

Cultivating a profitable agency

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WITH TIME and nourishment, a seed takes on a new form, grows and eventually bears fruit. So, too, can an insurance agency—with careful nurturing—mature, flourish and yield results that belie its modest origins. Harris Insurance Inc. is a family-owned agency, bought as a tiny, specialized operation with a bleak future, that now offers a broad range of financial services and is one of the fastest-growing agencies in Alabama. In this article, I'll describe the transformation and the lessons we gleaned from it.

Fifteen people now work at our agency. My father, David, is president. I serve as vice president of commercial lines, secure company appointments and act as liaison with our companies. Todd, my older brother, is our office manager and human resources director. Although the three of us and my younger brother Troy, are all producers, we pay ourselves salaries instead of commission on individual sales—an unusual arrangement, but one that works well for us.

Planting the seeds

When he was 17, my father began working at an insurance agency in Birmingham. He became a producer, rose up through the ranks and eventually purchased the agency. He sold it in 1986, however, because of a family member's illness. In 1991, my father, Todd and I bought another agency that had specialized in nonstandard auto insurance. It had only two stan-

dard markets—one was rated B+ and the other was rated C—and just under \$500,000 in annual premium volume. There was no fax machine or computer network; the most advanced piece of equipment on the premises was a Canon Z50 photocopier. Undaunted,

a competitive benefits program and tried to create a family-friendly work environment.

My father's brother, also an Alabama insurance agent, referred us to General Accident and arranged for us to meet the company's regional vice president in Nashville, Tenn. We laid out our business plan, presenting our two-year, five-year and 10-year growth goals and the strategies that would enable us to achieve them. We also pointed out the education level of our producers and the experience of our CSRs and showed the RVP our perpetuation plan. The fact that my father had three young-adult sons—two of whom were already producers at that time—helped reassure the company that our agency's future was secure. We made a lot of promises, my uncle vouched for us, and the RVP believed in us. After many meetings and much negotiation, we landed our first contract with a competitive company and soon began to enjoy positive benefits. By carefully selecting accounts, we maintained attractive loss ratios and added additional markets.

After about a year and a half, we began to upgrade our agency's equipment and software. A new computer system, fax machine, printer and copier helped us improve our efficiency and continue to grow. Last year, we converted to an Internet-based agency-management system and went "paperless." All the documents we use are scanned, categorized, stored electronically offsite and available to our staff at any location with Internet ac-

Once a tiny, specialized operation with a bleak future, Harris Insurance now offers a broad range of products and is one of the fastest growing agencies in Alabama.

the three of us worked hard six days a week to grow the agency. Todd and I received our CIC designations and took advantage of every educational opportunity available to us. We hired a top-notch staff, provided them with



Standing, left to right: Ty, Todd and Troy Harris. Seated: David Harris.

cess. If a customer calls with a claim, change of address, question about an account, etc., a producer or CSR can retrieve the appropriate file from any desktop in the office.

Cultivating companies

Cultivating a strong stable of companies has been crucial for our success. Before contacting a carrier to discuss an appointment, we do our homework—studying its underwriting procedures, competitiveness in the marketplace, financial status and reputation for customer service. Other local independent agents sometimes give us helpful information about insurers. As a result of such work, we increase the odds that a company we approach will be a good fit for us and that we will be able to give them the type and volume of business they desire.

Carriers look for agencies that are profitable, growing and well-managed, and we design our presentation to demonstrate that we meet those criteria. At our initial meeting with a prospective company, we discuss our agency history, operating strategy and growth forecast. We present information about our total agency volume, broken down by commercial lines, personal lines, workers compensation, life and health. We introduce our staff, outlining each employee's background and ex-

perience, and offer a session on our computer system and its upload and download capabilities. We present production reports and loss information from our current markets and discuss our relationships with them. Finally, we visit the company's regional office to meet the marketing representatives, underwriters and others with whom we will conduct business and build relationships.

Our main markets are Harleysville, Amerisure, Auto Owners, Travelers, Zurich, Trinity Universal, American Resources, Great River, Penn National and Encompass. They provide us with sales, claims and service brochures; co-op advertising dollars; videotapes for our sales presentations and loss-control services. We have binding authority with all of our markets.

Growing season

We developed specialties in insurance for contractors, industrial businesses and churches. One of our markets offers an outstanding program for contractors—it features built-in coverages that most other companies require insureds to buy back, and it's competitively priced. After writing a few such policies, we received referrals from contractors who had heard about them from our satisfied customers. We wrote more construction business, and that line

continued to snowball. A similar experience prompted us to specialize in industrial accounts.

We delved into church accounts because my father served (and still does) as a board member for his church and had helped it buy insurance even before he had his own agency. His contacts with others in the religious community have helped us cultivate leads and obtain new church accounts.

Accountants, estate planners and bankers provide us with a steady stream of referrals. We belong to several trade associations and to the local Big "I" chapter, chamber of commerce and rotary club. We have access to these organizations' membership lists, which are good sources of leads. We also ask existing clients for referrals.

Cold-calling works well for me. When the people I call tell me they're not interested, that's fine—it saves me a trip to introduce myself. If someone is interested, I obtain an expiration date, diary it in our agency's system and set up a reminder to call the prospect again two months before renewal. When I follow up, most people remember me and agree to meet to discuss their insurance needs.

We design our carrier presentations to demonstrate that we are profitable, growing and well-managed.

Our agency has a Web site (www.harrisins.com) where clients can request certificates of insurance. Eventually, we plan to add a quote-request feature. Although we haven't tracked the number of hits the site receives, our clients and prospects have offered a lot of positive feedback about it. It also gives them one more way to contact us.

A bountiful harvest

We do more for our clients than simply sell them insurance. Whenever possible, we also act as business advisers. For instance, we suggest that our contractor clients join trade organizations such as the Associa-


tion of Builders and Contractors, which offers its members a variety of loss-control programs and classes designed specifically for contractors. Another way we serve our insureds is by issuing certificates of insurance promptly. A member of our staff is dedicated to this task and, once she receives a request, usually issues the certificate within 30 minutes.

The real key to our agency's success is account rounding, which our financial services division does quite well. Although Todd writes P&C and has the CIC designation, he also writes life and health accounts and holds NASD Series 6 and Series 63 financial licenses. After he writes an account and develops a relationship with the client, he makes a referral to me. I then meet with the client to

discuss its property-casualty coverage needs. Likewise, I introduce Todd to the P&C accounts I write. Once we've addressed all of a business's or individual's insurance needs, our financial services expert steps in to help with estate planning, retirement planning, stock trading, etc. Our ability to provide a broad range of financial products and services helps us attract and retain new business, boost our total annual revenue and meet or exceed our insureds' expectations.

In our office hangs a painting of the legendary University of Alabama football coach, Paul "Bear" Bryant, with his words: "If you believe in yourself and have dedication and pride and never quit, you'll be a winner. The price of victory is high, but

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so are the rewards." We've adapted the Bear's philosophy to our agency—we listen to our customers, deal with them honestly and never quit serving them. Coach Bryant was right; the rewards we reap are worth our efforts. 



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