



August 2003



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Frontline Marketing

Name Your Niche | By Peter van Aartrijk Jr., CIC**CHALLENGE:** *Making a small agency rock***SOLUTION:** *Lean team, niche focus and cross-marketing*

Mike Carroll probably doesn't hear "no" that often. After all, if his size doesn't give you pause—at 6'6" and 250 pounds, the former Division I basketball player looms over most everyone—then his Irish-Italian charm certainly will woo you.

But what makes Carroll and his agency truly successful is old-fashioned good business: an almost ruthless efficiency, a family-run network of ancillary operations, and the willingness to immerse himself in a hard-to-place niche market. Not to mention a P.T. Barnum-like knack for selling whatever needs to be sold.

"I'm really good at marketing," admits Carroll. "That's my real gift. I plant it and it grows."

Indeed, Carroll has planted an array of operations, all of which reside in his newly built Carroll Financial Building, perched on a swank stretch of the Maumee River in an otherwise blue-collar town of Toledo, Ohio. At the hub of these enterprises is Carroll Insurance, a three-person, 13-year-old agency dealing primarily in personal lines and one niche market—restaurants. Spun off that specialty is VIP Dining, an online discount program for local restaurant goers. There also is a mortgage company he took over from his sister, as well as a stock brokerage run by his father John and brother Kevin. All of these businesses are successful, and all feed leads to the others, creating a fertile business environment for everyone. The arrangement also has caused Carroll's role to evolve: "I've changed from an insurance agent to a business owner," he says.

Lean and Mean

Nonetheless, insurance is the heart of Carroll's activities. Initially drawn to his father's stock brokerage career, Mike Carroll entered insurance after college merely to get some financial services experience. He started with Allstate and within three years was among its top sellers nationwide. Carroll ventured out on his own in 1990, managing to convince Central Insurance and American States that he was worth appointing. (That trust is repaid in loyalty: Central and Safeco, which

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bought American States in 1997, remain his top companies.)

In the decade since going independent, Carroll's "worth" has been proven: His agency now has gross revenues of \$395,000 and a 94% retention rate, with only one property-casualty producer (himself), one CSR and one life/benefits producer — giving him an enviable \$132,000 revenues-per-employee. Carroll is now a Central Top Circle Agency, and in 2001 the firm was named by Reagan & Associates and IIABA as a Best Practices Top Agency Performer.

That level of productivity and efficiency is no accident. Over the years, Carroll has whittled the agency to its current "lean and mean" proportions while also focusing its lines of business. Says Carroll, "We make more now than when we had 11 employees. Revenues are down, but profit is up. You do the math."

Carroll clearly sees the advantage of being so lean. "In a small agency, I can turn on a dime," he says.

A Rich Restaurant Niche

In 1999, with his agency demanding more time away from his young family than he liked, Carroll began looking for a smarter way to be successful. After listening to insurance marketing maven Michael Jans, Carroll began formulating a plan for a restaurant niche of some sort. It was not an arbitrary specialty selection: Ohio has the highest per capita number restaurants in the country, and of that, Toledo has its fair share. "It's a blue-collar town," says Carroll of his beloved city, which is a manufacturing and automotive center. "Toledoans like football, their cars and to eat."

With 10 restaurants already on the books in his agency, Carroll sent mailers to 100 other restaurants and got responses from 12. "We spent maybe \$300 and made \$10,000 in commission," he says. Soon after, Carroll met agent Marty Berger, who runs an endorsed program for the Connecticut Restaurant Association. Carroll decided to float a similar program with the Ohio Restaurant Association (ORA), which endorsed his agency a year later. Because Carroll wanted to best service the restaurant business in such a densely populated state like Ohio, his agency takes care of the Toledo and Columbus markets for the Ohio Restaurant Insurance Program, while two other agencies service the rest of the state. Though the program is not yet as big as Carroll would like, there are 120 restaurants written and "we have made money hand over fist," he says. He is especially pleased with the loss ratio—2%, "and all of that is [commercial] auto, no GL."

Indeed, Carroll has learned so much about managing risk in restaurants that, "I can do a better job of loss control in a kitchen than a company guy can." But he credits much of the program's success to Safeco's policy. "Safeco has boiler and machinery built in, and they are great on claims."

Carroll, who now sits on the Northwest ORA board, recently

extended his restaurant expertise into the VIP Dining program (www.vipdining.com) he established with friend Tom Helberg, a local TV personality. This online coupon card is designed to drive customers to local restaurants. Carroll hopes to go national with the idea some day. "We thought it would be a good give-back to the restaurants," says Carroll, who says the ORA wants to endorse it.

Capitalizing on Personal Lines

Unlike many agencies looking to grow commercial business, Carroll does not shy away from personal lines. "I'll make it a buck at a time," he says. The majority of the agency's personal lines goes to Central, which Carroll says has "such great products." The company's auto policy, for example, requires insureds to pay a deductible only if they are at fault, so Carroll advises customers to raise their deductible and use the savings to buy an umbrella policy. In addition to direct billing, Central helps keep the business low-touch for Carroll by sending out the renewal questionnaire and enabling Carroll's clients to access their Central policies direct from the agency's web site.

These personal lines customers deliver for Carroll indirectly, however, as those accounts are fed to the mortgage and financial services divisions of the Carroll Companies. "It eliminates E&O risks," says Carroll, "and it helps other divisions."

That help is two-way, as both the mortgage and brokerage operations are great lead sources for insurance. Carroll says life/benefits producer Jerry Campbell works hand-in-hand with Carroll's father's and brother's stockbroker firm, Wachovia Securities. "We get a ton of business from them," he adds.

Carroll also estimates that the agency writes seven new accounts each month from the mortgage division he opened five years ago. The mortgage operation—which Carroll took on from sister Colleen when she opted to close her then-Detroit-based business—"has been a monster in terms of revenues," says Carroll. "We have eight full-time employees, and we're set for \$1 million in revenues this year, and a \$300,000 profit. Plus, it gives the insurance side tons of good business."

In fact, referrals are so good for the agency—an average of 25 new business calls per day—that Carroll has only a single line in the Yellow Pages. "We don't want to be all things to all people," he says.

IA contributing editor Peter van Aartrijk (peter@Aartrijk.com) is managing director of a marketing firm specializing in the independent agency channel.

[BOX]

Carroll Insurance

Toledo, Ohio (pop. 350,000)

GROSS REVENUES: \$395,000

EMPLOYEES: 3

REVENUE PER EMPLOYEE: \$132,000

REVENUE GROWTH: 2002, 12%; 2003, 14%; 2004 (est.), 25%

BUSINESS MIX: Personal property-casualty, 60%; commercial p
25%; financial services, 15%

CARRIERS: Central, SAFECO

CLIENT COUNT: 985

RETENTION RATE: 94%

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[PULLQUOTES]

“Toledoans like football, their cars and to eat.”

‘I’ve changed from an insurance agent to a business owner.’

‘We make more now than when we had 11 employees.
Revenues are down, but profit is up.’

[SIDEBAR]

Hold That Thought

Don’t expect to hear Muzak or the traditional calls-on-hold recordings when you call Mike Carroll’s agency. Carroll Insurance uses that precious “hold” time to ask its customers for referrals, and promises them gift certificates to local restaurants in return for a good lead. Not a bad idea considering Carroll’s niche is, yep, restaurants.

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