work drive, sales aptitude, and natural market.

I could teach a two-day seminar explaining how to grade this test, so I can't cover all aspects in this book. But following is a brief overview of what was most important to me.

For new people coming into our business, generally speaking, a little more dominance is better than a lack of dominance. We want leaders, not followers. If I had somebody who scored low in dominance, I immediately jumped down to the last 20 questions to see if the person brought a natural market. If he or she had low dominance and no natural market, it was a huge red flag that the person would have a difficult transition to this career. If, on the other hand, the applicant had a limited natural market, I immediately went to the dominance section to see if she had a dominant personality. The combination of sections is important.

I looked at the questions on emotional stability, knowing that in our business, producers face a lot of rejection. An emotionally stable person is much more likely to succeed in such an environment.

I always reviewed the questions about work drive. I liked people who worked hard. I was something of a workaholic myself, so I was always biased toward people who worked very hard. Of course, just because you work hard doesn't mean you are going to be successful. There are people who work very hard but who still can't make it in our industry. For example, every CPA I ever tested was off the scale for work ethic. They were used to working 70 or 80 hours a week. During tax time, it was more like 100 hours a week.

Unfortunately, the financial services landscape is littered with the corpses of CPAs who thought they could succeed in our business because their clients always did what they told them to do. What these CPAs didn't understand was the difference between providing tax advice, where clients were almost at their mercy, and selling, where clients were not compelled to take their advice. You may be a trusted financial advisor at tax time, but the trust is a little worn off when you are selling something and earning commissions. A lot of CPAs don't make it in our business because they can't make that transition.

When I hired a CPA, I wasn't looking for a CPA who did the books. I was looking for the CPA who went out and brought in new business, who had some sales aptitude, some people skills, and a degree of dominance. Just having technical knowledge and high work drive wasn't enough.

Section H: Self-Perspective

I also compared work ethic with the results from Section H. The test includes a very long list of words, and applicants are asked to check off the ones that apply to them. It is absolutely amazing to me what some people checked. Many would check *clever, sly,* or *cunning* because that's what they thought I was looking for in a salesperson. That told me all I needed to know. There was the broken rear axle sitting right there, because that's how they would sell.

GAMA Resources

My agency always went first to GAMA International when looking for tools to help us. GAMA resources are top of the line. GAMA also has Resource Partners that offer products and services specific to the needs of our industry. Over the years, we used many.

Two Resource Partners who were instrumental in my agency's success were Bill Grimes & Associates and Csaba Sziklai. These two people helped us to build and grow our agency and make it as successful as it was. I think they were two tremendous additions to our firm.

Reaching outside your company to bring in additional help to grow your agency or firm adds to and enhances what your company gives you. Why wouldn't you want to do that?

Be sure to check out GAMA resources at **www.gamaweb.com**.

The Personnafax test provides additional information about applicants. These are just four of the areas I found most telling. Remember, I used this test simply as a rejection tool. If an applicant passed the test, I forgot the test and started the selection process. If he or she failed the test, I forgot the individual.

Zimmer Handwriting Analysis

I like the handwriting analysis because it is the one test nobody can fudge. Because of the nature of our business, there are unique qualities that successful producers generally possess. Some of these qualities can be determined with some accuracy by handwriting analysis:

- *Enthusiasm.* Without enthusiasm, the candidate is usually (but not always) dead in the water.
- *Drive for money.* Is the person solely driven by the desire to make a lot of money, or is he or she motivated in other ways as well?
- *Aggression.* How much and how is it directed? Is it aimed internally or externally? Can it be exploited to the fullest extent in a positive way? For example, if someone is compulsive, you can channel aggression by creating a structure for them, with your priorities heading the list.
- *Self-starter.* Will this person push himself or herself to be the best?
- *Willingness to prospect.* Is the candidate willing to do this hard job and do it often?
- *Ability to handle rejection.* Is the candidate able to handle the many rejections required to make a sale? If he or she is too sensitive, there is no chance of making it in sales.

All of these qualities can be lumped under one category called sales talent. The graphologist would evaluate the whole picture and provide a recommendation, which included an assessment of the candidate's potential level of success and suggestions for working with the person. Over the years, I saw a very high success rate when the graphologist recommended we bring a person on board.

SPQ-Gold Sales Preference Questionnaire

The SPQ-Gold sales preference questionnaire from Bill Grimes & Associates was perfect for my needs. It is designed to judge what a potential applicant will or won't do in a sales environment. This is different from profiles that provide psychological overviews about candidates. These test results helped me answer three key questions:

- How much potential does this candidate have?
- How soon will the candidate produce?
- What will be the cost in terms of time, effort, energy, and money?

The questionnaire addresses 12 types of sales call reluctance. Everybody has sales call reluctance, but the degree differs. Some types are more cost-effective to manage or treat than others, which is important when considering who to hire for a career in sales.

For example, there is the doomsayer. The doomsayer maintains a perpetual red-alert status. Therefore, prospecting energy is regularly diverted. Contact initiation takes a backseat as he anticipates low-probability catastrophes and worries about worst-case scenarios. He is stuck because he anticipates failure. Not good.

Then, there is the hyper-pro. The hyper-pro's prospecting energy is squandered on projecting the *appearance* of success. Acquiring new business becomes secondary to cultivating an image of professionalism, polish, credibility, and sophistication. High scores may be accompanied by overuse of jargon, name-dropping, flashing expensive accessories, educational degrees, or professional affiliations.

Using the Combined Results

Once again, and this is very, very important — I used these tests as rejection tools to pare down the potential list of 100 applicants to the 25 or so quality candidates we would talk with to get to four quality hires. I never hired anyone based on test scores alone.

No test is perfect, and people do try to fudge tests. But test results did help me quickly determine who to keep in the selection pool for next steps in the process. Remember, pass the test, forget the test; fail the test, forget the individual.

LEADERSHIP BUILDING BLOCKS

Use Tests Strategically

- **Use tests as a rejection tool.** Use tests early in the process to find reasons not to hire; do not weigh the pros and cons of candidates. If a candidate fails a test, forget the candidate.
- **Save yourself valuable time.** Testing — then believing what the results show — keeps you from spending time with candidates who are not likely to succeed.
- **Don't use tests as a selection tool.** Passing the test only means that a candidate qualifies to move on in the selection process. You still need to know a lot more about the person to judge whether he or she is right for your firm. Once a candidate passes a test, forget the test.
- **Use multiple tests.** Using more than one test will give you a clearer, more in-depth picture of the candidate.

CHAPTER SEVEN

Stop Chasing Premium

Everything in your agency or firm is predicated on selection. When you hire the wrong person, it's like pushing a wet noodle up a hill. It doesn't work. No matter what you do, no matter how much joint work you arrange, no matter how much training you offer, no matter how much financing you provide, it still doesn't work. It is nothing but frustration and aggravation and eventually negativity.

And by the way, when that wrong person finally leaves your firm, it is always your fault in his or her mind. You didn't provide enough training. They all say the same thing. They are all leaving because they weren't trained properly.

When you hire the right person, the star, he will grab you by the throat and extract from you whatever information he needs to succeed. He will climb over you to achieve his success, no matter what you try to do to hold him back.

You can hire two people — the right one and the wrong one. Put them in the same class, same time, same training. The right one will take off like a rocket. The wrong one will flounder and accuse and then leave. It's all in the selection.

Live in the Long Term

This book revolves around a very important concept that framed my business style from the beginning: *Do not chase premium, build a business.* This is huge. Over my 40-plus year career, I saw many companies, agencies, and agents fall into this trap. They lived short-term and made decisions based on the here and now, which almost always caused troubles for the long term.

Our job as field leaders is to build the agency, build the business. Because our business is people, you build a business by building people. The more successful people we bring in and help achieve the goals they set for themselves, the bigger we build our businesses. Your agency is nothing more than the sum of the successes of all the people you have helped to select, train, and retain.

Retention is very important in our business. If you hire an agent and he is with you for nine months or a year and then he fails and leaves, you have a hole in your agency. You had someone in an office producing revenue. Now, he is no longer there. You still have the office. You still have the overhead. But you have no revenue.

So you have to go out and find somebody else. You have to bring him in, put him in that office, and fill that hole. You will spend an entire year just getting back to where you were. You haven't built anything. All you have done is stay level. With that first person you hired, you received some premium but you didn't build anything. You had to go back the next year and go through the process all over again, so you were just treading water.

Why do we make these mistakes? We usually do so for short-term gain.

For example, you have a recruit come in. He is good-looking and wears a pinstripe suit. He has nice Ferragamo shoes as well as a large natural market. He has an Ivy League education, is 28 years old, and has a bright smile. And you are thinking, "He has this natural market." But you go through all your tests, and the tests say he can't sell. He is bright, he is articulate, but he doesn't like to sell.

The general agent with the short-term view who makes short-term decisions and is chasing premium says, "Well, he has this market, so I'll team him up with my best MDRT producer and they'll go out and call on his natural market and we'll sell a bunch of insurance." They bring him in. They team him up and sell a bunch of insurance. Then, once they've used up his market, the MDRT guy casts the dead carcass on the side of the road and says, "Who's next?" They made a little bit of money, but they didn't build anything. They just chased premium by going with a person who couldn't sell because they wanted to access his natural market. That's not building a business.

The same thing is true with companies. How many companies think the secret is the next top product or offering their term product for 10 cents cheaper than the other company's term? They sell a lot of term until somebody comes out a little cheaper. They are not building anything; they are just peddling product. We must put together a field force that can withstand the ravages of whatever the economy sends

our way and will continue to produce revenue on an ongoing basis. *We must select the right people and build relationships with them so we can build a business together.*

I know of one company that went out of the career business and was only going to use brokers and personal-producing general agents. It watched sales fall off like a rock, right through the floor. It then began building up the career agency system again after learning that building the business — not just chasing premium — was important. The company had made a wrong assumption that paying a couple of agents a few extra points would create a bunch of business. It doesn't work that way. When the company stopped building the business, it almost went *out* of business. Now it is doing fine, but it spent a lot of money rebuilding what was lost.

Unfortunately, I saw so many companies doing that — not making investments to build the business — just as I saw so many agencies not making the investments in management. You cannot build a business without frontline leaders. If you are going to build a business, you have to make the investments required and stop chasing premium.

The Cost of Hiring the Wrong Person

I can't say it enough: building your business begins with selection. One thing we have to teach new sales managers is the cost of making a selection mistake. The penalty for hiring the wrong person is enormous. Because when a sales manager hires a person, she makes a tremendous investment of time and energy. She works with him for weeks, maybe months. She trains him, does role play with him, and then they go out into the field to do joint work.

Now, let's say she is with "Joe" for the next month or two. Together, they are out two or three nights a week, and somewhere along the way, she learns that she wants Joe's success more than Joe does. It begins to dawn on her that this isn't going to work because Joe doesn't have the proper motivation or skills to be successful in this career. She then has to set about unwinding this situation, and it's going to take a month to do that. By the time it's over, she may have had six to eight months invested in this individual who is not going to make it. It may take a year and a half before Joe eventually leaves.

Please note that I did not say until Joe fails, because I don't believe that an advisor fails. It is the sales manager who fails, not the advisor. When it doesn't work out, it is either a selection mistake or a training mistake. *You either hired them wrong, or you trained them wrong.* The sales manager is the one who is accountable for the success or failure of advisors.

Know Who You Are and Who You Want

There are many books written on selection. And most of them boil down to two key points — know who you are and who you want. While this isn't a new concept, I think it's one worth repeating. Remember, selection is about finding the right kind of people for your organization and rejecting everyone else, no matter how strong they might be in other areas. The testing I did to look for the broken rear axle? To review the test results appropriately, I needed to know the type of individual I was looking for.

Different companies have different selection criteria and focus on different markets. For example, some companies specialize in young people right out of college. They go across the country hiring lots of young people, and they have an activity-driven culture. What these young people don't possess in sophistication, they make up for with energy, activity, and rote learning until they grow in the business. It works beautifully for those companies.

My agency did not have an activity culture. We hired career changers. I was looking for people earning six-figure incomes before they walked in the door and who had access to a market of six-figure incomes and more. A 21-year-old with no natural market would not do nearly as well in my agency as he would somewhere else. But I thought I had something to offer a 35-year-old attorney that maybe those other agencies didn't.

You have to know what you have to offer and what your prize recruit looks like. Training your managers to have this "eye" is challenging. Mostly, it takes time and experience. Until they've had failures, until they've made mistakes, and until they have been with the right people, I would sit with young sales managers and we would go through all the tests together and talk about them.

Here's a scenario that happens with many new sales managers. Joe's tests are borderline, but the new sales manager really likes Joe. He is sharp, aggressive, articulate, dresses well, and has a natural market. You look at Joe's tests and say, "But what about this and what about that? I think we are going to have trouble in these areas. I think that you ought to be very careful with this recruit. And I think we ought to investigate these areas of weakness in the precontract days."

But the new sales manager sees the bright suit and the aggressive style and the one or two sales Joe just made, and he really wants to bring him on board. You have a discussion, and you explain your misgivings. You tell the sales manager, "If you want to bring him in, go ahead. This is what I think is going to happen, but let's see." The new sales manager selects Joe and spends six months training him. But in the end Joe doesn't work out for all the reasons you had noted.

Now six months are up and you go back to the sales manager and ask him what he learned: *"Did you hire him wrong, or did you train him wrong?"* He tells you all the things he learned and you reinforce those early warning flags that should have alerted him to problems with this candidate.

Until the sales manager felt the pain, he didn't truly understand what a mistake costs. He was so anxious to succeed and felt this recruit had so many good things going that he thought he could overcome the deficiencies. He had to learn by doing. It's just like teaching your teenage son to drive a car. He reads the manual and understands the rules of driving, but the lesson is not complete until he actually drives the car.

It is no different training a sales manager. When he feels the pain and bangs up a few fenders, then he begins to get it. It just takes time. It is a process that only experience can teach. Still, you don't just let him go do it; you walk with him every step of the way, and you use each mistake as a teaching tool and a learning experience.

Watch for the Exception

Know who you want, but don't be blind to the superstar outside of your model who may surface. I learned this lesson from a LAMP meeting and kept it in mind throughout my career. At LAMP in Nashville, I went to a workshop on selection with some 400 successful managers in the room. The speaker asked a question — "How many people here are hiring mostly young people right out of college under the age of 25?" About 10 percent of those in the room raised their hands. "How many people here are hiring mostly career changers?" About 90 percent of the room raised their hands.

He asked, "Why is that?" The answers given were all similar. Retention and productivity are much higher with mature people. Young people don't really know who they are yet, and they don't have the financial wherewithal to survive. Then, the speaker asked, "How many of you in this room came into the business under the age of 25?" And 90 percent of the room raised their hands. He just smiled.

The speaker went on to explain that nobody is disputing that hiring younger people is a bigger risk. However, the other side of that coin is that you better get that star you are looking for when he is 23 or 24, because you won't be able to afford him when he is 35. The fact of the matter is that most of the great agents who go on to take jobs as general agents were hired young. There are exceptions, of course, but I looked at the results in that room and have never forgotten the lesson.

In fact, it's a lesson that turned out to be a very personal one for me. I hired my son, Steve, right out of college to do brokerage business. He took a scratch unit with no brokerage and built it into a unit doing $500,000 a year of premium in brokerage through the creative use of computers and websites. Then he came to me and said he wanted to go into personal production. I asked him, "What are you going to do for a market? You're living in Washington, D.C., an area where you weren't born and raised. You don't know anyone in this town." He told me he was going to do it all on the Internet. I laughed at him and carefully explained all the reasons this couldn't be done.

With all my years of wisdom and all of my experience, I told him about the companies that had invested millions trying to sell life insurance on the Internet and how they had all failed. I explained the age-old truism that I had been taught — life insurance is a product that has to be sold, not bought. And the Internet is for buying things. He just looked at me and smiled, as only your son can, and said, "Watch me, old man!" Two years later, he was leading The Guardian nationwide in sales of disability insurance, and he was doing it entirely through the Internet. He never met a single client in person.

And the story doesn't end there. He then came to me and said, "I want to go into management." And he built a unit based entirely on Internet sales. Today, he is the general agent of a multimillion-dollar agency predicated on Internet sales.

While I admit I am biased, I think this is a wonderful example of how exceptional young people can teach us a new way of doing business. Young people today have skills, abilities, and thought processes that we need in our industry. They can do things beyond our vision and expectations.

You have to know who you are and who you are looking for. Our agency culture was not activity driven, so we were not looking for young people. We were looking for career changers. But if a truly exceptional person came along, we were open to hiring him or her. Don't be so focused on your profile that you are blind to the truly exceptional candidate.

Sometimes, You'll Miss One

I'm convinced that a strict selection system is imperative to build a business. You might miss one or two candidates who would turn out well in spite of what your process shows, but it is more likely that you'll save yourself much time and energy by not working with those who just won't make it in our business.

You cannot be soft on this; you must take action. When I was a young sales manager in the Wallace agency, I hired 14 agents in four years. When I left in June of 1977, 11 of those 14 agents were still there and six of the 11 were either MDRT or pro rata MDRT. You can build an agency with that kind of retention and that kind of productivity. I was very proud of those numbers. Now, let me tell you a story.

I was sitting at my desk and it was probably the fall of 1976. I was less than a year away from leaving to get my own agency. I get a phone call from someone we'll call Fred. Fred says, "Mr. Crawford, I would like to come see you. Can I get an appointment next week? Is Tuesday or Thursday better for you?" I said sure and we set the time for Thursday at 10:00 AM. On Thursday, he comes in the door and shakes my hand. He kind of smirks at me and says, "You don't remember me, do you?" And I say, "No, Fred, I really don't."

Now remember, I was interviewing enough people to get 100 to take the tests every year, which means I probably interviewed eight times that many over the course of a four-year period.

He handed me his card, and I read, "Fred Smith, Metropolitan Life Insurance Company, Member of the Million Dollar Round Table." He said, "I am the person you told wasn't good enough to come and join your agency. Metropolitan Life thought I should join its firm, so I did. And last year, I qualified for the Million Dollar Round Table. I just want you to know it, and I want you to know you were wrong and you screwed up big-time when you didn't hire me."

I looked at him and smiled, and I said, "Fred, obviously I was wrong. Congratulations. I am truly happy for you. And Fred, if I can ever help you in any way as you go through your career and advance with Metropolitan, let me know. I am just so happy that I was wrong and that you are successful."

Fred left, and I closed the door, wiped the smile off my face, and said, " #!?@!#."

Then I sat there and thought about Fred. This is the conclusion I came to: I recruited 14, I retained 11, and six of the 11 were MDRT. Those are good numbers. If I had selected all the Freds who I thought were borderline, I couldn't have come close to those numbers, and I'd be back down below a 20 percent retention rate like everybody else.

I was doing the right thing the right way, and I was getting the right results. Choosing someone so he doesn't go to work for another company is the wrong reason. It is true that someone who doesn't fit your profile may go on to be very successful elsewhere. In fact, often

Why Chasing Premium Doesn't Work ...

Your business is bigger than any one producer. When you have one producer who is causing a major problem in your business, but you still want his premium, you've already sowed the seeds of failure. Now, you have to decide what kind of business you are going to build, and you have to decide that your vision and your abilities are much more important than the premium of any one producer. Here's an example.

I was a young general agent with The Guardian. My leading producer was doing somewhere between $70,000 and $100,000 of premium — this was in the mid-1980s, when that was quite a bit of premium. It was a young agency that I had started from scratch, so I had maybe 15 or 18 agents. We were just getting off the ground and the lead producer's premium was important to me, but this was one nasty lady. She complained about everything and everybody, and all her problems were somebody else's fault.

She wouldn't fill out the applications correctly, and then she would yell at the clerks because they wouldn't process her business. She would leave information off, and then she would yell at underwriting because they wouldn't do their job fast enough. She did lots of things to cut corners; then, when it came back to her, it was always somebody else's problem, somebody else's fault, never hers.

This woman was always negative, but she attracted people. The problem is that people who have a strong personality are often seen as leaders. This woman had five people around her who became her entourage.

applicants even tell you that they are interviewing with five companies and if you don't take them, another company will. They play on your emotions. When you select someone to join your agency, you should be absolutely convinced he or she is going to be successful. And then you will be wrong only 50 percent of the time.

I selected 14, I retained 11, six were MDRT. That's a good record. It is OK that I missed Fred.

Remember, *I wasn't chasing premium, I was building a business.* To build a business, I had to have high retention and high productivity from as many of my agents as possible. I couldn't be afraid of missing a Fred here and there. That is the lesson to be learned from the Fred story. It's a pretty strong lesson, and it is a hard one to teach. I hope this true story helps you.

This was really a key moment in building my agency. She was my leading producer, but I called her in and said, "You know, we just can't live together. We have talked about your behavior time and again. Obviously, you are not going to change. I can't live with your behavior, and I can't have that behavior in this agency. I am not going to take your contract away, but you have to leave the agency. Go detached; I can't have you in this firm. I know you are my leading producer, but the way you act and the way you treat people and the kind of clamor that you put out is not something that I want affiliated with this firm."

Her business was good business. She had good persistence and good production. There was nothing wrong with the business; it was just the way that she acquired it.

Well, she didn't detach; she quit because she wanted to go somewhere else where somebody would pay all her bills and her expenses. If she was detached, she would be responsible for herself, and she would have nobody else to blame her problems on.

So I lost my biggest producer. The lesson I learned was from the five people in her entourage. They stayed, and the next year they all doubled their production. I got all of her production back **plus** 50 percent.

I didn't fully realize the negative effect she was having on my agency. When she was no longer there, they improved and their production boomed. This is when I truly figured out that **building my business was far more important than chasing premium.**

LEADERSHIP BUILDING BLOCKS

Stay Focused on Your Business

- **Build your business.** All decisions must be made with the long-term goals of the agency in mind.
- **Build people.** Help your people achieve their goals, and your business will benefit as well.
- **Stick to your selection process.** The cost of deviating from your plan is large in time, money, and achievement of company goals.
- **Learn from your mistakes.** Mom and Dad were right — you learn best by experiencing the consequences.
- **It's OK to miss a Fred along the way.** It is your overall results that matter.

CHAPTER EIGHT

Success with Systems

So far, we have talked mostly about selecting managers from your agent and advisor recruiting classes. There were times in my career, however, where I had exceptional success bringing someone in from outside my agency and retraining them in our way of doing business. I'd like to share with you two stories that demonstrate how important I felt it was that all sales managers use our systems.

Denny Eckels

The first story is about a young schoolteacher, Denny Eckels, who came into the life insurance business in Harrisburg, Pa., with another company. As an agent, he was very successful. He made MDRT early and quickly rose in the ranks to sales manager, where he grew the No. 1 unit in his region. Harrisburg is not the financial capital of the Northeast, but his unit was bigger than his company's units in New York City and Philadelphia.

Recognizing his talent, the company brought Denny to its home office for a year and a half of training before sending him out to be a general manager in Baltimore, where the previous agency had been an absolute disaster. Over four years, Denny tripled agency production and manpower and won several President Citation Awards.

Unfortunately, the company he was with demutualized and restructured and needed to lay off several vice presidents in the home office. As is the case with so many companies, the company offered its vice presidents different positions in the company rather than firing them. It gave Denny's agency, which was running smoothly and doing well, to one of the vice presidents. It then offered Denny the chance to go build the company another one. But by now he was disenchanted. Two other companies offered him the opportunity to be a general agent with them in another city.

I met with Denny and asked him, "Denny, do you feel confident in your ability to be a general agent? Do you think you have the knowledge and background to build a great agency?" He was up front with me: he said that without a doubt he knew how to operate in the scheme of his old company, but he also knew there were other ways to run a successful agency.

Remember how Bill Wallace took a chance on me? I paid that forward and offered Denny the same deal Bill had offered me. Denny came to work with me, and I prepared him for building a great agency. I also told him that when he was ready, I would help him get his own agency.

I realized that Denny was probably already better than I was in managing people and processes. But I told him I would teach him two things that would make all the difference in his success as a general agent.

"First, I am going to teach you a sales system that produces sales large enough to financially support an organization like this," I said. "Second, I am going to teach you recruiting and selection our way. Our way is different from the process you learned. At our agency, we concentrate on selection for retention and growth."

For the first six months, I did not allow him to perform any recruiting or management tasks. I paid him a management salary to learn our sales system. I wanted him to master it, to learn it backwards and forwards. I wanted him to take it into the field, use it, and produce at an MDRT level using our sales system. I wanted him to know it so well that he could teach it and train other agents on the sales system.

He did that. He learned our sales system. He went through our training program twice. We had a very specific training program — 52 sessions — so he attended two-hour classes every Monday and Friday for 26 weeks. The two hours included role play, book work, and learning our language. I wanted him to learn to sell our way with our language. He mastered the process, and at the end of six months, I had him teach some of the classes. You never learn anything so well as when you are required to teach it.

With those tasks completed, I told him it was now time to learn how to recruit. (Remember, Denny was a recruiting machine in his previous company.) He went out and brought me 40 people over the next month and a half.

And I turned them all down.

He just looked at me one day and said, "What do you want? I brought you 40 good people. I would have taken 20 of them in my previous company." When I then asked him how many of those 20 would still be there in five years, he looked at me and said, "Two."

I told him to bring me those two. I was not being a smart aleck. But I needed to get it across to him that it wasn't the number of bodies that mattered; it was net manpower growth. Retention figures are what matters. We began to work together on selection, and he started to see what we were looking for. When he brought me prospects early on, I'd ask what about this? What about that? Once he trusted the concept of the broken rear axle, he began to understand why some people were going to fail. Learning was beginning to take place.

There is no shortcut to it. You have to kiss a lot of frogs to find the prince, and the old 25:1 ratio is probably pretty accurate. We simply spent an enormous amount of time together, going over these selection tests for the people he brought in, with me asking him questions. As he began to answer the questions himself, he began to understand who should and should not be selected. He started to understand, over time, what it takes to succeed in our agency and our market, which was different from his old agency and his old market.

Remember, Denny was a successful person. He was one of the most successful managers in his former company, with a 10-year track record of success. But it still took time for him to learn selection our way and to be trained on our process.

Denny certainly caught on. Over the next 18 months, he selected five people; four of them succeeded and three of them became MDRT. That's pretty good. If you have an 80 percent retention rate with 60 percent MDRT, you can probably build an agency. Denny understood it, and now he began to build that way.

Then The Guardian came to me because there was an opportunity in Wilkes-Barre, Pa. Denny was offered this move to Wilkes-Barre to take over an existing agency that was merged into ours, and he agreed to take it. He also knew that he had a home in my agency and that I would be retiring in five years. I told him he was capable of being a general agent — that he had everything he needed for the job and that when I retired, he could likely have a part of this agency. When his work was done in Wilkes-Barre, he returned to Baltimore, where I appointed him associate general agent. When I retired, he ended up with about 60 percent to 70 percent of my old agency.

With our help, Denny had dramatically developed his management skills. When he joined us, we made sure that he did everything our way. We retrained him on the sales process and the selection process, and everything was done our way. He used our selection process — from initial interview through precontract. All our sales managers did everything the same way all the time. We strove for a commonality of language, of purpose, and of systems.

George Moore

George Moore came to me from a company that dealt almost exclusively with young people just out of college. That was the company's culture nationwide. George was a district manager there — an outstanding, hardworking, top-quality gentleman. He and his general agent didn't see eye to eye, and it was apparent to George that he was not going to become a general agent in his company because his general agent would not help pave that road.

George really wanted to be a general agent. I saw early on that he had outstanding potential as a leader, and I invited him to join our firm in the Washington, D.C., branch.

Just as with Denny Eckels, we didn't allow George to recruit for the first six months. He simply needed to master our sales system and sell at the MDRT level using our systems and our language. He had to learn, practice, and master what he would teach the recruits he would eventually bring in.

But George too ran into a bit of a problem when I turned him loose on recruiting. He started going back to his old market of recent college graduates. I reminded him time and again that while that worked in his previous company, which had systems for that market and was an activity-driven company, it did not work in our agency. In our culture, we took in career changers with access to higher income markets. We did not have the resources to support young kids. I also reminded him that his previous company had lower retention rates.

We were looking for a 50 percent retention rate over five years. Typically, you're not going to get that kind of retention rate with young people. Recent college graduates have a lower retention rate than more senior people because young people are just learning who they are and what they are, and they've got some growing to do. I am not saying don't hire recent grads — a lot of great agencies and great companies have been built on these young people. It just wasn't our market, and it wasn't our culture.

After about a year of enduring some pain as he continued to recruit young people who did not fit our market, George started recruiting our kind of people. Over the next two years, he recruited three inexperienced agents who became Court of the Table producers and two other agents who became MDRT producers. In George's fourth year with us, his unit was producing a million dollars of life premium and a quarter of a million dollars of gross broker dealer concession. That's not a bad little unit. He learned how to create success doing it our way with our kind of people in our market.

Because George was ready to be general agent, I went to The Guardian and told them I had a young man who deserved the position. "You've got problems somewhere that need to be solved, and I know this young man can solve them." They moved George to Memphis, and he's now building an agency and doing a great job there for The Guardian.

LEADERSHIP BUILDING BLOCKS

Require Systems Mastery

- **Retrain to your systems.** Success in another agency or firm will transfer, but only if you insist on people mastering your systems.
- **Start at the beginning.** A manager must master your sales systems before she can recruit, select, and train. Insist on a minimum of six months, limiting her tasks to sales activities.
- **Obtain buy-in to this plan early on.** Even then, you will need to be patient and persistent to ensure that your managers are using your systems.
- **Reward the stars.** Remember our earlier discussions about seeing what your people hope to achieve and then helping them get there? Deliver on those promises.

CHAPTER NINE

Guiding Principles for Leaders

Visualize a Bigger Future

During my career, I have been fortunate to work with many exceptional leaders. I learned from them and adapted their ideas to work for me and the kind of organization I wanted to create. It is my privilege to share with you what I've learned along the way so you can take my ideas and make them your own.

Many of the most important lessons I've learned have to do with visualizing the future — creating and protecting the vision of the organization you want to build. As a manager, you will have to master many skills to run your business and build your team. You will spend a lot of time working *in* your business. But the time you take to work *on* your business — those are the times that will inspire and sustain you. In this chapter, I share some of the principles that inspired me throughout my career.

Create and Communicate a Compelling Vision

The No. 1 priority for every effective leader — whether first-line, frontline, teacher, or coach — is having a clear and compelling vision. You must know where you want to take your firm. And it isn't enough for you to simply have a vision, you must be able to clearly articulate it to the people you are leading, and then you must communicate it at every opportunity.

What often happens is that we have a clear vision of where we want to go. We march off to secure the vision, but something is missing. When we look behind us, we see there is nobody there. We are just taking a walk — by ourselves, alone. This happens because we have not clearly articulated the vision to others, answered their questions, and obtained their buy-in. Without buy-in and commitment from the people we are leading, the vision is worthless.

When creating your vision, don't allow your own self-limitations to get in the way. Often, others have a bigger view of what we are capable of achieving than we have for ourselves. To create your vision, look outside yourself. My vision came from GAMA and from my four years with Bill Wallace. I knew what success looked like. Therefore, I knew what I wanted my agency to look like in 20 years. And I worked to keep my vision alive.

I used to go into my office every Saturday morning, especially early in my career, close the door, and for about an hour and a half, just sit there and visualize. I created a picture of where I was going and what it was going to look like when I got there. I took the time to dream the dream. This is so very important. It helps you to know what you want to accomplish. And over time, your vision becomes more and more clear.

I am a big believer in visualization. If you can visualize where you are going, then you will do the things you need to do to get there — almost in an automatic way. Having a vision, having concrete goals, and knowing — not just guessing or hoping — what a successful environment looks like helps you to get there. You know the problems involved, and you know the hurdles you have to overcome. If you keep that vision in front of you all the time, then you will, almost subconsciously, make the decisions you need to make and do the things you need to do to get there. *It is the difference between building a business and simply chasing premium.*

But no matter how clear your vision is to you, it means nothing until it becomes a shared vision with your team. Only then does it really take form. Just as I kept building my vision and keeping it strong through my Saturday-morning sessions, I also needed to keep it in front of my people regularly.

I had an associate's guide that I published. In the first section of the guide, there was a vision statement and a page titled "This We Believe," which outlined our guiding principles. The vision statement talked about what we wanted to become, and our guiding principles talked about how we were going to get there as an organization.

We reviewed that guide with every new person. But that was not enough. At every agency meeting, we talked about where we were and measured our progress toward our vision and goals.

Of course, goals are constantly changing because the world changes, the economy changes, the industry changes, and we change.

And as we changed those goals or altered that vision, we kept everyone apprised. The objective was always to get buy-in and build a shared vision with the team.

Part of pursuing a vision is accountability. It's one thing to say "we have a vision" and be done with it. To keep your team committed, you have to be accountable back to them for your progress toward achieving it. We set up annual goals, and every month I put out a bulletin that charted our progress toward achieving both our short-term and long-term goals. The bulletin talked about production and listed all the agents, but it was used to do more than just track agent accountability to management. It also was used to track the accountability of management to the agents. At least quarterly in those bulletins, we reported our progress toward our long-term vision — where we were currently, how we were progressing, and how we were meeting our goals as an agency for the year.

Many in our industry have heard of GAMA International Management Hall of Fame inductee Harry Hoopis, managing partner of Hoopis Financial Network with Northwestern Mutual. He refers to himself as his firm's "resident big thinker," and this further illustrates the importance of vision. Just as you need to look outside yourself to create your vision, part of being a visionary is to help others elevate their sights, to have a bigger view of their possibilities. It is your role as a leader to help them believe in their ability to attain the vision and see the path to achieving it. Part of leadership is helping people go to a place they would not have gone without you, helping them achieve goals they would not have achieved if they had not had a relationship with you.

Many in our industry chase premium. We have companies chasing premium. We have agencies and firms chasing premium. Not enough people are building businesses. If you understand the difference between building a business and chasing premium, and you visualize what that business is going to look like, and you keep that vision alive for your team, you will subconsciously make dozens of decisions every day toward your goal of building the business. You'll get there as long as you work hard, persevere, and keep your vision always in mind.

I think back to the early days of my career when dreaming my dreams every Saturday was the best thing I had going for me. When you start a scratch agency, you are everything. You're the advance underwriter, you're the pension expert, you're the recruiter, and you're the trainer. You wash the windows and put the cat out at night. I was working 12 to 14 hours a day, seven days a week, and hanging on by my fingernails trying to survive. As a scratch general agent, I was nothing more than a glorified sales manager with twice the problems and three times the financial exposure.

I had to do whatever was necessary to survive that period. I almost ruined my health working so hard, but on Saturday mornings when I took that hour and a half to visualize and dream, I understood why I was doing it. I understood where we were going and how we were going to get there.

Leadership starts with vision.

Think Five Years Ahead

People don't want to be managed — they want to be led. We all resist management, but we all embrace leadership. To be a great manager, you must lead people. You don't manage people; you manage systems and things. Part of effectively leading people is to think five years ahead.

So often, managers get caught up in the day-to-day trials and tribulations. A wise man once said, "I can deal with the lions, the tigers, and even the alligators, but God save me from the thousand little nibbling ducks." What happens to so many managers in our business is that the thousand little nibbling ducks get them down. They start making decisions just to relieve the tension of those ducks. These decisions are focused on getting through the day or dealing with the problems in front of them at the moment. Truly our decisions, all of our decisions, should be framed around one question: does this get me where I want to be in five years?

Day-to-day decisions made in the heat of the moment are often harmful to our long-term goals. We may cut corners or make a snap decision just to relieve the tension of some immediate problem, but it ends up creating a bigger problem down the road.

We must ask ourselves with every decision we make: "Is this decision in the long-term best interest of my firm? Does it help me achieve my five-year vision? Does it help me build the kind of business I want to build?"

Focus on the Big Picture AND the Details

Another form of weak leadership is the manager who stands up and says, "I can't be bothered with all those details. I am a big-picture guy." He thinks just seeing the big picture is acceptable, but I believe he is all wrong. You have to be bothered by the details. I don't mean that you have to micromanage and be involved in every little detail in your office. But you have to be certain that somebody is monitoring those details. Not being "bothered" with the details is weak leadership.

If you are a scratch general agent, the person attending to the details is you. You have to do everything. When I started out, I did all the recruiting and all the training and everything else because it was just me and 5,000 empty square feet.

As we grew and expanded, I began to hire people to take on some of those tasks. However, the results of all of those details were reported back to me so that I was aware of everything going on. I wasn't micromanaging the details, but I was aware of them and of what was happening everywhere in my firm all of the time. Somebody was responsible for those details, and that somebody either reported to me or reported to somebody else who reported to me. The bottom line: results of the details got back to me in an efficient and effective manner. I didn't just stand up and say, "I'm a big-picture guy. I am not involved with the details."

If you run a successful organization, you are responsible for the details and, yes, you must also take care of the big picture. As the leader, you must create and communicate the vision and then make sure processes are in place to manage all of the details required to get there. This is different than the thousand little nibbling ducks. Those represent the hundreds of *interruptions* that can consume your day. The details of your business are not interruptions. You must have processes in place to manage and oversee them. It's very important to understand the difference.

Reserve Time to Think and Dream

This tip is best divided into two sections. First, let's talk about the big picture. I believe that every year, everybody needs to "go back to the mountain" and reassess goals and plans for achieving those goals. We all have a mountain someplace that helps to center and energize us. For some agents, their mountain is MDRT. For others, it's the Association for Advanced Life Underwriting or the Society of Financial Service Professionals.

As a field leader, my mountain has always been GAMA International. Every year, I would go back to the mountain — LAMP

— and for three days I would work *on* my business, not *in* my business. I turned off my cell phone and got away from solving the day-to-day problems. I was thinking about and working on my business. I was listening to people who were better than I was or doing a bigger job than I was. I was listening for new ideas. I was taking those ideas and putting them together with my business plan to see what fit and what didn't.

In the early years, at the end of those three days at LAMP, I would come back and change three things in my agency. In the later years, I would come back and change two things in my agency. If you try to change more than that at one time, you don't really succeed.

If you think hard about your business and work on your business for three dedicated days and then come back and make a few changes, over 20 years that's 40 to 50 changes. That is a lot of improvements, and you can build yourself a pretty nice agency.

You must reserve time to think and work *on* your business, not *in* your business. Some people think taking three days away from the office to attend a conference is a luxury. I think it is a necessity. I came back from those LAMP meetings recharged and reenergized, ready to make positive changes that would move my agency forward.

The second part of reserving time to think and dream goes back to the visualization process discussed earlier. Again, I strongly believe in visualization. If you truly understand where you're going and have a concrete vision of what that place is going to look like, every day you will make dozens of little decisions that will lead you in that direction. Thinking five years in advance becomes automatic if you have the vision firmly implanted in your head.

When you take a couple of hours every week to think and dream, you are taking the time to color in between the lines and complete the picture. Everything that happened to my agency was in my head five years before it took place. I had the vision, and when I took the time to get away from the thousand nibbling ducks, I was reenergized to go out the following week and fight the battle all over again.

Inspire the Troops

As leaders, one of our most important jobs is to inspire the troops. Harry Hoopis calls it big thinking. Let me tell you a story about two agents, Agent A and Agent B. These were two agents who worked with me in Baltimore — outstanding young men who were in their late 30s or early 40s at the time.

They were both doing about a quarter of a million dollars of ordinary whole life premium a year, which was pretty decent at that time. They were also selling quite a bit of securities, including mutual funds, annuities, and assets under management. They were both enjoying a good income — about a quarter-of-a-million-dollar income each, between their first-year commissions, their renewals, and their equities. They were not wealthy, but they were doing well and were on their way up. But I believed they could do a lot better.

Like most agencies, late in the year we handed out planning forms so our agents could do annual planning for the next year to set goals and objectives. They looked at their criteria — how many life insurance policies, what kind of premium they wanted, where it was coming from, how they were going to conduct their business, and so forth.

They all set goals and objectives with regard to their personal lives as well. Every December, we would sit down with them and review their goals and objectives. As I have said before, my goal was to find outstanding people who wanted to accomplish something and then help them do so. This was part of that process every December.

One year, in early November, I called Agent A aside and I sort of whispered in his ear something like, "Can you see it?"

He said, "See what?"

"A million dollars of premium and then ultimately a million dollars of income."

He looked at me, a bit confused, and said, "No."

I said, "I can see it for you. I see you doing that kind of business. I know you have the ability. You have the knowledge. You have the talent. You have the drive and the intellect. I know if you put your mind to it, you can do it. You simply have to decide you're going to do it and decide how."

He looked at me some more, and I continued, "In another four or five weeks, we're due to have our annual planning session. Why don't you just think about this? Think about how long it will take you to get there." Then I laid out for him the financial incentives for agents in our firm who were big producers — in our agency, that meant those associates who generated one million of whole life premium in a calendar year.

Next, I went to Agent B and whispered in his ear, "Can you see it? From where you're standing, can you see a million of premium?" I went through the same conversation I had had with Agent A.

Fast-forward to December. Agent A comes back and says, "I see it; I can do this. I hadn't thought about those numbers before. I hadn't thought in those terms before, but you got me thinking, and I believe I can do this. I know how I can, and it will probably take me three years to get there. But I think if I do these things over a three-year period, I can get to a million of premium." And under our system between the renewals and the equities, a million dollars of premium would, within a very short time, generate a million dollars of net income.

He went forward with this new goal, and three years later, with his team, he was earning a million dollars of income with more than a million dollars of premium and had a large equity base as well.

Now, I didn't do anything. I didn't do any of the planning. I didn't give him any special system; I didn't give him any special knowledge. The only thing I did was help him see the picture. He did everything else. I simply reinforced his belief that he could do it and provided some economic incentive to accomplish his goal. That was my job. The agency's work had come earlier, when we hired him and trained him in our systems and promoted his education through The American College. But the time had come when the only way to move forward was for him to commit to taking those next steps toward *his* vision of *his* business.

When I saw Agent B in December, his answer on the million in premium was different. He said, "No, I can't see it. I *can* see \$500,000. If I stand on this box, get up on my toes, and look over the horizon, I can see \$500,000, given the market I am in, given what I am doing, how I am running my practice, and what I am willing to do over the next couple of years. I think that within three years, I can get to \$500,000 premium."

And guess what? In three years, that's exactly what Agent B was doing. Again, I didn't tell him what to do. I didn't give him any sales assistance. I didn't give him any extra money. All I did was try to help him see the way.

There are many stories where great managers have helped others to see a bigger view of the possibilities open to them. Your job, à la Harry Hoopis, is to be the resident big thinker — to inspire the troops and help them see a greater reality and set a bigger vision for themselves. Your job is not to do it for them. Your job is to help them align their individual visions with your vision for your agency or firm. If you have selected enough of the right kind of people, then together you will work toward a shared vision.

Torpedo the Status Quo

I believe this so very strongly: people and organizations must grow — they simply have to. That starts with you. If, as an individual, you are not growing, how can you expect the people around you to grow? If your agents are growing at a faster pace than you are and doing more than you are, pretty soon you are going to have a group of unhappy people because they are going to outgrow you. The objective is to hire people who are better and smarter than you and then work like crazy to keep up. If you do that, you will be very successful. You too must continue to grow.

Many years ago, Frank E. Sullivan wrote a book called *The Critical Path to Sales Success*. He went on to become chairman of the board of Mutual Benefit Life Insurance Company. In his book, Sullivan stated that individuals need to "repot" themselves every seven years. I believe that's true. As individuals, we must constantly grow, and then through that growth, we must help others grow.

When I started a scratch agency, my job was the same as a sales manager, but I had financial considerations on top of it. That job bore no resemblance to the position I had when I retired as the CEO of a midsize corporation of 220 people. Those are inherently different jobs, and over time I evolved and grew to accommodate the different jobs that I took on along the way.

Early on, my job was a glorified sales manager. As we began to grow some, I became an agency manager, and then I became the manager of a large agency where my job was to develop other people in management. Later, as the CEO of a corporation, I spent all my time with managers. I had to continue to grow to meet the needs of each of these positions.

As you near the end of your career, they pay you for what you know more than for what you do. That's part of this journey. They pay you to impart your knowledge to others. As your job changes, as your agency grows, you must develop managers just as you developed agents in the earlier years of your career. And to grow managers, you must grow personally.

The same thing is true of organizations. Your organization also must grow. No organization can remain stagnant — it is either going forward or going backward. That may be a cliché, but it happens to be absolutely true.

To continue to grow your organization, you must expand your horizons and grow managers, specialists, and structures that support your agency or firm (such as group insurance operations, pension operations, and so forth). This job gets broader and deeper, and it never stops. When we choose to come into management, we make a lifestyle choice. That choice is believing that work is its own reward and that we gain satisfaction by growing people and organizations. The satisfaction we gain is why we continue to work long hours each week.

Organizations need you, and they need your enthusiasm. They need growth. There needs to be opportunities for people to advance. Youth will be served, and we have to make room so they can continue to grow the organization. All barricades to that growth have to be removed. I believe both people and organizations have to constantly grow. When they don't, you have trouble, both at the personal level and the organizational level.

LEADERSHIP BUILDING BLOCKS

Visualize a Bigger Future

- **Work toward your vision.** Great leaders keep their eye on the prize and make all decisions to support the end goals. Ask yourself with every decision, "Does this decision help me achieve my five-year vision?"
- **Create a shared vision.** Look for opportunities to communicate and reinforce your vision regularly. And hold yourself accountable to your team for achieving the vision.
- **Go back to the mountain regularly.** Where do you get centered and energized? Make the time to go there to work on your business, not in your business.
- **Learn and teach.** Good leaders understand that there are teaching moments present every day for themselves and their teams. Look for them.
- **Help others to see a bigger future.** Inspire the people on your team to see beyond their self-limitations. Believe in them more than they believe in themselves.
- **Never stop growing.** Push yourself and your organization to new heights as an example for your team.

CHAPTER TEN

Guiding Principles for Leaders

Inspire Others to Action

In the last chapter, we talked about creating a shared vision — one that everyone on the team is committed to achieving. When you have a vision but haven't inspired others to follow it, then you're just taking a walk by yourself. That's when you turn around and no one is behind you.

An important part of being a leader is inspiring others to action. I'm not talking about exhilarating speeches that bring everyone in the room to their feet. While those are motivational, it's the day-to-day interactions you have with people that demonstrate who you are as a leader. How you behave and how you treat people will inspire others to follow you more than any motivational speech. Here are some of the guiding principles I try to follow every day.

Treat Everyone with Respect

You live in a fishbowl. Everyone is watching you all the time. When people see you treating others with disrespect, it changes the way they think of you as a leader and a person. It sets off a kind of warning flag that affects their future interactions with you. In some part of their minds, either consciously or subconsciously, they are thinking, "Will he treat me with that same kind of disrespect?"

Many years ago, I hired a sales manager from another agency that was going out of business. She came to me with three agents. We interviewed back and forth several times. She was obviously an intelligent individual, and the people with her had a good track record of success. The week after she came on board, I invited her to lunch. The way she treated the young waitress who served us was abominable. She showed her such disrespect — verbally giving her the back of her hand and dismissing her as if she were not worthy of her time. It really was embarrassing.

I knew at that moment that I had made a mistake. As soon as I saw the way she treated that young waitress, I knew that she and I were headed for trouble. I saw into her character and discovered the kind of person she really was when she took off her mask. Sure enough, within a couple of years, she was gone. We parted company, and I learned from that experience. People look at you and they judge you — you live in a fishbowl. You must treat everyone with respect all the time.

Treat Everyone Fairly — But Not Always Equally

This does not mean you must treat everyone equally. In fact, there is nothing more unfair than treating unequal people equally. In our business, you must treat people according to their contribution to the organization. Treating people fairly also means no special deals. This is very important. You *can't* make special deals, but you *can* treat people differently.

Early on in my career there was a situation with a young man that helped clarify this principle. The scale in our agency was set so that the more equity production a producer did, the higher payouts he or she would get. For X amount, we paid 40 percent of gross broker dealer concession; for X amount more, we paid 50 percent; and so on. The top production level was $250,000.

One day, this young man came into my office and asked to talk to me. He said, "I don't think I am being treated fairly here." Of course, I asked him to explain what he meant.

He said, "Well, last year I did about $750,000 of gross broker dealer concession and my payout was X. I know what comes through the door and I think that amount is unfair. If I worked for ABC Company, I would be getting 92 points. I know I am in an agency and you're paying for various things, so I am not asking for that. But the bottom line is your payout levels are way too low for someone doing $750,000 of production.

"I am paying my way. I am paying expenses, and I'm making a contribution back to the agency by helping it grow. I am carrying about eight other people, and I shouldn't have to do that. I should be entitled to a higher payout than I am getting for my production level. I am adding to the surplus of the firm and being a positive force."

I told him I would think about it. I went home and put a pencil to it, and the more I thought about it, the more correct I realized he was. It *was* unfair. I wasn't trying to be cheap. It was just that the plan had

been set up many years before and at that time, it never dawned on me that anyone would do more than a quarter of a million dollars in production. And now I had someone doing three times that amount.

I went back to him and told him he was right. In fact, to be fair, I had decided to pay him more than what he had suggested. But I let him know that before the new plan went into effect, I had to announce it to the whole agency.

At the agency meeting the next month, I explained the conversation I'd had with this young man and distributed a handout that illustrated the new payout grid. Everyone who achieved what this young man had accomplished would get the same payout. There was no special deal. We changed the deal for everyone.

I wasn't treating everyone equally but I *was* treating them fairly. Everyone had the same opportunity to get more by doing more.

Hold Yourself to a Higher Standard

As a manager, you are no longer one of the guys. That's just the way it is. I encouraged my young managers not to go have a drink Friday afternoon at four o'clock with the agents. Why? Because sometimes people have two or three beers and say things they shouldn't be saying around you.

You are not one of them anymore. You are their leader, and with that comes certain responsibilities. Even if you go to Joe, whom you know really well, and tell what you think is a harmless but slightly off-color joke, later Joe may repeat it to Mary, saying, "Quincy told me this." If Mary is offended by the joke, she is offended by Joe *and* she is offended by you. Even though you didn't tell the joke to Mary, you told it to Joe. You cannot get that respect back.

So even among your friends, avoid making offhand comments or jokes. As the leader, you are held to a higher standard, and you must maintain that standard at all times.

Praise in Public; Coach Behind Closed Doors

I always thought that this message was really just common sense, yet it's amazing how many managers don't understand it or forget it in the heat of the moment. You need to offer praise in public. No matter how successful agents are, they always want public praise. We all appreciate having our accomplishments recognized publicly. And, of course, the opposite is just as true. Coaching conversations should always be done in private. Criticisms should never be stated in a public setting. There is nothing to be gained by this and everything to be lost.

Find the Third Side to Every Story

The old saying "there are two sides to every story" isn't entirely correct. In fact, I believe there are always three sides to a story. When you are making decisions or managing conflict, always look for that third side. For example, there is Agent A with side one and Agent B with side two, and then there is side three, which is usually somewhere in the middle. I'm not saying that agents A and B are lying to you. They are simply telling you the story from their perspectives. With side three, you're adding your own perspective — one that takes into account your five-year plan and vision for building your business.

Here's an example. I was a young general agent, and The Home Life had just sent me to take over their agency in Baltimore. Remember, there were 74 agencies in The Home Life at the time and Baltimore was ranked 74th.

If you recall, there were six agents in the agency at that time, all 65 years old or older. They hadn't written a single piece of business in six months and were demanding services and expenses while contributing no revenue. The Home Life told me I had 18 months to fix the situation. This was my opportunity. One of the first fixes I put in place was to hire some aggressive young people to get this agency off the ground and start selling some life insurance.

We had an associate's guide, and in the guide we detailed rules about client relationships. One rule stated that the agent who sold a life insurance policy had that client for life. No one else in the firm could call on that client. About a year and a half into this venture, my top new young agent came in to see me.

He said, "Quincy, I have some great news. I was out on a case last night, and I think we are going to get a $10,000 premium." Now remember, in 1978 a $10,000 premium was a big premium, especially for a struggling young scratch agency on its way up. It would make our month.

Then he added, "There is one little problem, but it's not really a problem." When I asked him to explain, he said, "Twenty years ago, this client bought a policy from Agent X." Agent X was now 69 or 70 years old and hardly doing any business at all. My young agent continued, "This client is not going to do business with Agent X; he wants to do business with me. So as long as we can get around that silly rule in the associate's guide, I am going to write a $10,000 premium tomorrow night."

I told my young agent I needed to talk to Agent X before making a decision. He insisted again that the client only wanted to deal with him and closed with, "Don't you need a $10,000 premium?" I held my position and reiterated that the first thing I needed to do was talk with the older agent.

I called Agent X into the office for a chat. I asked him if he knew the client the young agent had mentioned. He said, "Oh, yeah. We've been friends for 40 years. He's bought from me twice. As a matter of fact, for the last year and a half, I have been talking to him about his estate needs, and I think there is a $10,000 premium there. I think sometime in the next six months or so we are going to get that."

I confirmed, "You've been talking to him about this for some time?" He said, "Yes. He's been my client for years, and I think we'll get it."

After Agent X left, I called the young agent back into my office and told him he couldn't have the client. He launched into a tirade. "This agency needs the business, and Agent X can't write this kind of case. Only *I* can get this case. You are taking $10,000 and throwing it away. What kind of a manager are you?"

My response to him was that I was the kind of manager who plays by the rules. I will walk away from a $10,000 premium before I will allow anyone to circumvent the rules just to write a case. What I didn't say, but what I was thinking was *I am building a business; I am not chasing premium.*

I called Agent X back in and said, "You need to know that someone called on your client, and he was talking about doing that $10,000 premium soon. I think you need to call the client and move this thing along." Within a week, we had a $10,000 premium in our agency. Agent X wrote the case, maintained the long-standing client relationship, and we got the business.

The young agent learned that he couldn't get around the rules by promising big premium. If he was going to stay in our agency, he had to abide by the rules. He was somewhat unhappy about it, but because we were doing things the right way, he accepted it. It was a valuable lesson for him about being successful in our agency. I heard both sides of the story, and then I figured out the truth from the middle, and we got a wonderful result.

LEADERSHIP BUILDING BLOCKS

Inspire Others to Action

- **Be an example.** Remember you live in a fishbowl. Treat everyone with respect and always hold yourself to the highest standard.
- **Treat everyone fairly but not equally.** There is nothing more unfair than treating unequal people equally. And remember that processes that were once fair might now be outdated. Be open to change.
- **Assess all sides of every story.** Don't take action until you've discussed both sides with opposing parties and analyzed the situation. The truth is often somewhere in between.
- **Praise publicly and coach privately.** Never forget this leadership golden rule.

CHAPTER ELEVEN

Guiding Principles for Leaders

Demonstrate True Leadership

Being a leader means different things to different people. For me, developing others and helping them achieve their goals is the mark of a true leader. How we behave as leaders is so important — we must model true leadership every day. What we say and do as leaders has a direct impact on the culture of our agencies and firms. We set the example for the new leaders we are trying to develop and establish the behaviors that are acceptable in the working environment. Following are some of the principles that I believe create a positive, effective culture.

Never Complain or Criticize

This is a lesson especially for young sales managers who are about to get their own agencies or for field leaders taking over established agencies with problems. Effective leaders do not complain about their problems, their predecessors, or their companies. It doesn't do any good to complain. It doesn't do any good to blame other people. You were sent there to solve a problem, so be quiet and get to work.

The people in your agency don't want to hear how your predecessor screwed up. They don't want to hear how the home office is causing the problem. That's not leadership.

What they want to hear — what they need to hear — is how you are going to fix the problem. That's what leadership is. When all you do is complain and cast blame, you aren't leading. You might enjoy a good old-fashioned gripe session with your team, but you aren't leading, and you aren't solving the problem. You're simply admiring the problem.

A woman who was one of the best agency vice presidents I ever had — Eileen McDonnell — inherited a host of problems from senior management, her predecessors, and the company's broker-dealer. I was fortunate at the time to be a member of the company field advisory board, made up of eight of the top general agents from around the company. We were elected by our peers to visit with senior management to put forth our point of view and be heard by senior management.

Eileen came in, and we sat down and outlined a series of problems. To her credit, never once did she take the bait and criticize senior management of the company. Never once did she criticize her predecessor and blame him. She took ownership of every one of the problems, sat with us around the table, and said, "OK, I own this problem now, so let's stop talking about it. This is my problem now. How are we going to fix it?"

Guess what? We got them all fixed. We respected her, and we respected that she took ownership of the problems and did not cast blame elsewhere. With the previous vice presidents, we had many disagreements. But Eileen received only cooperation because she demonstrated true leadership. She continued to rise in her career and is now president and CEO of The Penn Mutual Life Insurance Company, which is experiencing outstanding results under her leadership.

Never Vent at Your Associates

The founder of transactional analysis, Dr. Eric Berne,[1] developed the theory that the human personality is made up of three ego states — parent, adult, and child — that we model throughout our lives. Each state has a full complement of thoughts, feelings, and behaviors to draw upon when we interact with one another.

Someone stomping his or her feet and raising a ruckus is likely in the child state. The parent state is a domineering way of thinking, the "you will do what I say because I said so" attitude. The adult ego state demonstrates acquired intelligence. In this state, there is more of a give-and-take in conversation.

In the workplace, we have to always remain in the adult state. When an agent comes into your office, and he is in the child state yelling and throwing a tantrum, you must never yell back. Strong leaders don't yell. The louder he talks, the lower you talk. The more rapidly he speaks, the slower you speak. He who speaks the lowest and slowest wins; he who speaks the fastest and loudest loses.

[1] E Berne. *Games People Play.* New York: Ballantine Books, 1996.

It is your responsibility as leader to maintain the adult part of the relationship. Never allow yourself to be sucked into becoming the child throwing a tantrum or the parent pointing fingers and yelling. You must always be the adult. If you can maintain your professionalism and composure when someone is yelling, sooner or later that person will come around to the adult state as well, and then you can begin to have an intelligent, productive discussion. Sometimes, it takes a few minutes for people to vent, but you should never vent back. Stay in the adult state, and you will get around to solving the problem.

Don't Let Them See You Sweat

There is an old cartoon that I see in a lot of offices. It is of ducks on top of the water, looking just as placid as can be, while underwater they're paddling like crazy. This cartoon says it all. Maintain your calm; maintain your demeanor. Be positive and enthusiastic, but underneath work like crazy and don't let them see you sweat. Remember, you live in a fishbowl. It is your job as leader to instill confidence in your people.

Be Predictable

Successful people will flee an unpredictable environment. Successful people want their leaders to be very predictable. If at all possible, you should have an associate's guide, and that guide should spell out the rules of the agency. It should spell out everything — how the agency works, who composes the leadership team, explanations of statements and payouts, how business is processed, how you deal with one another, how you deal with one another's clients — basically as many aspects of working there as possible.

I know it's impossible to cover everything, but to the extent possible, you have to have objective criteria for making decisions that everyone understands. That way, you have objective standards for conflict resolution. It is so easy to make the wrong decision if you like Agent A better than you like Agent B. But if you have objective criteria and everyone knows those criteria, then you are predictable. This allows you to avoid making decisions based on personality and focus on what's best for your business.

Learn from Your Failures and Your Successes

One of the most important things we must accept as leaders and teach to our new leaders is that it is not a crime to make a mistake. As a matter of fact, if you are not making any mistakes, you probably aren't trying hard enough. The crime is not in making a mistake but in *repeating* the mistake. So many people don't take the time to analyze their failures and find out what went wrong, but this must be done so you don't keep repeating the action that caused you to fail. Without doing this, you are not learning from your mistakes.

This is especially true in selection. We all know that there is turnover in our business. But one thing I never allowed any of my management team to say was "we have to terminate so and so. He has failed."

Nobody comes into this business expecting to fail. Nobody walks in our front door and says, "Oh gee, I think I'll take a job where I don't have any income and my finances go backward to the point where I put my family's financial future at risk while I lower my self-esteem." They all walk in thinking they are going to be successful in a wonderful career with an opportunity to grow. We can't expect them to know who is right and who is wrong for our business. That's *our* job. That's what we are paid to do.

Therefore, when a sales manager comes in and says, "Harry is leaving; it's not working," he must understand that Harry didn't fail, *he* did. *The sales manager either hired him wrong or trained him wrong.* (You may have read this someplace before.) It's one or the other.

Every time an agent is terminated, it is a training opportunity for the sales manager. Whenever this happened in our agency, we brought the manager in for an analysis of the agent to figure out why the relationship failed. We looked at all the up-front stuff we did in selecting him and what we did in training him. We reviewed everything that happened during that agent's time with us to find out where we failed, because it was our mistake, our problem, not his.

As a manager, if you are going to take credit for all the successes, then you also have to be accountable for all the failures. Again, it's not a crime to make a mistake. In fact, even if you do the selection job perfectly, you are still going to screw up 50 percent of the time. And if you screw up 50 percent of the time, you can still have one of the best retention numbers in the industry. So when you make that mistake, you need to learn from it. Figure out why it happened, and don't repeat the same mistake over and over again.

On the other hand, sometimes you can focus so much on what went wrong that you forget to focus on what went well. Learning from your successes is just as important as learning from your mistakes.

Here's an example that happens all too often in our business: you have a conversation with someone at an industry meeting, and he sort of chuckles and says to you, "It was working so well, we stopped doing it." Everyone laughs, because we've all done the same thing. People sort of accept that this happens.

Well, you shouldn't accept it. Why stop doing something when it's working? I believe the reason is we get bored. We work on something and have some success; then we move on to something else. What about all those things that worked before? Too often, that knowledge is lost.

I can't tell you the number of times in my later years as a general agent that I found myself talking to a young agent, and I'd see his eyes glaze over. I realized that he didn't understand a single word I was saying. All my words had gone right over his head because I had this base of knowledge that he didn't. He was afraid to question me because he was young and I was the old general agent. But he didn't have a clue as to what I was talking about because nobody told him the 400 things he needed to know to fully understand our conversation.

The key to good management is to institutionalize all those bits of knowledge learned over the years. You must take all those things that work and put them in writing, build a training program around them, and see that somebody is training all the new people on the things that made you so successful. That way, they too can have those successes.

You should always be thinking about what people need when they first come into the business. You can't skip the early steps and jump right into conversations based on the experience you have today. Where you are today may be more fun, but it is not where the new person needs to start. When you institutionalize your successes, then others can experience them.

Delegate

To be an effective leader, you must learn to delegate. There is a famous story that I first heard from management guru Stephen Covey at a LAMP meeting in the 1980s, and more recently from Bob Fashano, an outstanding Guardian Life Insurance Company general agent in Buffalo, N.Y., at LAMP. It's the monkey story, which I shared with all of my young managers throughout my career. My version goes like this:

> *Regarding delegation, I want to paint a picture for you with my words. You are sitting in your office with the door closed. There is a knock on the door.*

You say come in, and Harry comes in. And sitting on Harry's shoulder is a monkey. Harry says, "I have a problem." And he picks the monkey off of his shoulder and puts it on yours, and he explains the problem. You say, "OK, Harry, I will work on that. I will get back to you. I'll deal with the problem." And Harry leaves.

An hour later, Joe knocks on the door and comes in. Joe has a monkey on his shoulder, and he says, "I have a problem." And he picks the monkey off of his shoulder, puts it on your shoulder, and explains the problem. And you say, "OK, Joe. I will take care of that problem for you." Meanwhile, you have two monkeys jabbering back and forth across your shoulders.

This process is repeated six, seven, or eight times during the day. By the end of the day, your agents are down the hall, having coffee, talking about the football game. You are sitting in your office with eight monkeys on your back, climbing all over your hair and up and down your back. You are getting nothing done because all you are doing is fighting with the monkeys (or a thousand nibbling ducks). This is not a productive way to run the business.

Now, let me paint a different picture for you. You are sitting in your office working, and there is a knock on the door. You say come in, and Harry walks in. He has a monkey on his shoulder. He says, "I have a problem." He picks up the monkey and puts it on your shoulder. You listen to the problem and you say to Harry, "That is a problem. I think here is where you go to get that problem solved and what you should do to find a way to solve that problem." And you pick up the monkey and you put it back on Harry's shoulder. Harry received advice from you, but he leaves your office with the monkey still on his shoulder.

This is repeated seven or eight times during the day. At the end of the day, you are getting your constructive work done. You have agents with only one monkey each on their backs — only one project to complete so they can get back to doing business.

This message is very clear about the *concept* of delegation. Here's how I made it work for me in actuality. If you walked into my office, you would see there were no chairs in front of my desk. I had a sitting area over to the side, so I had to get up and move to sit there. Mostly, if you wanted to talk to me, you had to stand in front my desk and chat.

You would say, "Quincy, I have a problem," and my answer would always be the same, "Go see Joyce to get on my calendar, and we will solve the problem." I would be busy or I'd have an appointment coming in just a minute (I averaged four to five each day), so I couldn't help right then. You would see Joyce, and she'd rapidly get an appointment on my calendar, and we would work to solve the problem. But 80 percent of the time, the people who came to see me would never get on my calendar. The fact is, they didn't really have a problem that they needed me for; I was just the closest guy they could dump it on rather than solving it themselves. But if they were required to make an appointment, they'd often decide it was just as easy to go solve the problem themselves.

This wasn't a case of my ducking problems. I was interested in doing the constructive work of building an agency. But The Guardian didn't hire me to be a new business clerk or a policyholder service person. They hired me to run a business, to recruit and train new people. Besides, 80 percent of those problems could be solved by a clerical employee if the agent just took the time to walk down the hall.

I was never available for a walk-in, but I was always available to my agents — by appointment. We solved the problem on my time schedule. Remember, I needed to spend my time with the alligators, the lions, and the tigers, not the thousand little nibbling ducks.

Be a Servant Leader

Dominant bosses are weak leaders. They are the type who point a finger into your chest and say, "Listen to me; this is what you are going to do. I am the boss, so you will do as I say." And that is, of course, the weakest form of leadership. People who bully others do so out of weakness and insecurity because they don't possess the skills or the self-confidence to lead in a way that supports and develops the other person.

When I brought on new agents, I would tell them that for the first two years, *they* worked for *me.* They didn't know enough yet to make their own decisions, and I had systems in place to help them succeed. They had to follow our systems and do the things we told them to do. But I always added that after two years, when they made MDRT and demonstrated the ability to produce sufficient numbers to prove they could grow their own business, then it all changed. At that point, *I* worked for *them.*

There is an old adage that "people do things for their reasons, not ours." My philosophy was always to find outstanding people with successful track records who wanted to accomplish something special in their lives. By helping them get what they wanted, I also became successful. My agency's success was no more than a compilation of the successes of all the people who worked there. That's really true.

My job was to be a servant leader — to spend time with people and find out what they wanted to achieve. Then my goal was to help them do it. Among the many individuals I brought in, there were that many different goals and aspirations. I provided sales systems and other support, but the goals and the dreams belonged to the individuals. A good servant leader finds out what those are. When you are a servant leader, you lead in a way that says, "I am here to help you; I am not here to tell you what to do."

I don't think anyone I brought in ever had a bigger dream than I already had for that person. We talked with people about their dreams in the selection process. If the dreams were too small, then I didn't hire them. I was looking for people who wanted to accomplish something extraordinary in their lives. I knew that if I found those outstanding people, I would get outstanding results. But when I found mediocre people, I knew I'd get less-than-mediocre results.

Being a servant leader should be easy if your selection process is good — if you select the kind of people you need and create the kind of culture you want. Your goal should be simply to help them get where they already want to go. They already have the motivation and the dreams. All you can do is help people who are already motivated to achieve.

LEADERSHIP BUILDING BLOCKS

Demonstrate True Leadership

- **Be an adult.** When conflict arises, stay in your adult state, no matter how tempted you may be to let the parent or child part of your ego take over.
- **Don't admire problems, solve them.** Complaining or casting blame doesn't move you forward and can hurt your credibility. Own the problem and focus on solving it.
- **Don't accept other people's monkeys.** Always be available, but don't take on other people's problems. Help them find solutions for themselves.
- **Be predictable.** Systems and structure give people confidence that they're being treated fairly and objectively.
- **Be a servant leader.** Don't tell others what to do. Help them to visualize and achieve their own goals. When they succeed, you will succeed.
- **Learn and teach.** Good leaders understand that there are teaching moments present every day — for themselves and their teams. Look for them and utilize them.

CHAPTER TWELVE

Guiding Principles for Leaders

Lead by Example

There are many excellent books on leadership and many theories about characteristics of leadership and leadership styles. In the end, I think, it all comes down to some fundamental truths — some basic characteristics about who we are and how we act.

If we show others every day that we are excited about our vision and are willing to work hard to achieve it, if we demonstrate through our words and actions that they can trust us to follow through on our promises and do what is best for the organization and the team, then we have done all we can as leaders. These final principles are based on your personal actions — because being a leader is a very personal act.

Work Hard

I was on a plane with another general agent from my town once and was absolutely amazed at something he said. He told me he had bought an existing agency from a retiring general agent. And then he said, "I can't believe how hard I'm working. I am in the office by 10 every day, and I never leave before two or two-thirty." I started laughing because I thought he was joking. It turns out, he wasn't. He was absolutely serious! This general agent was living off what someone else had built. Of course, the agency eventually failed because he was clearly not committed to its success.

There is a time-tested statement: *What you are speaks so loudly that I cannot hear what you say.* This is so true for managers in our industry. You can't show up late, leave early, and then point to your managers, agents, and staff and tell them they need to work harder, see more people, and produce more. You can't live one life and tell them to live another. Your actions speak louder than your words.

One of the common characteristics of most top field leaders is that they lead by example. I can only remember one person who ever out-worked me. He is now a general agent for The Guardian. As a young sales manager, I'd arrive at work at eight in the morning, and he would already be there. I'd go home at 10 at night, and he would still be there.

I couldn't ask people to do something I wasn't willing to do myself. And again, I believe hard work is its own reward. I received a great deal of satisfaction from the work I did, so why would I shortchange it?

I worked a schedule as a young sales manager that was very simple. I tried to get into the office between eight and nine in the morning, and on Monday, Tuesday, and Thursday nights, I'd stay at the office doing joint work with agents up until nine or 10 at night. Then, on Wednesday, Friday, Saturday, and Sunday, I was home for dinner with my family. When I had to go to work on a Saturday, I tried to work only in the morning. This schedule allowed me to have dinner with my family four nights a week and still work three nights a week.

A lot of people today aren't doing any night work at all. Maybe they're working smarter, but this schedule worked for me. I was successful as a young sales manager, but I had to work hard to make it happen. Even so, this schedule was easier than what young doctors and lawyers experience early in their careers and did not require three weeks of traveling each month like many young middle managers in corporate America.

Most sales managers know they have to work hard to succeed and are willing to do it. But sometimes when they're promoted to agency leader, they think that along with the title comes less work. Guess what — *wrong*. Companies don't appoint new leaders because they have extra money to burn. Those new leaders are promoted because the company has a problem and needs someone to solve it. The most extreme example of this, of course, is a scratch agency.

When you are the leader of a scratch agency, you are nothing more than a glorified sales manager with a different title. You have the exact same job, only it is harder, and it is going to require more time with more responsibility. Many new managers forget that, and they stop doing the things that got them the promotion in the first place. Some think that because they have a fancy new title, they don't have to work as hard anymore. This is a lesson that has interrupted quite a few careers.

On the other end of the spectrum are experienced senior field leaders. Some of these leaders are getting tired of doing the same things they've been doing for many years and start to cut back. They think that after all their hard work, they are entitled to relax and coast to retirement. Not true.

There comes that point in your career where you are paid for what you know, not for what you do. But you are also expected to impart that knowledge to others. The fact that you know a lot is irrelevant to your company. What is important is that you share your knowledge with young sales managers and grow others to do the job you used to do. That is what they pay you for. You don't get to say, "OK, I'm 50 now, and I've made my mark. I am not going to work hard anymore. You owe me." The company doesn't owe you anything. It pays you for the results you produce today. Your job is to constantly grow the business. Either through your work or through your knowledge, you must grow the business.

Maintain Your Enthusiasm

Again, as a field leader you live in a fishbowl. Everyone is watching you, evaluating you, and judging you every day. You make decisions that affect their livelihoods, their families, and their incomes, so they are always watching and judging.

Because of this, you must always maintain your enthusiasm. You must always lead from a positive place. When you walk down the hall, there had better be a smile on your face. I remember walking down the hall one day and Kevin, an agent who'd been with me for 15 years, walked up to me with a frown on his face and said, "Quincy, what's wrong?"

I asked him what he meant.

"You're not smiling, you look down. What's wrong? Is something going on with the company? Is something wrong with agency?"

That's the message he got because I had a frown on my face as I was walking down the hall. His immediate reaction was to think there was something wrong with the company.

My response to Kevin was that nothing was wrong. It was just budget time, and I always looked that way during budget time. That made him laugh. When I do the budget, I am always a million dollars over and it takes me a couple of weeks to make cuts. There is never enough money to do the things we want to do, so I have to make decisions. It is always a tough time, so I don't smile for a week when I am working on the budget.

The lesson? You must be aware of how you look and how the rest of the organization perceives your mood and interaction with others. You live in a fishbowl, and people are always watching you. In fact, they are watching you, *and* they are watching your team.

I was very fortunate to only have three administrative assistants in my 24 years with The Guardian. I promoted my first assistant to office manager and ultimately to senior vice president of administration, running six offices throughout three states. The second administrative assistant was also promoted to office manager, and she ran my Baltimore office, which was corporate headquarters. My third administrative assistant stayed with me until I retired. I was very lucky to have had three outstanding women manage the many details of running an office and handle the thousand nibbling ducks so I was free to wrestle the alligators.

The first thing I did when I hired these assistants was to have a meeting behind closed doors where I explained that they were extensions of me. Just as people watched me and took signals from me, they would do the same with them. I told them, "They know you see everything that I see, and when you're down, they won't know what the problem is and they'll make all kinds of wrong assumptions."

I also made it clear to each assistant that she could always disagree with me — she could come into my office anytime she liked, close the door, and say, "Quincy, can we talk? I think we're doing something wrong." I emphasized, however, that when she walked out that door, she had to have a smile on her face. When questioned about how things were going, the answer should always be that everything was terrific. It was important that like me, my assistants possess a positive, enthusiastic attitude at all times.

They each got the message loud and clear. In fact, my assistant who became a senior vice president of administration had no problem coming in, closing the door, and making suggestions about changes I should make. But when she left my office, it was clear to anyone looking that we were heading in one direction. We had smiles on our faces and were in agreement about everything.

Your Word Is Your Bond

This concept is so important. I am not talking about lying to other people. Of course, that is wrong. I am talking about delivering on your promises. If you can't deliver something, don't promise it.

I have seen so many young managers get into trouble by making promises they can't keep. They feel pressured by a top producer to solve some issue. To relieve the pressure of the moment, they give in and promise X. Then they find out they can't deliver on the promise. The producer doesn't see it from the manager's perspective. The producer doesn't care that the manager had every intention of keeping his promise. He doesn't care if there are legitimate reasons why the manager can't deliver on that promise. From the producer's perspective, that manager lied to him, and now the trust is gone.

When that happens three or four times, the manager loses not just the trust of that one producer but the trust of the whole agency. And when that happens, he is done. There is no recovering from that kind of loss.

I have a friend who has been terminated by two companies, and this has been his biggest problem. This gentleman is an outstanding human being. He loves his people, he is as honest and ethical as the day is long, and he works hard. But he is an expressive and optimistic person, and he always wants to please people. When he makes promises, he truly believes he will be able to follow through on them. But figuratively speaking, he is writing checks that can't be cashed. By making promises he can't keep, he eventually loses people's trust and they won't follow him.

The corollary to this — making a promise without thinking it through — can be just as bad. Perhaps you make a promise and then realize it won't be profitable; you may even lose money. My advice is to eat the loss and keep your promise. Keep your word even when it will cost you money. Not keeping a promise because it would end up unprofitable for you is 10 times worse than making a promise you truly can't keep for legitimate reasons. Your word is your bond. You were foolish enough to make a bad deal; now be smart enough to eat it. In the long run, you will be much better off.

Tell All the Truth, All the Time

It goes without saying that you should never lie or be disingenuous. Once people stop trusting you, the game is over. Our business is all about relationships built on trust.

But it isn't just about telling the truth. To the extent possible, you should tell *all* the truth *all* the time. Suppose that you and I had a conversation where we were on different sides of the topic, and you asked me a question. I answered your question truthfully and still misled you by withholding information. I didn't lie to you. But because I didn't share all of the information I had, you might have come to a different decision than you would have if I had shared everything I knew about the situation.

Weak managers think that if they have more knowledge than you, then they have power over you. That's not true. Strong leaders share all the information they can. In the above example, if I had answered your question completely by sharing everything with you (including knowledge that might have made your argument stronger), then, over time, you would come to believe that I am a person you can trust. You would know that our dialogues are always open and honest with all the cards on the table. That is how relationships are built and sustained.

Stephen Covey calls building relationships this way an emotional bank account. If I work to build an emotional bank account where you and I have trust in each other, then you know that I have your best interests at heart and that I will share information with you even when it strengthens your argument. There may come a time when you and I disagree on a topic, and because I am the leader of the organization, my decision is going to have to take precedence.

It's at that time that I am able to reach into the emotional bank account to make a withdrawal. You may say that you disagree with me and don't like my decision. But because I have an emotional bank account with you, I can get a positive response even in situations where you don't agree with me.

If, on the other hand, I don't share information and haven't built emotional bank accounts, then my associates won't fully trust me and will always wonder if I have some hidden agenda. This makes relationships and those tough decisions so much harder. Strong leaders, to the fullest extent possible, tell *all* of the truth *all* of the time, and they work to build emotional bank accounts with the people they lead. That way when the inevitable conflict comes, they can work through it in a positive manner for a positive result.

The leader who thinks he is being strong and effective by putting his finger in your chest and saying "do it my way" may get what he wants, but he creates resentment that becomes an undercurrent in the organization. There will be conversations in the lunchroom and down the hall over coffee when he is not around. Associates don't feel free to express their problems or concerns to him; instead, they express

their frustration behind his back and create a negative climate in the agency. Instead of being strong and effective, this manager is actually being weak. Anyone can make demands. It takes strength to create an environment where others feel free to share their opinions, problems, and concerns.

We would all like to think that everything is going well all the time, but that's almost never true. Yet if you are open with your associates and work to build trust, you can work things out. I think that most of the time, our agents felt free to come in, close the door, and throw some furniture around. I was OK with that as long as, when they were finished, we both walked out heading in the same direction and trying to accomplish the same thing. Express your differing opinions in private and do it with respect for each other. That's the sign of a strong leader.

LEADERSHIP BUILDING BLOCKS

Lead by Example

- **Speak loudly with your actions.** Only then can you expect the same from others. Show everyone you are willing to do the hard work of management.
- **Be positive.** Your team takes their cues from you. You must always let them see that all is well and under control.
- **Keep your promises.** Only commit when you are sure you can follow through. A broken promise destroys trust.
- **Contribute regularly to your emotional bank accounts.** Telling all of the truth all of the time builds trust even when others disagree with your decisions.

CHAPTER THIRTEEN

Guiding Principles for New Financial Services Leaders

The principles discussed in previous chapters apply to leaders in all industries. In this chapter, I will share some leadership principles I learned throughout my career that apply specifically to field leaders in the financial services profession. The content is especially appropriate for new first-line leaders and senior frontline leaders who are about to become first-line leaders. These leadership principles will help you get your new agency moving in the right direction and in the right way.

When You Take Over an Agency, It's Not Your Agency — Yet

Often a new manager who is brought in thinks that all he needs to do is manage what he has inherited. Well, it's not his agency — yet. It won't be his agency until the number of agents he recruits and their production exceeds the number of agents and the production that he inherited.

The managers who came after me were simply those people who were managing Quincy's agency until the people they recruited, trained, and brought on board exceeded the people I left behind. Only then did they cease being managers of Quincy's agency and become general agents of their own agencies. Until that time, there would be a whole lot of the "well, Quincy didn't do it that way" sort of thing.

There is always a little bit of tension created when leadership changes hands. The way to get past it is to out-recruit it. I have said throughout this book that every single problem you have as a field leader can be traced back to not recruiting and selecting enough of the right kind of people. Every problem you have in the firm — no matter what it is — can be solved. The solution to all problems starts with recruiting enough of the right kind.

This is particularly true when you take over an existing firm. Tension will exist because you are going to handle some things differently from the way the person before you did. You have a different personality, a different style. You see things differently, and you make some decisions differently because you have a different vision. There will always be a little undercurrent of "Fred wouldn't do it that way" or "that's not something Fred would do or say."

The only way to do away with that line of chatter is to make it stop being Fred's firm. It has to be *your* firm. To make it your firm, the majority of the premium must come from you and your recruits. Only then is it your firm, your staff, your culture, your people, and your style.

In smaller firms or failing firms, this may happen more quickly than in a large, successful firm. When you take over a master agency, it may take you several years to make it yours. If you are asked to take over a failing agency with six agents because the manager there was weak, you might be able to make it your firm in six months.

Never Let Any Producer Do More than 10 Percent of Your Business

In fact, work very hard to keep each agent's or advisor's share below 5 percent. If you have one agent doing more than 10 percent of your business, the relationship changes. She begins to feel as though she is carrying you on her back and that she is doing her job better than you are doing yours. She begins to ask, "Why am I working so hard so that others can ride on my coattails? They should be doing more for me." The conversation changes and some demands might be made — bigger office, higher expense reimbursable allowance, her business should be processed first, and so forth.

When no agent does more than 5 percent of your business, then no agent feels that she is carrying more than her share of the load. And every agent understands that you are doing your job at least as well as she is doing hers and maybe better. Then it's an easier conversation about all the things you are doing for her as opposed to what she is doing for you and what she wants to demand from you.

Back in 1977, when I went to Baltimore to run the struggling Home Life agency, a gentleman named Bob Duvall met me at the door. He was standing right inside waiting for me on my first day. Bob was about 70 years old, and he had been the leading producer in that office every

year for 20 years. He was an engineer by training and more analytical than friendly or outgoing.

I walked through the door, and he asked, "Hey, are you the new manager?" When I acknowledged that I was, he said, "Listen, I do most of the business here. In fact, I do 50 percent of the business of this agency. My work gets done first. Everybody handles my stuff before anybody else's, and I have a full-time secretary and the manager pays for it."

At that point, I extended my hand and said, "Pleased to meet you. My name is Quincy Crawford and your name is …?"

He said, "My name is Bob Duvall, and did you hear what I said?"

"OK," I said. "Let's sit down and talk. We'll have to sit in your office, though, because I don't have one." (There wasn't a place for my office unless I moved out the old manager, and I wasn't going to do that. I worked out of the conference room for the first month.) I listened to Bob and told him I would think about all he said.

The next day I came in and told Bob that I was not going to pay for a secretary for him, though I would pay him a secretarial allowance. That way, if he did a certain amount of business over and above the standard business, he would earn an allowance toward a secretary. But I was not going to provide him a secretary from day one; it would be based on his productivity. It would be a fair amount — fair for him and fair for me.

Secondly, his work would not get processed first. But I promised him that everyone's applications would go out the same day they came in. Everyone would be treated fairly, and more importantly, everyone would be treated well. He grumbled a whole bunch.

For the next several months, when he came in the office, I was already there. When he went home at night, I was still there. So unlike his previous managers whom he had seen sitting back behind their desks telling people to sell more, I was out working hard recruiting and bringing in new people, working with them, training them, and doing joint work with them.

Within six months, Bob became my friend. Within a year, we had a great relationship because he saw that I was doing my job and I wasn't asking him to increase his production at age 70. I just gave him a fair formula.

It was my job to grow the agency, not his. It was my job to get more premium, not his. His only responsibility was to himself and his family.

And all of a sudden, this man who had been a problem for the previous two managers wasn't a problem anymore. Pretty soon, his production went from 50 percent of the agency's business to 20 percent, then to 10 percent, and then to 5 percent. I simply out-recruited him. Not only did he not object to that, but he delighted in it. He started sending me recruits, and we became good friends.

Later, when I became the general agent for The Guardian in 1983, one of my first recruits was a young salesman, Jeff. He wasn't necessarily a great insurance agent or a great technician; he was just a pure salesman. At the time, The Guardian was a big player in the defined-benefit pension market. In fact, at that time it was No. 1 in the country for whole life insurance sold inside pension plans.

Within the agency, we set up a selling system to assist in the sales of insurance inside pension plans. Additionally, I started my own pension administration company and brought in a pension specialist to help do proposals and joint work as well as answer the technical questions. We became quite proficient in the pension area — so good that salesman Jeff began to go out and sell defined-benefit pension plans as packages and had a great year. In fact, he had five times as many sales as his previous best year and ended up doing about 20 percent of my premium.

Jeff was a fine young man, but the tone of our conversations began to change as he experienced this wonderful growth. He became a little bit more demanding. Nothing terrible, but the tone in the relationship was changing to that "you know I am doing more than my share; what you are going to do for me?" kind of thing.

Of course, he conveniently forgot that we had provided the pension administration company and the pension specialist to help him achieve those sales. He wasn't interested in conversations about the things we had done for him to get where he was.

And then I remembered my own lesson. I said to myself, "I have a problem and the solution to this problem is to out-recruit it." I had my best recruiting year ever that year, and Jeff's production went from 20 percent of the business to 10 percent and then to 5 percent. His production didn't go backward, but the agency's production went forward. I developed more pension specialists, and we did more business.

Without saying a word, my conversations with Jeff went right back to the way they were in the beginning. Once again he was thankful for all the things we'd done for him, and we had a wonderful, ongoing relationship. It didn't require conversation on my part; it just required me to do my job. By my doing my job, Jeff began to once again appreciate the relationship he had with us.

If You Change the Deal for One Agent, Immediately Publish It for Everyone

There must never be any special deals for just one agent. Remember, there are absolutely no secrets in an agency. If you try to cut a secret deal with somebody, it will become known and will erode the culture of your organization. You will lose the trust of your people. Everybody will start thinking, "Gee, I am getting shafted here. Maybe I should go make a deal." And pretty soon, everybody wants a deal.

Now, that doesn't mean that you are rigid and you don't change how you treat people. Remember the story of the young man who helped me change my grid for equity production? The top of my grid had been $250,000 of gross broker dealer concession, but he was doing three times that. When he came to me to explain that he didn't feel he was being treated fairly, I revisited the grid.

After considering it, I went back to him and told him I felt he was absolutely right; this payout was not fair to him. The grid made sense when it was originally created, but it was time to make some changes.

I felt the grid had to include more than just equities and that to get to the top payout, agents also had to be doing life insurance premium. After all, this was a life insurance agency. We were a risk-based financial planning firm, and everything starts with protection first. I felt we could put a formula for insurance and securities together whereby the agents doing the kind of job he was doing would warrant a higher payout. It allowed him to be paid fairly and also let the firm have the revenues needed to grow and prosper and reinvest.

We decided on a number that was fair, and I explained to the young man that the change would start the next month after I had the opportunity to announce it to all in an agency meeting. "If it's good enough for you, then it's good enough for everybody else in the firm. We are going to change the whole grid so people who are doing large numbers like you can get a higher payout because that's only fair." I announced it at the next agency meeting, and I named the payout after him.

Everyone was eligible for the same deal. If they met the number, they got the same deal. Soon, a couple of other agents began chasing that number. Because they saw one guy who did it and received extra payout, it became a great incentive. They also saw a manager who was willing to listen to his agents and make a change that was fair to all.

If You Expect a Thank-You, It Will Be a Long Wait

Our industry is different from my wife's. Genie was a wonderful schoolteacher, and she got lots of kudos and lots of praise. The mothers of her students loved her. She still gets notes saying what a wonderful thing she's done and how great she is. She won all kinds of awards. Genie didn't get much income, but she received lots of other rewards from teaching school, aside from the fact that she loved kids and loved teaching.

You typically don't get those kinds of rewards as a field leader of a financial services firm. You have to get your emotional rewards by watching the success and growth of the people with whom you work. I look at some of the people that I brought into the business who are millionaires today. They are sending their children to private schools, and they are enjoying a life that they never dreamed of before. I have to derive my emotional income from that.

In Baltimore, I saw young agents getting married and having children, and then I watched those young children grow. I watched those families grow financially and professionally and personally. I saw their children go off to college and get married. I remember Kevin Turner's daughter. When she was born prematurely, she fit in the palm of my hand; she was a miracle baby. She went off to college, got a degree in nursing, and got married. I was able to see all that.

You have to take your emotional rewards from watching your agents' success and watching their growth and knowing that you played a part in it. Don't wait around the street corner thinking they are going to come to shake your hands and say, "Thank you for everything." That's probably not going to happen.

Never Allow Yourself to Become Cynical

You really need a sense of humor about the human condition to do this job. J. Harry Wood, who was the president of LIMRA and went on to become the president and CEO of The Home Life, said from the podium one time that the toughest part of management is to keep from becoming cynical.

I asked Bill Wallace after his retirement what he liked most about it. He smiled and said to me, "Besides my defined-benefit pension plan, the thing I like the most is that I no longer have to worry about the agenda of the individual to whom I am talking. I can listen to what they say and take it at face value. The hardest part about being the CEO of a company is that when people come to you, they almost always have an agenda. While they are talking to you, you are trying to figure out what their real agenda is, and that's tough.

"That's not true in every case, but it is true in a lot of cases. Whether you are the CEO of a company, the general agent of a large agency, or the manager of a small agency, you control the money. The people who you are working with know that you control the flow of money and who gets what. While most of them are honest with you, most of them also treat you in a way that shows they know you have a certain amount of control over their lives, and they feel they have to deal with you in a certain way."

We talked earlier about building trust and building that emotional bank account. You work very hard at that so people can feel free to come in and speak freely. Even in the best of circumstances, when you have created that type of culture, there will be some individuals who won't buy into it. But you cannot allow yourself to become cynical about this because it will affect your creation of that culture of trust. The cynical person can't build that emotional bank account.

Often, one of my staff people would say to me, "Wow, how gullible can you be? Why would you believe that?" I'd answer that I still believe it. I chose to live my life believing what people tell me. If I get smacked upside the head or blindsided on occasion, I am perfectly willing to accept that as the price to pay for not becoming cynical. Having faith and trust in people helped me build a culture of reciprocal honesty and an emotional bank account. I choose to trust while always looking at the big prize.

You Can't Buy Loyalty

Some of our best producers are intense people. That's why they are great producers; intensity is infectious in the sales interview. In other words, the prospect buys because he catches the intensity of the agent and is moved to action. It is not because of anything he says, but rather how he says it and how he goes about it. What happens in the sales interview is that an agent creates a tension that is released when the prospect buys. The prospect may buy simply to release the tension. I mean this in the most positive way.

The agent doesn't stop being an intense individual when he comes back into the office. We are recruiting lions, not sheep. We can't expect him to go out in the field with that intensity and make those sales and move people to action and then come into the office and all of a sudden act like a lamb. It is not going to happen. He is going to be intense in the agency as well.

Sometimes, managers think that tension is building with an agent, so they give him whatever he wants to relieve the tension. That doesn't work. The agent is negotiating something — whether it is an extra hour of secretarial time, a bigger office, or a higher payout on his equities. You need to understand that the moment you say yes and give in to the tension, the agent is already thinking about the next negotiation.

You can't buy loyalty. Loyalty is earned, and it is earned first of all through your actions — your ability to go out and recruit, develop, and train enough of the right kind to build an outstanding agency that provides services and facilities for your top producers to grow. It means providing a nurturing environment so people who want to can grow to their fullest. Secondly, it is earned by building an atmosphere of trust — that is, Stephen Covey's emotional bank account.

Every now and then, you have to say no to an agent: "Sorry, but we just can't do [whatever it is the agent wants us to do]." Then you carefully explain *why* you can't do it. The biggest mistake I see some managers make, especially in small firms, is to just keep paying the big producer more money. Guess what? As soon as you give him more money, he wants even more. There is never an end to it.

Beware of the Amiable

The "amiable" is one of the four main personality types laid out by Dr. David Merrill (the others are driver, analytical, and expressive[2]). The amiable will bury you. Limit his time so you have time for those who will get you results.

That doesn't mean an amiable can't get results, but so often the amiable just wants to visit. When we hire an amiable personality, he wants to go visit more than sell. We have to give him a system that he can track to and hold him accountable for results. That's the hardest thing for the amiable to do but, with systems and accountability, he will do what he has to do.

[2]D Merrill and R Roger. *Personal Styles and Effective Performance.* Boca Raton, FL: CRC Press LLC, 1999.

We have to continue to push for results from the amiable, because he is much more interested in the people than in the results. That includes his relationship with you. You have to visit with him some because the one thing you have to give to the amiable is your attention, but you need to limit it because otherwise he will sit there and take up your entire day. If you have five or six amiables in an agency, you could go an entire day without accomplishing anything.

When you have a management meeting with amiables for, say, an hour, you need to have an agenda. You cannot let them get off track; you have to make them stick to the numbers. And you have to watch their drop-in visits. Remember an earlier statement — I can wrestle with the lions and the tigers, but God save me from the thousand nibbling ducks.

The amiables make up a large part of those thousand nibbling ducks. Be polite, but don't let their visits distract you. Remember my office setup with no chairs in front of my desk? I would ask people to schedule appointments if they needed my help. This is even more important when you are dealing with amiable personality types. If they really have a problem, they will be happy to get on your schedule so together you can sit down and solve the problem.

Find Your Karen Hardnock

One topic that I rarely see discussed in books on agency management and leadership is the agency sales support staff. The support staff interacts every day with your sales associates and can have an enormous impact for good or ill on the morale and culture of your agency.

When I first got to The Home Life in Baltimore, I couldn't afford a secretary. About a year into it, my office manager told me I really needed to get a secretary, so I put an ad in the paper for a part-time one. This young mother came in: Karen Hardnock was in her late 20s, had two small children, and only wanted to work part-time so she could be home with her kids. She put them on the bus in the morning and was home when the school bus dropped them off later in the day. Fortunately for me she was an extremely intelligent and talented individual. She eventually became my full-time administrative assistant.

Later, when I moved to The Guardian, I went to Karen and asked her to become my office manager. Our agency grew and grew, and eventually we had six offices in three states with nearly 80 staff people and 140 agents. I ran six different P&L statements, one for each location. By the time I retired, Karen was my senior vice president, administration. She just grew in the job enormously and was instrumental in helping us run a great agency. I was pretty good at sales and sales management; I was not so good at dealing with 80 field clerical staff, almost all of whom were women.

Ultimately Karen did all the hiring and firing of non-sales staff. She did all the supervision. She squared us away with all the U.S. Equal Employment Opportunity Commission regulations. She built the relationship with our labor law attorney to make sure we did everything right all the time. When I first started, we didn't have any rules for field clerical. We were a small agency with six people and three staff people. If somebody was sick, we didn't worry about it. They just made up the time. It was all very personal.

One day I woke up and we had 40 staff members, and it wasn't personal anymore. We had to have rules and regulations. We had to have sign-in sheets and other things we never had before because the business became more complex as we grew. We had to become more institutionalized, and Karen did all that. That freed me to concentrate on recruiting and training and developing salespeople and sales managers. I had to have that key person to make that side of the house run, and likely you do too.

Treat Your Staff with Dignity and Respect

Your support staff can make or break you. You should treat them with the dignity and respect they deserve. In everything we did, we included the staff.

For example, each year in January we had a big black tie-affair, an awards banquet with dinner and dancing, to celebrate our success of the previous year. It was always a first-class affair at a local country club or ballroom downtown. Staff members were always invited with their spouses. Every summer we had a big picnic and they would come and bring their children and their grandchildren, as did the agents, and they socialized with one another. They were all on a level playing field and got to spend time together in a social setting.

If we ran a sales contest of any kind in the agency, we tried to find some way for a staff person to have a win too. We would have teams, and depending on the results, staff could win prizes just like the agents for their supporting role in getting things done. We tried to include the staff in everything, and we tried to have some fun with it too.

On Halloween, the staff would throw the agents a party. They showed up in costume. If you walked into our office on Halloween, you were greeted at the reception desk by a witch. Or it could be somebody in a Roman toga walking down the hall, carrying papers. In the afternoon, we closed the office and had a big party. Everything was paid for, cooked, and prepared by the staff.

Because we had very low turnover, some of my staff were with me for 20 years. It just became their agency; staff took ownership and when we hired new associates, staff adopted them. Quite frankly, if one of my new associates was having a problem, I heard about it from the staff before I heard about it from the sales managers or the agents. Staff would come and close the door and say, "Quincy, you need to go see Bill. Bill is having some problems over there. You need to go spend some time with him." Your staff people will bring the problems to you faster than the agents will because they have no other agenda. Their only agenda is for the agency to do well because their future is tied to the success of the agency.

Our staff took pride in the organization and in our production and how we were growing. They felt a part of it. If you treat people with dignity and respect, they give back so much more. I can't tell you how much extra work our staff members did. They would stay late or take things home that we hadn't finished by the end of the business day.

On a couple of occasions I heard young agents say something like they couldn't figure out who works for whom around here. I would always pull the agent aside and say, "Let me explain something to you. They don't work for you. They work for this agency. You work for yourself, and they work for this agency. They don't work for you, and you will treat them with the dignity and respect they deserve. It is time to grow up."

One day, I had a broker come in. This guy was kind of famous in the community. He was a big producer in another company and did about a third of that agency's business and was well known to be a jerk. (That's the technical term.) He came in because he had a case he wanted to give us. It was a brokerage case with a $40,000 premium. I heard some commotion down the hall, so I went down the hall only to find him screaming at my new business clerk. He was using profanity. My business clerk, who was in tears, said, "I have explained to him how and why we can't do X, Y, and Z and that it has to be done a different way."

This guy turned to me and said, "This is a $40,000 premium. You will do what I want. You will get this done. You will get it done today because you want this $40,000 premium." I just looked at him. Then I picked up the application, handed it back to him, and said, "We don't want your business. Please leave and don't ever come back. You are not welcome here. We don't do business that way." He never came back.

You can't allow people to abuse your staff — you have to stand up for them. Also, by supporting this business clerk in front of everybody else, it reinforced that we were a team and that I had their backs. You may be interested to know that this man's agency no longer exists because he acted that way in his own agency too. He just tore it right down. The people there were so afraid of him — because they thought that they needed his production — that they could never build the business.

Pay Attention to Staff Leadership Development

In this industry, we talk a lot about economies of scale. We talk about lowering unit costs of fixed overhead as we grow. That is all well and good. What we don't talk about enough are span-of-control issues.

Remember, I had six separate locations and ran six separate P&L statements. Each of my offices was profitable on a stand-alone basis. That took attention to detail. I could affect the revenue side of each office by increasing production through recruiting, training, and retaining enough of the right kind of sales associate. Thus, each office had a frontline manager who was in charge of production. But to produce a profit, we also had to manage expenses in each location. Just as I worked on leadership development with my frontline leaders, Karen Hardnock worked on leadership development of office managers to run those offices efficiently and profitably with a keen eye on cost controls.

The great GAMA International Management Hall of Fame inductee Phil Richards, CEO of North Star Resource Group with Securian Financial Group, speaks often of his "Mars group." (If you took a rocket ship to Mars and were only allowed to take five members of your agency with you to start a new agency, whom would you take?) Well, Karen Hardnock would certainly have been in my Mars group.

If you talk to the general agents and managers today who run master agencies, my guess is that most of them have a key administrative leader. If you are going to build a great agency, someone has to take responsibility for that side of the house. If it's going to be done well, I'm guessing it probably won't be you.

Be Creative When Forming Your Sales Support Staff

One last tip about sales support staff: consider using part-time employees. We found what I thought was a gold mine among mothers who wanted to be home to put their children on the school bus and be there when they got back from school. We were able to hire outstanding people, at more than reasonable wages, when we agreed to accommodate their needs at home. They were willing to give up some income in return for flexibility and many times took work home to finish projects. These were mature, intelligent women and mothers who had a positive influence on our agency.

Another example of a creative use of part-time employment was my driver. I not only had six regional offices, but I had multiple detached agents in small towns across Maryland. Several of them were MDRT members. I thought it was important that I touch all these offices periodically, and I wanted to go to the agents, not have them come to me. I wanted to be inside their office and feel the environment. That was a lot of wasted time driving. So I advertised for a part-time employee and said it was perfect for someone recently retired. I ended up hiring a member of the Secret Service who had just retired on partial disability after working in the motor pool for the White House. (By the way, these guys are the world's best employees.)

The deal was he would come to my home in the morning, leave his car at my house, and drive me to work in my car. I had a phone and reading lamp installed for the backseat, and my commute to work was about 30 seconds — from my front door to my backseat. He dropped me off at my office, kept my car for the day, and returned to pick me up at 5:30 PM. I continued to work in the backseat until I got home. This amounted to 10 hours per week of uninterrupted work time.

In the past, I would have spent an extra 10 hours at my desk completing my work before driving home. By hiring a driver, I manufactured an additional 10 hours for my week. He loved it, because he worked two hours in the morning and two hours in the late afternoon or early evening. His days and nights were free. Because he was retired, and this schedule fit him so well, we were able to negotiate a salary that was *very* favorable to our budget.

The second part of the deal was that if I was away at a company meeting or went on vacation, he was off but still got paid. In return, if I needed him during the day for a trip to a regional or detached office, he was available and drove me.

I had no downtime when visiting our associates in other locations. The backseat was my office. We had this relationship for the last five years I was a general agent. I estimate my part-time driver created an additional 60 hours a month for me. What would that be worth to you?

I encourage you to think creatively about the use of part-time employees within your firm.

Always Behave Ethically

Never ever commit a dishonest act or act in any way that is not in the best interests of the client and the company you represent. There are no secrets, and I guarantee you that a disgruntled employee, ex-employee, or agent will use it against you when it suits that person's needs.

You can't be successful in business and build a large agency and hire hundreds of people without somewhere along the line having someone disgruntled about something. It could be something they did wrong, and you caught them and terminated them. Or somebody could think that your decision on a certain matter was not in his best interest.

I'm not talking about stealing $100,000 out of the kitty — obviously that's wrong. I am talking about small things. So often you are pressured and there are little shortcuts that you could take, such as looking the other way when an agent adds the missing 15th signature on the application rather than going back out the third time to obtain that last signature. It's those little shortcuts that we must not ever do.

The courts are clogged with an increasing number of lawsuits filed by employees against employers. And any time you have a disgruntled employee, he or she can easily pull out that shortcut you took. It's the hammer they have. Remember, there are no secrets in an agency.

Always Tell Your Company Everything

When I was a Guardian general agent, every month I would turn in a financial statement on the agency. In addition, I would turn in an accounting on a group insurance operation and a pension administration operation that I owned. These were two organizations that supported my agents in the sale of our group insurance and pensions.

I insisted that The Guardian see the books and records and know everything about them. The Guardian chief financial officer had said to me, "You don't need to do this, Quincy. We don't need to see this." But I insisted. They absolutely needed to be aware of everything I did and understand every dollar that went into the organization.

When I had decided to start a pension operation (Guardian was a big deal in the pension business), I hired a young man to be my pension administrator. He was a young guy in his early 30s and supposedly came with a bunch of credentials, having worked for a pension administration firm for four or five years. He seemed quite knowledgeable on the subject. I paid this fellow $400 or $500 per plan, which back in those days was a lot of money.

Then I hired a pension salesperson, who worked with agents, giving seminars and doing joint work on the technical side of pensions. She would sell the pensions and bring them in, and this young man would do the administration. We started from scratch with the two of them and one secretary, so this was a three-person operation.

We sold a few pension plans in the first year and a few more in the second year. By the third year, we were up and running and doing a pretty good job. We had somewhere between 80 and 100 pensions on the books, almost all defined-benefit pension plans.

One day I got a notice saying that the form 5500 for such and such pension plan was missing. So I went down to the pension administrator, and he explained to me that this is quite normal with the Department of Labor (DOL). They got behind and they screwed up. He would call them and straighten it out because he had copies of everything. It wouldn't be a problem.

About three months later, I got a second notice from the DOL, prompted by another firm with a missing form 5500. I went back to the administrator, and he said, "I told you, Quincy. They're really all screwed up."

Then about three months later, I received a telephone call from an actuary in northern Virginia who wanted to know if I was Quincy Crawford and what the heck I was doing. "Who do you think you are?" he said. He was very angry. He said he had been contacted by the DOL, and they had a 5500 that was obviously inaccurate and wrong, and his signature was on the form as the actuary who had signed off on it. He told them he had never signed this document, he didn't know about this case, and he didn't know these people. "I never signed this document; somebody forged my name to this document."

I said, "Sir, I have no idea what you are talking about, but I guarantee you I am going to find out because it is one of my clients and our company's name is on the document as the administrator." I told him I'd call him back within an hour.

So I once again went to see my administrator. This time, I sat him down and grilled him hard, and he broke down and admitted that he had never filed any forms. He had put them in the drawer, pocketed the $400, and had really done nothing. When we got the call about the first form, he had to do something, so he made up some numbers, forged the signature, and sent it in.

In the two and a half years this administrator was with us, I never had any inkling that anything was wrong, nor did any of my agents. We thought it was all perfectly fine. Obviously, he was a pathological liar and just kept the mask on. Interestingly enough, when I told him he was fired, his only response was, "You can't do that. How am I going to make my Porsche payment? You can't fire me." We escorted him out of the building.

Then we had to determine the depth of the problem we had. I called the actuary back and explained to him what had happened and told him that I would fix it. The next thing we did was to call The Guardian and tell them everything that happened. I said, "I am going to fix this, and we are going to find all these plans and have them redone. I am going to pay to have them redone. If there are any fines or penalties, I am going to pay them." The good news was that my company stood behind me and said if there were any fines and penalties, they would pay them.

The next thing I did was to call the DOL. I described what had happened and provided a list of all the plans that were out of compliance. I said that over the next six months, it was my job to fix all of them. As for any fines and penalties, they should be given to me. It was my fault and not the clients': they should not be harassed with any fines and penalties.

Next, I went to the agents and explained what happened and what we were going to do. I told them we would stand behind it, and we did. We told all of our clients exactly what happened, told them the absolute, total truth, and they all said, "We understand. We've had a rogue employee too." We did not lose a single client over this. Of course, they weren't happy about it, but indicated if we could get it fixed without it costing them any time or money, then we would be good.

The DOL did not issue a single fine or penalty. Within six months, we had brought all of the plans up to date. All of the 5500s were done. The clients were happy. The Guardian was happy because they knew everything from step one. I put everything in writing and kept them apprised.

This situation had a positive outcome because the agents saw we stood behind them and they didn't lose any clients. I don't think we'd have had that kind of outcome if I had tried to hide it, take a shortcut, or in any way keep anything from anyone.

Tell your company everything, say it in writing, and have no secrets.

Compliance Is Your Friend

The way the Financial Industry Regulatory Authority (FINRA) — the old National Association of Securities Dealers (NASD) — ensures compliance is that it punishes the managers and the supervisors more severely than it does the perpetrators of the crime. It is called failure to supervise.

You don't ever want to be in a position where FINRA is looking at you for failure to supervise. If there is ever a problem, you must immediately bring it to the attention of your compliance department. Because if you know about it and don't disclose it, you can lose your license and your career. It's that simple.

I have often said that if you sell equities, sooner or later you will be sued. I believe that. The market will go down. Some sharp lawyer will tell his client that he shouldn't have been in that kind of investment, and they are going to try to get his money back. Even if it is a frivolous suit, a lot of companies will settle because it is cheaper to settle than to try the lawsuit.

So if you sell equities, you can expect to be sued. Whenever it happens, the one thing you never want to have happen is failure to supervise. Nobody ever sues just the agent. They always sue the agent and then the agent's supervisor and then the company. They are looking for the deepest pockets.

As the field leader, you can never bend a FINRA rule, and you can never turn a blind eye to even the smallest infraction. You have to report everything immediately to compliance. If you want to protect your career, you must do that. There is no fudge factor.

One of the problems in the financial services industry is that many people who have grown up in the insurance business are used to more relaxed rules, where they could maybe bend the rules without a problem, where it's easier to ask forgiveness than permission. That doesn't work with FINRA. There is no forgiveness. Not only does it not forgive the agent for bending the rule, it penalizes and punishes the supervisor for failure to supervise.

Never bend a rule, and immediately upon finding an infraction, report it to compliance. You'll have far fewer compliance problems if you do that. Establish the boundaries, stick to them, and protect yourself from failure to supervise.

Again, You Can't Buy Loyalty

Some 15 years ago, The Guardian had an agency in Wilkes-Barre, Pa., and a friend of mine was the general agent there. It was nice little agency doing about a million of premium and not necessarily in an affluent area. Something happened that shouldn't have happened, and my friend was terminated. The Guardian eventually came to me and said, "You know, we don't have a manager for this agency, and we are afraid it will self-destruct. Can you help us?"

Denny Eckels, who worked with me in Baltimore, was originally from Pennsylvania. I went to Denny and asked if he would be willing to move to Wilkes-Barre and take over this firm as a branch of our agency. He said he would. And so Denny and I went to Wilkes-Barre and spent a day with all the agents. The agents in this agency were wonderful people — just the kind of people everybody in the insurance industry wants. They were hardworking, honest, intelligent, and productive. One was a retired school principal, and another was a retired chief financial officer. There were 14 people at the meeting, and they all agreed they were going to stay. They invited Denny and me out to dinner that night, and we had a lovely evening.

At the end of dinner, five producers requested a meeting with us for the next morning. They wanted it to be just the five producers and us, as they indicated they did about 70 percent of the firm's business.

The next morning, they said, "Quincy, we need to talk about the financial arrangements. You know the five of us do 70 percent of the business in this agency, and, quite frankly, in addition to that, we help the rest of them with their training and answer their technical questions. It is usually the five of us MDRT guys doing the substantial premium, and we are the kind of guys you would want in your agency. We are entitled to a higher payout. If you don't give us a higher payout for everything we contribute to this agency, we are going to go detached. We will stay with the company, but we are going to go off and do our own thing."

I said, "Guys, here is the deal. I am here to build an organization, to build the business. The way to do that is by recruiting, training, and developing new people. The person I am going to pay to do that is Denny Eckels. Denny is going to come here, and he is going to recruit, train, and develop new people to grow this organization. In fact, we are going to double or triple the size of this organization.

"Now, I would like for you to be in the firm and be a part of that. But I can't pay you and him too. I am not here to buy your premium; I am here to build the business. If you want to go detached, go ahead. I will pay you an expense reimbursement allowance (ERA) to pay your bills based on your production. You can go out by yourself and you can get a few extra dollars, which you will need to pay your bills, or you can stay housed here in the agency.

"I am going to go recruit some outstanding people, and they are going to need joint work with split commissions because that will help them grow enormously, and it will also help you in terms of your production. So you can stay here and be part of a growing thriving agency, doing joint case work, helping us grow it bigger, and benefiting yourself along the way, or detach and go off and do your thing. But let me ask you one question — would you rather have a dollar of extra commission or a dollar of expense reimbursement allowance? A dollar of extra commission, of course, also comes with renewals and pension benefits. The ERA is just money.

"Let me know what you want to do because if you are going to go detached, that's fine," I said. "I will be getting a smaller agency, so I'll just rent less space. If you want to stay with us, then I will rent the entire space we have here now. Just tell me what you are going to do by the end of the week."

They went off — but then they came back in 30 minutes and said, "We're in; we will stay." They did a wonderful job recruiting; they did a wonderful job in joint work, and everybody's production went through the roof. We doubled the production at that agency in three years, and we doubled the manpower. Everybody benefited.

I didn't buy their loyalty; I earned it. They earned their share of it, and they were much better off under this arrangement than they would have been getting a few extra pennies in ERA. That's how a business is supposed to grow, and along with Denny, they were a huge part of the growth and success of that agency in Wilkes-Barre.

LEADERSHIP BUILDING BLOCKS

Take Ownership of Your Agency

- **Establish your leadership presence.** Earn the respect and trust of your team by hard work and strong contributions.
- **Maintain balance among the team.** If someone is doing more than 10 percent of the production, you need to recruit more agents.
- **Depend on your support staff.** Find your Karen Hardnock — the one who works seamlessly with you to build the business.
- **Be transparent.** Be open with your team, company, and regulatory agencies.

CHAPTER FOURTEEN

The Time to Plan for Tomorrow Is Today

Our industry exists to help individuals plan for their future — to help them make appropriate plans for how they will continue to take care of their families when they die or for what will happen when they can no longer work to earn an income. Yet the same field leaders who are passionate about helping others often fail to make the same plans for themselves. Too often in our industry, field leaders have no plan for how their agency or firm will function when they are no longer at the helm. This is yet another reason why my business philosophy centers on developing management talent — talent that can carry on your work to new heights.

Over the years, I've seen many great agencies become reduced and sometimes even fail when the leader left. The leader made money, but the company and the people left behind were hurt. If the agency leader dies, he likely has several million dollars in life insurance, so his family is protected. But, again, the company and the agents left behind are going to struggle.

This industry has had a problem for many years with succession. One issue is that as field leaders approach their retirement years, they become less and less inclined to invest back into the business — and this includes investments in management growth — because they are never going to see a return on this investment.

Demutualization is another key factor that has stilted management development in our industry. Many companies began running their business based on quarterly returns. They invested less and less money in both management and producer development because development is a long-term investment with little short-term gain. Over the years, our industry began to experience a true dearth of qualified managers. U.S. companies were merging and consolidating.

We got down to where just a few companies were recruiting new agents and advisors. Since companies weren't investing in management, they did not have the ability to go out and recruit to grow the business.

Then we had companies trying to pirate away the few managers there were rather than investing and growing their own. And since they had no management infrastructure to grow new advisors, they could only hire somebody else's to come and work for them. We ended up with a shrinking pool of companies, a shrinking pool of agencies, a shrinking pool of management talent, and a shrinking pool of agents. As those shrinking pools of managers and agents near retirement, we have a crisis on our hands.

This is why I feel so strongly that top talent must always be attracting, selecting, and training others just like them to continue to build the business.

When you build your business by building other people, you build something that outlives you. To make sure this happens in a seamless manner, you must work today to put a plan in place for when you retire.

Make a Plan That's Good for All

Let's think beyond the traditional succession plan, where the main objective is to identify the person who will move into the leader's spot upon retirement, and talk about a succession plan that benefits all parties — the company, agency, and both the retiring and succeeding general agents.

In our industry, companies often work on the premise that many new agency leaders don't succeed. Therefore, in a succession situation, an existing agency is treated like a new agency, receiving additional subsidies to help it avoid the failures that many new agencies encounter.

But the unplanned result is that the retiring agency leader has no incentive to do any kind of succession planning, let alone work toward his or her agency's success in the last years there. Most times, the retiring leader is expected to step aside and hand the agency over to a new agency leader. This new leader, most likely hired from outside the agency, will not only take over what the retiring leader has built but will also receive additional subsidies from the company just for showing up.

There is a better way, and it can be revenue neutral for the company. This way encourages leaders approaching retirement to continue to invest in their businesses all the way up to the date of retirement.

It preserves what the retiring general agent has built, makes for a nice transition for the succeeding general agent, and keeps the agency strong, which, of course, benefits the company. I liken it to running a race. You want these leaders to run all the way to the finish line and through the tape, not to stop a half mile short of the end and walk the rest of the way.

First, the company must be served. There must be bogeys that the retiring leader has to hit to qualify for special consideration. At The Guardian, among the requirements were the following:

- You had to qualify for at least five years at the GAMA International Management Award (IMA) Silver level to get into the program and progress up to the Master Agency/Master Firm Award to maximize the program
- You had to have a specific average premium growth rate in your agency over the previous 10 years
- You had to have a specific average manpower growth rate over the previous 10 years
- Your agency had to demonstrate profitability over each of the previous three years.

Meeting all of the above requirements assured the company that the field leader was "running through the tape" and delivering a vibrant, growing, profitable agency.

The considerations to be received by the retiring field leader will vary from company to company because there are so many different distribution models. But why should a retiring field leader spend a lifetime building a business only to have someone come in behind him and earn as much money on his first day as the retiring leader earned on his last?

Why should a field leader continue to invest in a business that very soon will be someone else's business? It only makes sense if there is an incentive for the retiring leader. Maybe in addition to the normal retirement package, it's a simple sharing of income with the new agency leader for a period of time. Perhaps the subsidies paid to new agency leaders would be better given to the retiring field leader to support and coach the new leader during a specified period of transition.

Though there are as many different options as there are companies and distribution models, the bottom line is that we need to incentivize retiring agency leaders to run through the tape and solve the succession problem. We haven't in the past and in most cases, the companies have been the net loser.

It's a Win-Win

In this scenario, the company maintains a solid, productive growing agency with management already in place that's proven, is successful, and has built the agency. In return, the retiring leader gets a percentage of the extra money that would have been paid to a new agency leader brought in from the outside. The new leader, groomed from within the agency, gets a growing, thriving, profitable agency with management in place that he or she helped build, as opposed to inheriting somebody else's problem. Everybody wins.

When I was about to retire, I helped The Guardian develop this type of succession plan. It actually began several years before retirement when I identified those who would succeed me, began working intensely with them, and secured buy-in from the home office. These candidates worked as partners with me.

My agency was carved up into three agencies, all of which were GAMA International Management Award qualifiers at the Diamond level. Four of my sales managers were appointed as general agents in those three agencies. The Rockville, Md., and Baltimore agencies each had one general agent, and the Washington, D.C., agency had a partnership. I had six branch offices when I retired. Three were assigned to Baltimore, two to Washington, D.C., and one to Rockville.

I actually had five people I felt were qualified to be general agents. The above scenario left one person out, and The Guardian did not want to put another agency in Washington, D.C. This person deserved his own agency as well, so I asked The Guardian to place him in another area that needed a good strong manager to solve its problems. They placed him in Memphis, where he has done extremely well.

I ran through the tape, continuing to teach and invest in the business.

A Smooth Transition

This succession-planning model addresses many of the bumps normally encountered when a key person leaves. Why? The successors are known entities to others in the agency — people have worked with them already and, for the most part, know what to expect. The successors have also been trained in, and believe in, the same systems the retiring leader has put in place.

When I retired, everybody knew exactly what was going to take place and how the business was going to run for the next 12 months because the people running it were the same people who had been running it for the last two years. There were no changes. The only difference was that I made myself more and more scarce. I still went to the office every day, but all the daily duties that I had been doing were now being done by the successors and not me.

No transition is totally free of bumps, however. I had some relationships that could not be translated to my successors, so a couple of

Changing of the Guard

As part of the succession plan, I publicly announced my December 31, 2005, retirement at our annual black-tie dinner dance in January 2005, nearly a year before it would take place. I told everybody how the agency was going to be carved up, who the new first-line leaders would be, and how it was going to operate. Everyone knew that these people were already building the business.

A very interesting phenomenon took place that evening. My wife, Genie, had said to me, "When you make this announcement, our table will be swamped for the rest of the night." I laughed and said, "No, no, you don't understand our people. I will make the announcement, and within 60 seconds, four tables will be swamped, none of which will be ours. It will be the tables of the new general agents. Just watch and see."

At my table that evening were my wife, our three children, and their spouses. My announcement was received very graciously; I got a standing ovation. I sat down, turned to Genie, smiled and said, "Now, count to 60." When the minute had passed, sure enough, there were four groups of people, all hovered around the new general agents. One person came up to our table and said congratulations during that time. Through the course of the evening, however, everyone came up to wish me well. It was all very gracious and very nice.

But in that first 60 seconds, they went to the new general agents. That's what it was all about. Everybody understood that their future was not going to be changed dramatically. They were not going to be penalized because Quincy Crawford was retiring. And as good agents will, they set out immediately to establish a better relationship with the person who would now most affect their future. At that moment, I ceased to be that guy.

agents left. These were known to the successors coming in. They knew all the people and knew the problems. There were few surprises.

I retired at the end of 2005, and my successors had to face the economic upheaval in 2008. Those three agencies remain in place and continue to thrive. There was a continuity of people who were skilled and could ride out the huge problems. They had intimate knowledge of the strengths of everyone in the group and were comfortable making whatever adjustments were required to ride this economic tsunami. The agencies are all doing fine; I'm not certain that outside people could have endured that period of upheaval.

After Retirement

Part of my succession plan also involved my staying in touch so my replacements would have continued guidance as needed and a sounding board for their ideas.

For the first three years following my retirement, I met monthly with my successors, usually for lunch and always outside the walls of the agency. It was important that I not go into the agency too often as this was now their agency, not mine.

Of course, I was always available to these folks by telephone or in between scheduled appointments. Lloyd Polmateer and John Dixon in the D.C. agency and Steve Crawford in the Rockville agency have invited me over the years to do some limited management training for them. I'm happy to do this.

Let me be clear though — I train or give advice only when asked. My successors now run the show. I recommend you keep this firmly engrained in your mind with any succession plan.

LEADERSHIP BUILDING BLOCKS

Plan for the Future

- **Practice what you preach.** We help our clients plan their financial future, and we should plan our own — and our businesses'.
- **Consider all affected parties.** Formulate a succession plan that benefits everyone — retiring and incoming leaders, the agency or firm, and the company.
- **Ensure that good work continues.** Done right, the agency continues to flourish during and after the transition while causing minimal disruption to its members.
- **Make yourself available as a resource.** The successor is now in charge. Help and provide advice only when asked.

CHAPTER FIFTEEN

I'm a Coach at Heart

When I came into the business, I expected income. What I also found was a surprisingly wonderful industry. I was looking for a career where I could earn enough money so my wife could stay home and be a full-time mom and raise our children because we both decided that's what we wanted while the children were young. It was a value we chose as a family.

I had to find something that paid me enough money to support and raise the family while also allowing me to be with my family. I ruled out working real estate full time because it meant I'd be working nights and every Saturday and Sunday.

I knew I could sell because I had a part-time job as a real estate agent and was the company's leading salesperson, without having any background in real estate. I knew that with the right opportunity, sales would give me the kind of income that would allow me to be an active dad and for my wife to be a full-time mom.

My goal was simple — if I could someday make $50,000 a year, I'd be the richest guy on earth. Remember, I was leaving a career as a schoolteacher making $5,000 a year, so that was 10 times my current income. That was my long-term goal.

As I gained more experience in my new career, I found that while I initially entered for income, I ended up in a career that I loved. A schoolteacher and coach through and through, I made my mark as a field leader. It got me back to being a teacher and coach, and I found a career where I could do well by doing good. I could still be a coach and help people grow, and I could do well financially.

My wife was also a teacher, and she really has changed people's lives. She was Baltimore County Educator of the Year and State of Maryland Elementary Math Teacher of the Year. The biggest problem her principal used to have was that every August parents would storm her office trying to force their kids into Genie's class. Everybody knew that Mrs. Crawford was special. She still is. She was a teacher deep down in her soul, and she still gets letters 20 years later from former students who say, "You changed my life."

I would like to think that on some level, I am a teacher in my soul too.

I am a life member of the MDRT. I can sell, but I think I had a much greater career as a manager than I ever could have had as an agent. If you looked at my Personnafax, you would find out that I scored almost zero for money motivation and 100 percent for achievement drive. You see, I really wasn't working for money; I was working so my wife and I could parent as we wished. Money was simply the way that I got there.

I understand the sales process, and I am actually pretty good at it. Even in the later years, some of my senior producers would approach me to come along if they had a big case or if they wanted to make a big impact on a firm. They knew I could make that sale.

But I don't think I could ever have been a consistent Top of the Table producer because I never had that edge that the very top producers have to have. I remained a teacher and coach. I found a career that allowed me to be both of those and paid me like a Top of the Table producer.

There was much satisfaction in my career. I saw people who had very little financially join our firm and go on to have wonderful careers. They were able to send their kids to college, and do things that hadn't been possible before. I truly enjoyed watching their progress.

As a coach, one way I helped to grow winners was to invest back in the business. I didn't take every dollar I could out of the business, but instead I invested in people and I invested in technology. I invested in things that helped grow the agency. I was always concerned with building the business and helping others achieve their goals.

My hope for the current and future leaders reading this book is that you too become coaches who build the business by building people. Do so, and you will never go wrong.

CHAPTER SIXTEEN

Looking Ahead … Looking Good

Not too long after I retired, I started seeing companies beginning to invest again in the career distribution system. I began to read about companies that were starting to put dollars back into management development. They finally understood that to get quality agents, they needed quality managers to attract, train, and develop them.

These conclusions may seem obvious. But for quite some time it had appeared everyone was focused primarily on quarterly returns and not investing in management. But I could say for the first time in a while that people were investing in their companies and beginning to invest in management.

They were starting to understand that they didn't have a recruiting problem or a retention problem; they had a management development problem. If they solved the management development problem, that would solve the recruiting, retention, and productivity problems. People were beginning to get it. Management development takes time, but it is time you *must* invest to be successful.

During the later part of my career, I had the privilege to be part of the GAMA Executive Leadership Cabinet, which meets twice a year with the agency and marketing heads of various companies. I was also a guest speaker at national leadership meetings for many different companies. As I spoke with people from these companies, I noticed that conversations were changing somewhat as I neared retirement. Many leading companies were once again formulating strategies for and committing dollars to growing their field force. And the very first pillar of that growth was in building their management teams.

It seems to me that more companies are now lining up behind the principle that I believe made me successful — *top producers may bring you* *premium, but management builds your business.* Over time, acceptance of this principle will bode very well for the financial services industry.

Life insurance products support the career distribution system. We have to get back to selling life insurance, and we have to increase the purchase of life insurance as a part of people's disposable income. That is not going to happen until we have a constant increase in the number of new agents and advisors.

Following the 2008 economic turmoil, our clients with large amounts of permanent cash value life insurance were our happiest clients. I think that both the economy and companies' investments in management development point to a brighter future and a renaissance of sorts in the sale of permanent life insurance.

Develop Leaders from Within . . .

One of the observations I made over the last half of my career was that some companies were bringing in new CEOs from outside the industry. Why weren't they hiring from within? These companies believed these new CEOs from outside the industry were going to modernize our business. They were going to bring insurance companies out of the old world and into the 21st century by applying modern management techniques to stimulate growth.

Unfortunately, when this happened, the sale of life insurance almost always declined; companies went backward in sales of their core product. This temporarily helped the bottom line, as one of the drains in surplus for insurance companies is, of course, life insurance. For a quality life insurance product, it costs more than a dollar to put a dollar of new premium on the books. Therefore, the sale of new premium is initially a drain on surplus. Over the long haul, however, it is a great *contributor* to surplus.

A new CEO who wants to improve quarterly financials is fine with cutting sales of life insurance. The financials go up, which is great for stock options. But for the long term, that CEO is not growing the company. He comes in, cuts expenses, sales go backwards, and profits *temporarily* go up. Usually expenses are cut across the board, which also means cuts in management development and in investments in the career distribution system.

I cringed every time I heard about a new CEO or president coming in from outside the industry to modernize a company because I have seldom seen this work well from the field perspective. I believe that

the answers were right in front of us — that they *are* right in front of us. Instead of looking outside our industry for salvation, we need to develop our own management talent from within and have those leaders take us forward.

. . . To Build Your Business

That was really the secret of our agency's success. Many in the financial services industry (and in all other industries, for that matter) try to improve their bottom line by cutting costs or adding the latest bells-and-whistles technology. But because we invested in *people*, our results would always end up being twice as good. By investing in people and in their training, we not only avoided taking money out of the business but ultimately achieved a lot more success than we otherwise would have. The point is not simply making money, but building the business. If you build the business, the money will follow.

But to build the business you have to be willing to do the hard work of management — to invest in and develop management talent who will grow agencies, firms, and in some cases companies (which will, in turn, stabilize the industry). Someone has to be developing managers, someone has to be teaching selection with very high standards, and someone has got to be helping new people succeed in the field. Those willing to do the hard work of management will have bright opportunities. The industry needs exceptional management talent, and we all have the power to grow it from within.

Remember Phil Richards's Mars group? For me those five people were Steve Crawford, Lloyd Polmateer, George Moore, Denny Eckels, and Karen Hardnock. I honestly feel that before my retirement, my Mars group and I could do anything. You could air-drop us into any major metropolitan area where we didn't know a single person, tell us to start a scratch agency with no agents and no in-force premium, and I am convinced that we would build you a master agency in seven years. *Agents may bring you premium, but managers build your business.*