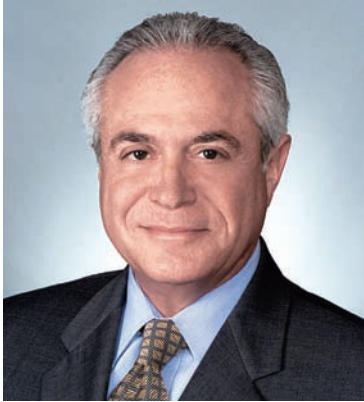


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QUESTIONS & ANSWERS



Customer service trumps productivity

Mesirow Insurance Services Inc., the insurance operation of Chicago-based diversified financial services firm Mesirow Financial, consistently ranks high among Business Insurance's most productive agents and brokers, ranking 10th overall this year and fifth among the most productive agents and brokers of U.S. business. Recently, Richard S. Price, president and chief operating officer of Mesirow Financial, discussed some of the reasons for that productivity with BI Special Projects Editor Rodd Zolkos.

Q: Is achieving a high level of productivity a deliberate goal at Mesirow?

No.

Q: So then, what are some of the factors responsible for Mesirow Insurance Service's productivity?

We think to some extent it's a structure. And when I say we're not focused on productivity, I think what we've built is a middle-market premium practice, so it's hard to deliver customer service at the level that we want to middle-market businesses and wealthy individuals and have maximum productivity as a focus, because they conflict with each other.

We use technology to create some efficiencies and ease of handling—we're trying to eliminate as much paper as we can. We're using technology as a service for our clients as well, where they can access our systems, get information, issue certificates of insurance, things of that nature. Those naturally create significant productivity gains for us, but the reason that we're looking at it is really along the lines of customer service, and not anything different than that.

We have a natural tendency, I think, just because of our structure. We have a production team orientation, so we run (profit and loss statements) for every production team. Our team leaders—which by the way are

also owners of Mesirow Financial, we're a private company—they're driven financially, top line and bottom line. So there's a natural tendency to operate as efficiently as you possibly can serving the client's needs.

I know, obviously, there's a big focus in the industry on driving cost ratios down. I think any well-run organization is going to look to do that and, certainly in these really troubled economic times, you're forced to do it. And whether that's staff compensation or other things, everybody's looking at it. But again, it depends on what you're trying to deliver to the marketplace and how you're trying to differentiate yourself. And delivering a high-quality service and a high touch to clients is what Mesirow Financial has always tried to do, everywhere, not just in the insurance group.

Q: Can you offer some examples of the conflicts that might emerge from placing productivity before customer service?

We have spent a lot of money on infrastructure, for one. So we've got risk management services that we give away free to clients—we don't charge fees for them—loss control services that we give for free, we do a lot of benchmarking. So there's a lot of infrastructure. My guess is we have several millions of dollars of infrastructure costs that we give to our clients for free.

If we were really focusing on maximizing

productivity and therefore profitability, we would start to cut away at those things. But we choose not to do it because of where we want to position ourselves in the marketplace. But there could be, obviously, a natural clash in that area. Forget about compensation; just talk about all the infrastructure and services that you want to deliver to your clients.

We do charge fees at a certain level and for special projects, but I would say that 95% of the services that we provide to clients, we don't charge.

Q: Do you do any sort of benchmarking of your own business or compare yourself to any sort of peer group companies?

I think we're really looking at it internally. It's hard to get some good information in the marketplace. You can see a little bit of information regarding growth of revenue and productivity and things like that. But because many Mesirow clients cross so many lines in the organization, for us the measuring stick is really fortifying the relationship that we have with the client, figuring out how many other things we can do for them and be there to assist them with whatever their needs are. We feel very good about that.

That's a major focus of our business—to expand that client relationship as far as we can.

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