

THE EXTRA POINT

BY JERRY ROBERTS



1530 A Different Type of Retirement Celebration

Ralph sold property and casualty insurance. For consumers, that usually means automobile and homeowners policies. He also sold insurance to businesses, too. He had built a portfolio of hundreds of satisfied customers over his career and now, after 44 years with the same company, he had announced his intention to retire after one more year. His boss, knowing the kind of relationship Ralph had with his clients, made him an offer for how that final year could play out — for Ralph and the company. I'm Jerry Roberts, and I'll have the details on the offer, and why it could make sense for any company facing similar issues. That's next on The Extra Point.

Ralph had logged over four decades with the same insurance agency, and he still had a number of customers he had written policies for in his first year.

The owner of the agency, Elizabeth, was the daughter of the company founder, and was in the third grade when Ralph walked in the door, looking for a job after completing a four-year tour in the Air Force.

She was in the office after school that day, when her dad hired Ralph on the spot, though he had no background in insurance.

Ralph was nervous and not sure about insurance as a career, but her father told him, "That's all right son, I'll teach you what you need to know, and then it's up to you."

Elizabeth wanted Ralph's final year to be special, and she also wanted to make sure that the agency retained as many of his clients as possible.

Now 10 years into her position as the company CEO, she knew well that some customers might see Ralph's retirement as a reason to look around and maybe switch their business to another agency.

Her idea and proposal was for Ralph to be heavily involved in the selection of the person

who would replace him. That person would share his views on customer service and going the extra mile to exceed expectations. It took a month to narrow an initial list of possibles down to three, and both Elizabeth and Ralph agreed on the right candidate.

It was deja-vu for both, Mark was 23, a former Army infantryman who had just finished a tour in Afghanistan. He had gone into the Army after two years of college. He had no insurance knowledge, and this would actually be his very first regular job. He was eager, but admitted that he was very nervous.

Elizabeth had a tear in her eye when Ralph winked at her and then told Mark, "That's all right son, I'll teach you what you need to know and then it's up to you."

The agency developed an advertising campaign around Ralph's retirement, along with the introduction of Mark as his replacement. Over the next 12 months, both would visit with every client on Ralph's account list. Ralph described Mark as his hand-picked successor, and they renewed all but a few customer policies.

Elizabeth's plan had been wildly successful. She could have gone a cheaper route, hiring the replacement a month or two before Ralph bowed out, but she decided the extra payroll costs would be a great investment if they could retain a healthy chunk of Ralph's clients.

At the end, the agency retained almost all of the business, but that was only the beginning. Mark had spent a year with Ralph, learning from him, and that education put him miles ahead of where he would have been if left on his own. He was a competent agent and no longer lacked confidence.

The agency also had received a lot of publicity during Ralph's last year, including newspaper and TV stories. That brought in additional customers.

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The story came to a close when Ralph's last year ended with a big dinner event at a hotel, attended by company employees, many of his longtime clients, and even a few competitors.

Longevity is a great thing, both for individuals and organizations. It is worth celebrating. That being said, there are also succession issues and protecting company interests.

If you've got a similar situation coming up, I hope this has given you something to think about in terms of how to approach it.

That's the Extra Point. Be responsible and make something good happen today. For 93.3FM, the Ray Gibson Show, and First Hawaiian Bank, I'm Jerry Roberts.

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