The 3 Freedoms Key for Ultimate Producer Success

a publication of inforum

for P&C Insurance Producers

In the U.S., we're partial to the word "freedom" and all it holds for our lives. More than 200 years after Independence Day, we have the privilege of walking in freedom every day. We set our own destinies and are unencumbered by the type of government restrictions on liberty our forefathers endured. It's a beautiful thing.

The victory they won for us so long ago translates today into the freedom to pursue happiness on our own terms for ourselves and our families. However, there still is the possibility of getting stuck in a position where you are limited in your ability to grow, and for the typical insurance producer, that is not freedom. There are three freedoms that producers must have for the unobstructed pursuit of success.

1 Financial Freedom

The ability to set your own ceiling of earning potential is key to financial freedom. An American Psychology Association survey found that just under half of employees feel they are receiving adequate monetary compensation (48 percent). What main elements hinder the insurance producer from achieving the income they are aiming for?

Mergers & Acquisitions. According to OPTIS Partners' October 2016 report, mergers and acquisitions are up from 2015, and the high activity level has no end in sight. Your position—no matter how solid or highly compensated—could change on a dime should your company be acquired or merge with another firm. M&A activity highlights the need for freedom from the uncertainty of market fluctuations and changing management demands to find a position where changes will have a minimal effect, where you set your own course and are free to make corrections as you see fit.

Limiting Compensation Models. The U.S. Bureau of Labor Statistics reports median pay for insurance agents at $48,200, with an expectation of 9 percent growth between 2014 and 2024. On average, income for independent P&C producers can be much higher, depending on time and effort, and commissions on new and renewal business can vary greatly. Additionally, most agencies don't offer much in the way of equity and stock ownership.

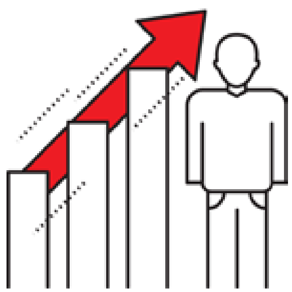
When an agency is profit focused, there is a lack of freedom and a ceiling. You don't determine the upper limit on your earnings, and you certainly don't have the potential to out-earn the CEO. For those agencies that are producer focused, commissions are much higher and typically equal for new and renewal business, and the producer's own efforts are what set the heights to which he or she can earn.

Noncompetes. It's understandable for a company to require a noncompete so it doesn't invest in someone only for them to take business and clients elsewhere. However, these agreements typically mean that producers don't have the flexibility to move should they want to or need to; if they do leave, they are severely limited for about two years. A noncompete is tantamount to an unseen ball and chain. The unpredictability of the unique market a producer is in, establishes limits at a time when those limitations could cost them dearly.

You may be happy with management today, but when changes occur, there is often no good option to leave; it will cost too much. Deloitte's Shift Index found that 80 percent are dissatisfied with their jobs. So if you're locked in and desire a new direction, too bad. Insurance producers are often Type A personalities. The freedom to determine their own future and to be their own boss is important to them. A model that does not require a noncompete allows producers the freedom to control their own destiny. For agencies that have built an environment where producers have all they need to flourish, a noncompete isn't necessary. No one wants to leave.

You may be happy where you are but recognize that there are better long-term prospects elsewhere. The market environment suggests that research into your options is something you need to do now before you have no freedom left to move.

2 Vocational Freedom



Freedom to chase after your dreams and goals is imperative for top insurance producers. Some however, find themselves in an agency that does not provide the opportunity to pursue those dreams. What kind of freedoms allow you to achieve your top potential?

Freedom to do what you want to do. The free pursuit of passion usually equals success, but you must know what that looks like. In his blog Making Financial Dreams a Reality, business strategist and author Tony Robbins says, "To find your passion, you must ask the right questions. What do you love? What do you hate? What will you not tolerate? What makes you say, 'Not another day, not another hour, this is changing now!'"

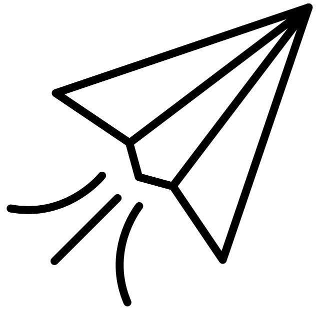
Freedom to follow what you're passionate about. Find a place where management provides the freedom to pursue what you do best. Former Apple CEO Steve Jobs once said, "It doesn't make sense to hire smart people and tell them what to do; we hire smart people so they can tell us what to do." This is a great approach, but sadly, this is not the typical agency mindset or approach to structure. It's imperative that you have the ability to follow what you want, what you're best at, without limits.

Freedom to build something apart from corporate nonsense. Recent trends in corporate management are leaving many insurance pros concerned. "[I]ndividualization continues to be an important trend, and HR has difficulty coping. HR likes equality, transparency, and neatness, and these values do not always fit well with an individual approach," according to the HR Trend Institute. That's a dream killer for producers, but it's not the only approach that is in direct conflict.

After Zappos' Tony Tseih announced his radical change in management style to "holacracy," which is intended to promote collaboration and abolish hierarchy, longtime employees made a mad dash for the door. The company lost 18 percent of its employees when they were offered a buyout if they didn't want to get on board with the new direction. This was a change that wasn't expected by longtime employees. It is doubtful that they were financially prepared.

Trends involving the rise of a focus on teams, how office space is allocated, what perks will be offered, approaches to and requirements for promotions, a 24/7 always-on culture, etc., have put corporate leaders on their ear, and many approaches are being used to keep up. These trends disrupt producers' ability to consistently provide their clients with excellent service. It's a potential future killer for the top producer.

3 Family and Personal Freedom



After 9/11, an acute sense of the importance of family was reborn. No longer was it acceptable for a job to consume a person to the point of sacrificing family connections. Today, that mindset has grown and is seen as a necessary part of a job culture. For top insurance producers, the freedom to be there for their family and for personal endeavors is a priority. However, not all agencies see it that way, nor does life play along.

Time is not your own. Due to company-issued technology such as smartphones, the line between being on the clock and off the clock is essentially gone. According to a Pew Research study, 35 percent of office-based workers say that technology has increased the number of hours they work.

It's not all that unusual to have business messages go back and forth in evenings or on weekends. In fact, for the insurance producer, it can be critical to be "always on." The always-on lifestyle presents a wide-ranging mix of positives and negatives. However, many agency cultures still view it as unacceptable for producers to make judgment calls as to how to spend their time, e.g., to golf in the middle of the day. Whether for business, to blow off steam, or just to relax, performers should not have to worry about the optics.

For insurance producers, finding an agency where they can set their own schedule is a part of a successful path. They must have the freedom to determine what they do with their day. The typical agency model means a boss, deadlines, schedules, and, unfortunately, missed family events. That is not the case with the entrepreneurial model where producers are in command of their own schedules.

Flexibility is not your own. In some of the larger agencies, team expectations on producers' time and physical location can be quite stifling. Forbes contributor Josh Bersin says, "People are working too hard (40 percent of men work more than 50 hours per week and 80 percent would like to work fewer hours), they are too distracted (mobile device users check their phones 150 times per day), and they are flooded with too many emails, conference calls, meetings, and other distractions."

Given the current culture, we can see that things are changing. Agencies must adapt, but will that take place soon enough? Chances are slim to none. And with low commissions, no equity in your book of business, no ownership, and a noncompete, you're not free to succeed on your terms. The financial climate, varied and often ill-conceived management attempts to adjust to a new world, and encroachment of business on personal time will not slow down.

Freedom is at the heart of what makes America great. The same is true of the successful insurance producer.

Now is the time to seriously consider whether a move to a better model is right for you.

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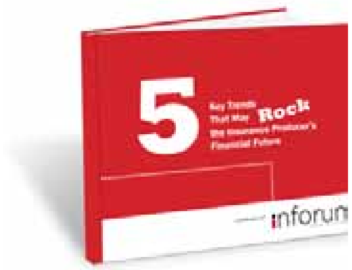

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