

Personnel Matters

Producer recruiting: Facing the challenge

By Mark Shlien



Shlien is the principal of iPeople LLC and can be reached by e-mail at mark.shlien@thepeople.com, or by phone at (202) 544-7675.

The current industry climate presents a challenge for most owners who want to see their agencies continue as an independent entity. From a hiring perspective, the key to facing this challenge is finding producers. An agency, whose only producer is the agency owner, is limited in its ability to perpetuate, but also to grow revenue. A sole owner has little time for sales because he or she must devote time to managing and servicing. When new sales are not made, the owner also limits shareholder value, because a key component in calculating an agency's value is revenue.

The lack of younger producers coming into the business makes internal perpetuation almost impossible for many firms, as the talent needed to perpetuate the firm is simply not there. The lack of new producers also creates vulnerability for the agency's accounts when their customers transfer ownership or management responsibility to the next generation.

Obstacles to recruiting producers

During the last 20 years, most agencies have implemented employment agreements and nonsolicitation agreements. These agreements make it clear that the agency owns the book of business and that the producers cannot solicit the customers when they leave the agency. An agency that would attempt to recruit an experienced producer with a book, therefore, would need to pay a high starting salary for at least two years until the producer validates. Strong agreements make it almost impossible to recruit good producers away from their current employers.

What are agencies doing to solve the shortage of sales talent and what do principals see as their top recruiting challenges? Many agencies are looking at alternative ways to attract and develop high performing producers. Hiring outside the industry has become a key recruiting strategy to identify aggressive sales professionals who are capable of achieving exceptional results. Many of these individuals had financial services backgrounds,

or were recent college graduates with a few years of business experience.

Most firms that have been successful in recruiting producers outside the industry attribute their hiring success to finding individuals who have sales aptitude; can show their exceptional results; possess a strong work ethic; and can fit in with their organization's sales culture. These hiring agencies also spend a lot of time on the front end making sure candidates fit the sales profile and possess the skills to be successful. The interview process generally is intensive, and producers will go through several interviews with key personnel before going to the next step in the interviewing process and are tested.

Where do you find candidates?

There are endless sources of candidates. Some agencies search for candidates who have worked in certain industries where they have niches, such as health care or hospitality. They are willing to train the candidates in insurance and have them prospect contacts in their former industries. Others look for sales people who have proven sales results. Once again they need to learn insurance but they know how to prospect. Some agencies hire recent college graduates who test well for sales aptitude but also can demonstrate a work ethic or show their ability to work well in an agency atmosphere. Some of these students might work in the agency during their college years and have already shown themselves to have potential. There are younger producers in other agencies that do not have large books of business, but are looking for firms that have more to offer in support or niches, for example.

What to consider before recruiting

Before you start recruiting, spend time developing the items on the following list.

- Develop a job description that outlines exactly what the producer duties will be so you can use it in advertising and share it with the producer;
- Write a list of the qualities and skills you would like the producer to have;

- Decide how you will pay the producer and what salary level will be the maximum while the producer is validating;
- Decide how you will develop leads for candidates. Will you use a recruiter? Will you use Internet advertising? Will you use centers of influence?; and
- Develop behavioral interviewing questions so you can find out how the producer works and what experience they have.

Once you've identified the candidate

Read the candidate's existing nonpiracy/noncompete agreement and decide if you can deal with the candidate's current job situation. Develop your own employment and nonpiracy

agreement and require the candidate sign it as a condition of employment. You also should work with the candidate to develop a validation schedule, a sales plan and a training plan. Make sure you provide sales management to monitor the producers prospecting and provide assistance on sales calls. The firm should have above-average service and support staff in account executive and customer service representative positions that can work closely with and train the new producer.

In this economy, there are many excellent producer candidates just waiting to be found. An agency that is willing to put forth a good recruiting effort can bring on some new producer talent to grow the business and perpetuate the firm. 

