

## First Quarter 2016 Allstate Agency Value Index Editorial

Being the creator and author of the Allstate Agency Value Index has afforded me the opportunity to write countless articles and to travel on behalf of PPCLOAN to speak to both Allstate Management and the Agency force. Many have inspiring, and sometimes sobering, stories of the challenges they have faced.

This quarter I asked PPCLOAN Executive Vice President Steven Kemper to identify and discuss a trending topic among existing agents and prospective agency purchasers.

Paul Clarke  
President of PPCLOAN

## Hard Times: How They Make Us Better

We have all been there. The recipients of a bad day, or rough week, or heaven forbid the misfortune of what seems like endless adversity. If this happens to us in our personal lives, we generally have a support system of family and well-rounded friends to help calm the storm and persevere. But as small business owners, we are somewhat on an island when things get rocky, and decisions made during these times can either keep us afloat or sink the ship. Making sure we are thoughtful in our decision making and purposeful in our actions is pivotal to perseverance in business. This piece outlines several reflection points for us to remember at all times, but more importantly when things get difficult.

Everyone is in the business of doing something, whether you own a small tax prep office or you manage 2,500 employees at a national wealth management firm. Regardless of position, if you aren't highlighting your strengths and leveraging those traits you might thrive through the best of times, but you could crash and burn during the low points. In our business, we have seen competition surface and just as quickly they exit without any fanfare. Why? They focus on segmented market share and have a single product focus. This limited scope isn't sustainable long term. Our goal in business is to provide a consistent product, to be delivered to the market by knowledgeable staff within chosen niche industries. After 18 years in business, we highlight that with clients and partners whenever we have the chance. You have to understand your strengths and leverage the heck out of them.

When there is a disruption in business, you have to always understand how that disruption affects the bottom line. A shortage in eggs most certainly impacts a breakfast eatery, and rising fuel costs could cripple airlines and transportation firms. How and where money is spent during these times is critical. As a business owner, all profit is OUR money, and that money needs to serve two purposes. We either keep as much as possible or hopefully efficiently invest excess funds towards business growth and expansion. Long term sustainability comes down to properly managing cash flow and realizing some level of profitability.

At some level, we must always think of ourselves and make sure that the decisions we make during challenging times are good for ME. Do you think the ski shop owner is working overtime if the slopes have only received a few dustings of snow? Of course not. If the market isn't good, but you know it will turn around again, then take the proverbial foot off the pedal and recharge your batteries. Time to think about what's important, about where we are going and why we are doing what we are doing is very important for our mental state.

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Lastly, times where you face adversity open up windows to make significant change. Whether you decide to let go of that tenured employee because they just aren't performing, or you switch to a compensation plan to better align employee productivity with future business objectives, disruptive times can be opportune for reshuffling the deck. When things are good, we are generally all smiles and we can allow ourselves to get comfortable to the point where profits overshadow inefficiencies. A little adversity isn't always a bad thing to keep us on our toes.

We all will face adversity in business and how we react and overcome these times determines the strength of our foundation for lasting success. The decision to become an entrepreneur is largely based upon the ability to be our own boss and to take credit for our business success. During the most challenging of times, are you willing to see the bigger picture and work to make the most of an opportunity? Or will you run for the doors? Hopefully it's the former and not the latter...

*Steven Kemper is the Executive Vice President of PPCLOAN and is well known in the insurance industry, assisting both Allstate Insurance and Farmers Insurance agency owners pursue their dreams of business ownership. You can contact Steven at [steven@ppcloan.com](mailto:steven@ppcloan.com) or by calling toll free at 800.456.2779.*



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