



# *Back To Basics*



**Rediscovering the Pathway to a  
Successful Insurance Agency**

***Tony  
Fernández***



*I have found that some small jewels are hidden inside small books like this one—processes, ideas, thought-provoking perspectives that make an impact on my agency operation and sometimes even incite major changes.*

My desire as I write this book is to do just that. I hope you find many jewels in this book as we march together to rediscover the path of success.

## About the Author

Tony Fernandez was born in Spain and moved to the United States in 1993 with his wife, Lissa, and their two sons, Stefan and Chris.

He holds a bachelor's degree in ecommerce from the University of Phoenix and graduated (summa cum laude) from Regis University with a master's of business administration in marketing.

Currently, Tony is the president and chief executive officer for Affordable American Insurance, an independent insurance brokerage company. Under his leadership, the company has maintained a consistent 30 percent growth in sales in the past few years. AAI has received multiple awards for being one of the top companies in the region for companies like Travelers, Safeco, The Hartford, and Kemper Insurance, to name only a few. In 2009, AAI was named one of the top one hundred privately owned companies in Colorado by *ColoradoBiz* magazine.

One of Tony and Lissa's passions is helping people in need. For the past decade, their family has traveled to the Dominican Republic. In one of their trips, they found out that one of the local families had lost their child to a sickness which could have been treated if the family had funds. Since then, Tony and Lissa have started raising funds to send \$1.5 million in medical supplies to the nation's children's hospital in Santo Domingo, capital of the Dominican Republic. The shipment set sail for the hospital in January 2010. When the Fernandez family arrived in the Dominican Republic to deliver the shipment, the island nation was being flooded with wounded people from Haiti, the neighboring nation that

just three days before had suffered a devastating earthquake killing three hundred thousand people and wounding another three hundred thousand. When the world was starting to gather resources to send to Haiti and the Dominican Republic, the shipment with medications that the Fernandez family sent was already on the island and being used to help the wounded.

Tony is a member of Rotary International and an honorary recipient of the Paul Harris Fellow award. RI was the vehicle used to raise the funds and send the shipment with medical supplies to the Dominican Republic.

Tony's hobbies involve the outdoors. He loves his mountain bike in the summer and his skis in the winter.

I want to dedicate this book to my family. My wife, Lissa, is my best friend and adventure partner from whom I draw strength and wisdom. My sons, Stefan and Chris, who are now adults, are in all my adventures and fun stories. Fun and abundant laughter are present in all the things we do together. Lissa and I are very proud of them. It is a great feeling as a parent to see your children become an asset to their country and society.

## Acknowledgments

I want to thank my wife, Lissa, for her support and input on the information provided in this book. She is the glue that holds me together. Lissa has worked very hard to educate herself in the insurance industry by obtaining the Certified Insurance Counselor (CIC) certification. The knowledge and the experience that she has have contributed directly and indirectly to the information of this book.

Barrett Bartels, a friend and partner, is a great sounding board for my business ideas and has the great ability to see my vision and break it down into steps so that it can become a reality. Barrett makes me a better leader. He has been instrumental in the information provided in this book.

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James Switzer, my good friend and family member (Lissa's cousin), is the vice president of corporate income for AAI. He is one of those unique individuals who are highly skilled in math and also in writing. These two skills rarely go together. Jim has been very instrumental in reading and correcting this book.

My good friend and fellow Rotarian Mark Walker, a business executive and a very influential individual in our community, also read this book. His input as someone from outside the insurance industry was very valuable to me. I continue to learn from Mark how to be a better citizen and how to improve my people skills. He is truly a master.

I also want to thank my uncle, John Costo, for his love, support, and inspiration.

# **BACK TO BASICS**

1. Why We Do What We Do
2. Laying the Foundation
3. Creating a Winning Team
4. The Three Cores
5. Forming Your Team
6. The Glue that Holds it Together
7. Managing Your Time
8. Administration
9. Marketing and Branding
10. Build and Manage Your Agency
11. Taking Your Agency to the Next Level

## PREFACE

It has been my desire for a long time now to share with you my experience selling insurance, managing staff, providing customer service to our clients, and creating a structure in which it all works like a well-oiled machine. This book is more a compilation of ideas, mistakes, and successes that I have experienced during my journey as an insurance professional than a philosophical or theoretical treatise. I have waited so long to publish it because every time I read it, I notice how much I have learned since my last edit. I continue to find cause to update it, yet I also realize that it is unfair to continue to withhold the information just because I continue to learn through new experiences. That is why I have decided to get it to you now with a commitment to continue to update the content of this book as my journey continues.

You will notice that I've written this book as a letter from one friend to another. I was tempted to give the book to a professional writer who would say the same things, only more colorfully. I've decided against that approach, because I want to share these notes with you,

my friend, in my simple way and with all the passion that I have for this industry. Over-editing may take away the warmth and perhaps dilute the message that I want to share with you. I am not a professional writer, but I know that we all enjoy a letter from a friend, especially if we know we will come away inspired to take action. Therefore, I am going to give you the book just as I wrote it, which is in its pure form.

The intended audience for this book is the insurance professional who, day to day, faces similar challenges from many different fronts: insurance carriers, customers, office employees, legislation that continues to change, and technology, to name only a few. In the midst of all this turbulence, we insurance agents still love this industry. It gives us the opportunity to help families, friends, and customers to get their lives back on track after an accident or other misfortune. In addition, we distribute products that everybody needs in our culture. No one can buy a car, purchase a home, or open a business without an insurance policy. You are the professional insurance agent next to others so that they can continue building their lives with a shield of protection. What a wonderful industry!

You have different experiences and lessons that you've learned. I want to learn from you as well. I have created a Web site, [www.TheInsuranceProfession.com](http://www.TheInsuranceProfession.com), where you can post brief notes on the things you learn from this book and how they hopefully help you improve your agency, or even personal anecdotes about your own life lessons that you might want to share with other insurance professionals around the nation. Many may wonder, "Why would I want to share my victories with other agents?" Unfortunately, that way of thinking has been one of the biggest mistakes we make in our business. That mentality has segregated our already fractured industry. We have paid a big price for it, and unless we change, it will cost us even more. We see, on a daily basis, outside industries offering insurance to their customers, which causes our agencies to lose business. I believe that we as insurance agents need to unify, share our ideas with each other, and raise the professional bar, thus making it more difficult for these outsiders to penetrate our industry and take our customers away.



**Chapter 1**

## **Why We Do What We Do**

Anyone who lives within their means suffers from a lack of imagination.

*OSCAR WILDE*

- Irish dramatist and novelist

When I moved from Spain to Denver, Colorado, in 1993, I didn't know anything about insurance other than it was a product that would pay for a claim if I had an accident or misfortune of some sort.

My friend, Ed Durnford introduced me to a multilevel marketing company, and after some research I signed a contract to sell their product. I was not familiar with multilevel marketing up to that point and paid close attention during the training provided by the company. The trainer and managers continued to refer to the insurance industry as one that pays over and over again residual income from a single sale. It wasn't long before I decided to pursue a career in the insurance industry as an agent.

I started my first agency selling health and life insurance, which I found fascinating. I watched my clients suffer through serious illnesses and found a sense of satisfaction as the insurance companies, through the concept of shared risk, paid the astronomical hospital and doctors' bills. The only things my clients were responsible for were the deductible and the co-payment. I remember an instance in which I walked into a store in Craig, Colorado. As I was speaking with the owner, attempting to sell him a health insurance plan, I found out that he was a diabetic and didn't have a health policy. Less than a year after he purchased a policy from me, he found himself in a hospital bed, waiting for an organ transplant. The hospital's and doctors' bills would have forced him into bankruptcy. He could have lost his business, his home, and everything he worked for all his life. Instead, he made a great recovery and, upon retiring, was able to pass his still-thriving business on to

his son. If I had not walked into this gentleman's store that day, his life could have ended up much differently.

On another occasion, while I was reviewing the current coverages of a young couple, I asked the husband if he had any form of life insurance that would protect his wife and daughters in the event that he experienced death prematurely. I went on to explain to him that a simple product like a term life insurance policy for twenty years would cost him a little more than fifty cents a day, the price of a can of soda pop. He agreed to submit an application, and within a short period of time the policy was issued. Six months later I received a phone call from the client's wife. He had passed away in a horrible car accident while driving home from Colorado Springs the night before. She was of course distraught and wanted to know what she needed to do to submit a claim. I can tell you that there is no greater feeling than the one I had a short while later when I went to her home to deliver the life insurance check. It was enough to pay off the mortgage as well as cover living expenses for at least a year while she put her life back together. Sitting in her living room, looking at her and her two small daughters, I realized that it was because of that day just six months ago, when I asked her husband that important question, that now she and the children would have a warm place and food on the table until she was able to get back on her feet. I occasionally wonder what would have happened to these people if I hadn't become an insurance agent, or, even worse, if I had missed the opportunity to ask the right questions in order to find their true needs. We, as insurance agents, have a lot of responsibility and the opportunity to make a huge impact on people's lives in the aftermath of the unforeseen.

These two stories are just a small sample of what keeps me motivated and excited about my chosen profession. Those of you who have been in the insurance industry for some time will have similar stories to tell, and I'd appreciate your taking the time to post them on my Web site to encourage all of us. There is no other industry like insurance, and I am very proud to be a part of it. I can't think of another job that offers such satisfaction...in addition to unlimited income! We are able to help people during the darkest hours of their lives, to be there with them through the process, and to become a part of their lives as they rebuild their future.

Another fascinating thing you may have already observed about being an insurance agent is that there is no industry like ours that enables you to make so many new friends. "My clients are my friends, and my friends are my clients" is not a cliché; it's very often the truth. To see the difference between our industry and others, let's compare it to the profession of selling widgets. The moment you have sold a widget to your prospect, the transaction is finished and you are unemployed again until you sell the next widget. If you want to develop a relationship with your prospect, you have to work very hard at it. The prospect offers resistance to your relationship because he knows that ultimately the only thing you are interested in is selling him an upgraded widget.

In the insurance industry we sell a sense of well-being. When a prospect buys a policy from us, he is not paying for a piece of paper; he is paying for a product that will be there for him in the event of a difficult incident or accident. He trusts that you have explained the different options so that the correct coverages are in place to protect him and his family. When he makes his payment every month, he

does so with gratitude for your guidance and expertise. He expects that at some point in the future, if an accident occurs and a claim is made, you will have the chance to demonstrate why you were selected over your competition. The quality of your customer service, your expertise, and your professionalism are there when he needs you most. He will not forget how his *agent/friend* helped him through his time of need, and he will show it to you by continuing to bring you a check for many more years to come and to refer your agency to his relatives and friends.

Many of us who have been in the insurance industry for years take for granted the fact that our customers continue to think of us every month and bring us a check to continue to pay for a product that we sold to them many years ago. I'm sure your Realtor friends or your mortgage broker friends would love to see their customers continue to come to their offices with a monthly check for the services that they provided years ago. Along with their monthly payments (premiums) comes your responsibility to review their coverages, at least once a year.

In order to put things in perspective, let's continue to compare the insurance industry with other industries. This time we'll compare ourselves with the owner of a manufacturing company who wants to double his income every year. In order to do that, he has to continue to double his production of widgets, which includes a capital investment in machinery, raw materials, labor, and manufacturing space. Every year, in order to double his income, he has to buy more machines, hire more people, and expand his manufacturing space. He most likely would also need a large budget for advertising in order to create a greater demand for his product. How long can he maintain this growth?

Now picture your insurance agency. If you select the correct customers and treat them well, and if you work the same amount of time every year with steady production, your customer base may continue to double every year. As your customer base increases, you will have to hire more customer service employees, but you will not have to make large capital investments every year to maintain a phenomenal growth in income. You can double your sales every year while maintaining a fairly constant overhead expense. How many *legal* businesses do you know that can potentially double their income every year while maintaining fixed costs?

So we agree, the insurance business provides gratification on every level. We provide protection for our clients, we make our clients our friends, and our income potential is unlimited. As you read this book, I will continue to show you the uniqueness of the insurance industry and hope I can transfer my excitement to you to be a part of this profession if you're not already, and to thrive in the industry if you are already in it. I feel the need to do that because I've witnessed many agents and agency owners lose their passion for our profession. I hope to help them regain it and to keep others from burning out. The rest of this book will focus on how to build a strong, solid, well-planned, successful, profitable, pleasant, and consistent insurance agency...in other words, a well-oiled machine.

