feature

It Begins With the Interview

The past two issues of Exclusive*focus* have included articles focusing on new agents and their Allstate experience. The first article, *Memoirs of a Scratch Agency*, generated a lot of excitement amongst agency owners. NAPAA headquarters received numerous calls from newer agents proclaiming that their Allstate experiences were just like those in the *Memoirs* article. Callers to headquarters made statements like, "That story was about me" and "You guys must have bugged my office."

The *Memoirs* story also inspired other agents to come forward and share their experiences with us. Their stories appeared in December's issue of Exclusive*focus* in the articles *Jack's Story* and *The Rest of the Story*. Once again, our offices were abuzz with feedback from new agency owners. For the most part, their comments echoed the sentiments of the agents interviewed in the articles. Several agents complained that they were not fully informed about the Allstate opportunity for months after signing the contract. By the time they found out, they had already spent thousands of dollars in start-up costs. As an example, after reading the articles, which included references to Expected Results (quotas), a new agent from the Midwest Region called to ask NAPAA if he would have to meet Expected Results once he reached his Star Bonus. He had been in the field for six months and had never been informed about Expected Results. In fact, he was told that once he completed his Star Bonus goals, there would be no more requirements.

NAPAA believes in full disclosure agent recruitment practices. How do Allstate's recruiting practices measure up? Not very well, judging by the calls we've received. "It's a buyer beware program," said one former agency owner. While NAPAA does not have an official position on Allstate's EA recruitment program, we don't believe it is meant to mislead potential candidates. However, we think some local MDLs, in their zeal to recruit a new agent, gloss over or omit important information during the interview process. No doubt, new EA candidates are excited about the prospect of owning their own business, especially after viewing the "*Choose Your Own Direction*" PowerPoint presentation. This upbeat presentation is a very basic outline of the highlights of the EA program. It includes general information about available bonuses, training and requirements to get started, including "start-up capital." There is no dollar amount stated for how much start-up capital is required. Naturally, the presiding MDL is in full control of what is said during the interview and presentation process.

While NAPAA isn't privy to the way MDLs are compensated, we do know that in the past, management bonuses were tied to, at least in part, to the staffing goals of each manager. This being the case, an MDL has no incentive to inform a prospective new agent about undesirable underwriting issues, pending rate changes, coverage restrictions, credit scoring or competitive position. Of course, during the interview process, the MDL will often offer his/her assistance, if needed. "Need help? Give me a call" is a familiar refrain. The EA candidate is impressed with this gracious offer. What he/she doesn't know is that this MDL may not even know how to answer basic questions about Alstar or underwriting. If the MDL has any experience as an agency owner, it's probably not much. This may also be part of the reason why some MDLs fail to reveal pertinent information during the interview process; they simply may not fully understand the agency owner's job.

For this article, NAPAA located an individual who, as of this writing, is currently in the interview process with Allstate. We will call him "Joe" for confidentiality purposes. Joe agreed to talk with Exclusive*focus* about his experience.

It all started with a phone call from the Human Resources department in the local regional office. They found his resume posted online. The individual who called did a good job of selling the benefits of becoming an Allstate EA. Joe would own his own business, make his own decisions and would have complete flexibility. The pitch was persuasive enough that he agreed to the next step, which was to speak with a sales manager by phone.

Joe prepared several questions for the telephone appointment. The questions he wanted to ask were general in nature, but required specific responses. He wanted to know, for example, how much he could expect to sell and how much he could expect to earn based on actual new agent averages in his market. While Joe understood that he could make money over the long term, he wanted to know what the first few years would be like. Not an unreasonable question. He also wanted to know what assistance he could expect to receive.

During the telephone appointment, the manager sidestepped Joe's questions stating that the next step would be for them to meet in person for a presentation and that he could ask questions later. In spite of the manager's evasiveness, Joe agreed to meet with him. He was still excited by the thought of owning his own business, but was determined to get his questions answered before making any commitments.

When Joe arrived for his first meeting, the manager flipped through the "*Choose Your Own Direction*" PowerPoint presentation reading each page aloud word for word. Joe remembers thinking it would have been much better if this presentation would have been emailed to him ahead of the meeting. That way, he could have been more prepared. As it was, he wasn't able to fully analyze the opportunity because the presentation moved along briskly leaving him little time to think. In addition, the manager did not stray from the presentation except to add some additional details for clarification. The presentation covered a lot of territory including commissions, bonuses and a few examples of how the bonuses work. At the conclusion of the presentation, Joe began asking questions, but the answers were vague generalizations with little substance. The manager then explained that if he had $20,000 - $30,000 in start-up capital, he would do well. By this point, Joe began to have second thoughts. Having a sales background, he wondered why he wasn't able to get more specific details regarding the Allstate opportunity. The PowerPoint presentation was also short on specifics. He was curious why a company, which had expressed an interest in recruiting him, wouldn't be more forthcoming. Were they hiding something? Despite his reservations, Joe agreed to continue on to the next step of the interview process, the successful completion of the Agent Selection Questionnaire.

Before the next meeting, Joe decided to do some of his own research. By chance, he stumbled upon the NAPAA website where he clicked on "Buy and Sell Agency Listing." As he viewed the list, he decided to call a few agents to find out why they were selling. One of these agents spent more than two hours helping Joe understand a veteran agent's version of how things work at Allstate. This "veteran" agent had just over three years of Allstate experience. Among other things, the agent clued him in about the unilateral nature of the contract and made him aware of the existence of the contract's supplement, which, he said, "changes frequently." He explained how much assistance Joe might expect to receive from his MDL and the 800 number. He suggested Joe request more information about staffing, office expenses and averages for income and sales in his particular market. Once again, Joe wondered why the manager didn't offer to cover this information. It seemed to him that these were legitimate business concerns and would be better addressed upfront.

Armed with this knowledge, Joe went to his next appointment confident that he would be able to look at the EA opportunity objectively. Now if only he could get the answers he needed to make his decision. As mentioned earlier, the primary purpose for this meeting was so he could take the online assessment, or Agent Selection Questionnaire. Sitting across the desk, the manager fired up his computer and told Joe that he would get the assessment started and then turn it over to him. In Joe's words, the manager told him he "would walk me through the beginning of the test."

Joe could see the computer screen from where he sat. The manager input the initial information, such as name, address, education, work history and residence history, but did not turn the computer over to Joe as promised. The manager would read the assessment questions aloud to Joe, but ignored Joe's responses and input his own responses instead.

The online assessment continued with a series of multiple choice questions concerning the experience and attitudes of the candidate. The manager still retained the keyboard and continued to read the questions as well as the four answer choices to Joe. If the manager thought that Joe's answer was not the best choice, he would say so and then proceed to make the selection of his choice. In this group of twenty or twenty-five questions, the manager changed Joe's answers "four or five times." It was only after this section of the assessment was complete that the manager finally relinquished the keyboard and allowed Joe to finish the final phase of the questionnaire. Joe's assessment score: "Moderate Potential."

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With the test completed, it was Joe's turn to ask some questions. As stated before, Joe had a keen interest in finding out specifics about how other agents, especially newer agents, were doing in the area. What the manager provided him with were gross commissions for the top producers in the market. Of course, the manager could not provide net income estimates for these agents. The manager went on to say that he had hired 20 scratch agents in the past three years and that all of them were still in business and "doing well." He added that "no one has ever not made it" and that "the results are very attainable."

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At that point, Joe asked for a copy of the contract. The manager left the room and Joe could hear him open what sounded like a three ring binder. The manager returned with the ten-page R3001S Agreement and a two-page education agreement. Then Joe asked for the rest. The manager replied "That's it, that's the whole contract." Joe responded by asking "Where are the documents that outline the commissions, the bonus structure and the rules about purchasing additional agencies?" The manager retorted by saying "The rest is just the operating manual; there is no need to see that now." Needless to say, these were not the answers Joe was hoping for.

Joe left the appointment disillusioned. His initial exuberance over the EA opportunity is fading. He cannot understand why this manager cannot or will not provide the information he needs to perform a due diligence. Though he is still an EA candidate, he feels certain that the manager will not reveal the information he's requested. Before leaving the appointment, the manager told Joe he would contact him again after the first of the year. As of February 1st, Joe had not heard from him.

If you have read the other two articles in this series, you can see a familiar pattern. It seems as if there is a code of conduct among some managers to divulge as little information as possible to EA recruits. Are these managers fearful that agent recruits will run away if they provide too much information? Is it because they are ashamed or embarrassed to reveal the truth? Or, is it Home Office policy? In our view, if there is nothing to hide or be ashamed of, why not share the information?

We are publishing this article in the hope that Tom Wilson and others at Home Office will take notice of the problems that occur during the hiring process. Neither NAPAA nor Allstate can undo the financial harm that's already been done to countless agents. Be that as it may, NAPAA will make every effort to publicize errant behavior and bring it to the attention of corporate decision makers who can do something about it.

What NAPAA would like to see is full disclosure throughout the hiring process. Prospective agents need honest and detailed answers from knowledgeable individuals about all phases and facets of the EA opportunity before they are asked to make a commitment. There needs to be much more training at the MDL level and frequent spot checks to monitor compliance. We are confident that much of the turnover problem can be attributed to the current hiring process. NAPAA can help fix this problem by providing input from a different perspective. Since reducing agent turnover is a goal that NAPAA shares with Allstate, we invite Mr. Wilson to meet with us. We will be truthful, insightful and professional. We won't be timid, shy or intimidated. Mr. Wilson, if you're reading this, please give us a call at 877-269-3474. Let's talk.