



Lee Rogers, Bruce Rabik and Peter Rogers

BUILDING **A CULTURE**

Rogers Insurance Woos Employees —
Even After They've Got the Job

There's a billiard table in the office. There are perks like massages, catered lunches and bonuses, and recognition awards such as hockey tickets or restaurant vouchers. There are periodic retreats in the mountains and special outings like golf days and dinner theatre nights, complete with chauffeured limousines.

That first-class treatment of its 97 staff members is one of the reasons why Calgary-based Rogers Insurance Ltd. made this year's list of the top 20 employers in Alberta, earning a spot alongside such heavyweight companies as Agrium Inc., AltaGas Income Trust, Banff Centre, Bayer CropScience Inc., Bioware Corp., Canadian Pacific Railway Ltd., Critical Mass Inc., Enbridge Inc., Epcor Utilities Inc., Husky Energy Inc., Komex International Ltd., Matrikon Inc., Midwest Surveys Inc., Nexen Inc., PCL Constructors Inc., Shell Canada Ltd., Spruceland Millworks Inc., Suncor Energy Inc. and Workers Compensation Board (Edmonton).

The top 20 roster has been compiled for the last five years by Mediacorp Canada Inc., which also annually ranks Canada's leading 100 employers. The winners are culled from an original group of 1,000 candidates, judged on their policies, benefits, employee programs and working conditions in eight different categories.

"We don't sit down when we're thinking about an employee appreciation day and look at the money and wonder if we're going to get our investment back. It's just that we've decided to treat our people well," says Lee Rogers, president of the brokerage, which mostly handles commercial lines. "It's all about building a culture."

According to chief operating officer Bruce Rabik, "Lee's right, but clearly it is good business. Our retention, our turnover of staff, is pretty darn good. We've measured our average number of sick days per staff; they're pretty good. So there are clear business dividends from creating the right culture.

"You know everybody in the insurance industry complains that it's hard to find good people but we don't have that problem. It takes some work but we have a lot of talent. I recently had a very credible candidate who told me that she

wasn't going to look elsewhere for a job; she was just going to wait until Rogers had an opening. That's a pretty good spot to be in."

MANIFESTO

Another initiative that makes Rogers stand out from the crowd is its list of goals and objectives, which is posted all over the firm's office. Unlike the typical mission statement — a single sentence wherein most companies vow to do good — Roger's vision is extremely detailed, laying out what management is looking for from staff and what staff can expect of the brokerage.

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"Clearly we recognized that how you deal with your people is crucial to your success," says Bruce. "I know everybody pays lip service to that but we became convinced that we had to do more than just pay lip service. Your competitive advantage is your people, so we deliberately set out to achieve that."

The overall strategy, Rogers declares, is to build nothing less than the best place

to work in the insurance industry in Alberta. To that end it will seek to promote a fun workplace by sponsoring functions and events that encourage socializing and team building at the office. That also means that the workplace will be free from sexism and other forms of discrimination as well as "non-empathetic" management. "A fun workplace is people-friendly and supportive of people in all facets of their life," the declaration states. "In an industry dominated by women we will particularly ensure women have equal opportunity at our firm."

Another component is the recognition of employees for their efforts and achievements. That includes not only service awards and bonus plans but performance reviews and ongoing management feedback. As well, Rogers promises that workloads will be fair and reasonable, understanding that that is critical to job satisfaction, and will promote and transfer staff to ensure that employees get a variety of experience.

Rogers Insurance also pledges to strengthen employee ownership of the firm and to pay competitive salaries and commission. But, as Lee carefully points out, that doesn't necessarily mean the absolute best wages "because there is always someone out there who's going to pay more." Instead, the brokerage relies on its positive working atmosphere to compensate for any perceived monetary deficiencies.

"When we interview people, we say that if we can do all these other things right and commit to pay you fairly, equitably, then we're going to create a place that you're going to want to stay at — even when, as Lee says, there's always going to be somebody out there willing to pay a few dollars more," says Bruce. "It's about creating a workplace that people won't dislike coming to."

Rogers' business ambitions are likewise clearly stated along with the practices that are seen necessary in achieving them: The best customer service, facilitated by the most practical technology solutions, common processes to ensure fewer errors in workflows, and growth through sales although acquisitions will be considered on an opportunistic basis, "internal growth being the best measure of the health of the brokerage." The

firm, which now has about \$85 million in premiums, aims to be the dominant mid-market commercial brokerage in its marketplace, hoping to reach \$100 million by 2008.

EMPLOYEE-OWNED

Management says that one of its most important decisions has been to allow employees who have been with Rogers Insurance for at least four years to become shareholders when shares become available. A financial investment means a deeper involvement, they believe, and it guarantees the firm's independence. As of July 1st, 36 staff members have become shareholders. There is no outside ownership so everybody controls the same voting common shares.

"We were at the point where I was just getting involved at the management level and dad wasn't sure what a buyout would look like if he ever had to sell. Would I be able to buy the whole thing or just a piece of it? So what do we do?" says Lee, recounting how the employee ownership program came about. "We considered some options. We spoke to some insurance companies that were willing to come in and take a 20- to 25-per-cent interest in the firm. At the end of the day, we looked at that and said no, that goes completely against our independence in what we sell to our clients because we truly believe in independence.

"So what dad decided was that well, I have key people who have been very loyal to me and have been a big help in building this thing, so why don't we start by allowing some of those key people to buy in as shareholders. So that's what he did."

Lee explains that employees must come up with the cash to buy in but Rogers Insurance has arranged arm's-length financing with a bank that it has educated about the brokerage business. "It's a two-way street," he contends. "I think it strengthens our commitment to employees and vice versa."

Bruce points out that the employee shareholders are in all ranks of the firm, from personal lines CSRs and producers to administration and finance people. "They have to come to the table with their own money — it's line of credit, second mortgages, savings, RRSPs," he says. "So this is a huge deal if you look at somebody like front line staff who have to dig into their pocket to become an owner in their own workplace. It's a major commitment.



Lee Rogers (centre) and producers.

"It promotes a sense of belonging. In this day and age with all the talk about a lack of loyalty in the workplace, we think we're helping to foster some loyalty."

The employee shareholder plan has also made the firm very cautious in its hiring since every staff member could potentially someday be an owner.

"Given that consideration, we have very deliberately identified what we call the 'Rogers kind of person' — somebody that you're eventually going to be partners with. It's a hard-working, humble kind of person. We actually call them that — 'the Rogers' kind of person,'" Bruce explains. "We've learned that the hard way. We've had a few experiences — very few, fortunately — where somebody has been incredibly qualified but they didn't fit in because they didn't have those attributes. We don't care about how qualified you are if you're not a Rogers' type of person."

COMPETITIVE ADVANTAGE

Winning a place on the 2006 top 20 list has proven to be more than just a nice honour. Lee and Bruce say that it has impressed potential employees as well as clients. Given the shortage of talent that most sectors of the insurance industry regularly lament, an influx of new brokerage competitors in the province, as well as the boom in Alberta that has sparked a red hot demand for labour, Western employers need every ace in the hole they can get.

"It's been big for us," Bruce acknowledges. "In terms of talking to prospective employees it's huge because, let's face it,

the insurance industry tends to be traditional and hasn't, as an industry, really focused on working conditions. We get comments all the time about our goals and objectives — wow, I've never seen that before — isn't that refreshing. It's all over the office. It's in every meeting room, it's in the lobby, it's in offices, all the staff have copies of it."

Lee says that the brokerage now has a lot of people approaching it in the wake of the top 20 award. As well, it has been helpful with clients. "The number of comments we get back from clients is huge and prospective clients are very interested in how we got to this position and what it takes and what it looks like," he notes. "It speaks to the firm. It's easy for every brokerage to say that it's the best at something but when you've been given an award you don't really need to speak to that. You just say that this is what we do and someone out there feels there is value in it."

That should stand Rogers Insurance in good stead when it takes on its latest challenge — a new acquisition, Manchester Chivers Insurance Brokers, which is located in Fort McMurray, the oil and gas heart of the province, where labour and housing and infrastructure shortages reach a zenith.

"It wasn't necessarily Fort McMurray that we were looking at. What we decided was that our firm had reached a certain size and we had a certain infrastructure that we thought we would be capable of handling a remote office," says Bruce. "Our preferred option would always be to find more acquisi-



tions in Calgary that we could fold in. But we looked basically all over the province. Our targets are very, very focused because as a commercial firm we're really just looking for the commercial business.

"Fort McMurray is a bit unique in that we do see an opportunity in the personal lines there simply because the city is the fastest-growing place on the planet. It's crazy. The city is also quite underserved; there are a couple of direct writers and one other brokerage."

Bruce says that Rogers wants to expand the Fort McMurray branch but admits it will be hard work attracting and keeping people "because they're paying \$20 an hour at the fast food places. We almost have to have a whole different business model or at least different sensitivities about managing staff there because, again, they can go down the street and flip hamburgers for what would seem to be outrageous sums of money. Housing costs are exorbitant. It's tough to find a place to live there and

that's a big obstacle to bringing people out there. There is an extremely tight labour market."

FAMILY AFFAIR

Rogers Insurance started out in 1977 as Rogers and Zielsdorf Ltd., a partnership between Ralph Zielsdorf on the life and benefits side of the business and Peter Rogers, an English immigrant and Lee's father, on the p&c side. Peter saw opportunities in the p&c aspect of the operation and eventually bought his partner out, continuing on as Rogers Insurance. He handled both personal and commercial lines but the main focus was on the commercial sector.

In 1993, son Lee joined the firm, which had expanded over the years thanks to internal growth and a series of acquisitions. He had considered studying insurance at Mount Royal College in Calgary but his dad urged him to join the brokerage and try out the business first. He ended up liking the work and decided not to go back to school because he had

been building a book of business and saw no point in abandoning it and then eventually having to start all over again.

Lee worked his way through various positions in the brokerage, eventually finding his niche in sales, starting with personal lines and then building a commercial portfolio. Rogers Insurance is 90-per-cent commercial lines and 10-per-cent personal lines, that business being largely VIP and connected to its commercial accounts. He bought in as an owner six-and-a-half years ago and his father gradually started to involve him more and more on the management level. Two years ago, Lee officially took over as president and his father became chairman.

As Lee had started to take on more of a management role, he found more of his time being devoted to administrative duties rather than the selling that he loved. He urged his father to have the brokerage take on an operations manager but initially met with resistance. "What he was telling me was that we needed somebody who knew the business and was an income producer, not overhead.

"My mindset is spend money and then go sell more to spend more whereas dad's was always about saving the money, watching the bottom line and continuing to grow slowly. So you have two different mindsets. I'd rather go spend the money and have to go sell to pay for it."

At the same time, Bruce was pitching his services to the brokerage in that role. He liked Rogers Insurance, he wanted to live permanently in Calgary, and he believes strongly in the benefits of a professional manager for brokerages.

"I think that if you look at a lot of successful brokerages the way that they've transformed themselves or reached the next plateau is with professional management. You can't have somebody who is an income producer managing part-time," he argues. "At a certain size, management is not a part-time position, it's a professional vocation. It's not just something you just pick up and do — at least not well.

"Because of my consulting work, I have seen how lots of good brokers across Canada have done things and how others have not done so well. So I've had the benefit of a great education on that front."

Bruce, who grew up in Edmonton, graduated from the University of Alberta in 1985 with a Bachelor of Commerce degree. At that time, the Alberta econo-



Bruce Rabik (standing) and Rogers Insurance staff members

my had bottomed out and he found it difficult to find employment. “It was a terrible time for business here. I applied all over to get a job and none of my friends could get jobs,” he recalls. “The only place that would hire me was an insurance company. So I ended up working at Wellington Insurance, which is now part of ING, for three years.

“I didn’t know a thing when I joined. I got hired because the boss there at the time gave me a pen during the interview and said sell me this pen. Apparently I was able to convince him to buy his pen back because I got the job.”

Bruce started his career as an underwriter trainee and eventually rose up the ranks to become the senior underwriter for Northern Alberta. Then he had an opportunity to jump to Trivest, which was a sister company — really the first broker consolidator. The move required him to relocate to Toronto, where he spent five years, responsible for half of Ontario and Western Canada.

“We invested at one point in 31 brokers across the country,” says Bruce. “We’d acquire a minority equity interest and then the consulting team would go in and help them become better. That was the theory, anyway. We were a small group of young people and they gave us many millions of dollars and told us to go create this broker network.

“It was pretty exciting. I didn’t know much about brokerages when I started that job but we eventually became experts. We did a lot of research and saw financial statements for literally hun-

dreds of brokers.”

One of those broker investments was Thompson & Co. in Calgary. Bruce wanted to move back to Alberta to raise a family so he negotiated his way into that firm as a partner. There was subsequently a merger with another brokerage that worked out financially but was a “disaster on the people side,” he remembers.

Because of the trauma of that integration, Bruce was inspired to work on becoming a better manager, so he completed an executive MBA program, specializing in human resources. “It was an interesting time because while I was going through the very difficult merger with those people issues I was also studying that kind of stuff at school,” he says. “I think I learned a lot and one of the most important things I learned was the destructiveness of ego — because it really was a matter of people’s egos getting in the way of so much, and people were hurt as a result of that.”

Bruce then moved on to consulting firm Cookson Walker, where he stayed for about five years. He was based in Calgary but criss-crossed the country visiting brokers. The travel eventually wore him down and he started to look for work that would keep him in Calgary. He had done a small consulting assignment for Rogers Insurance and he liked what he saw.

“I suggested to Peter Rogers that if he ever wanted to look at hiring somebody to be essentially a professional manager that I might be that person,” says Bruce. “The first time I mentioned it, Peter

basically said that doesn’t make any sense. He said that anybody who is going to manage insurance at my shop also has to handle a book of clients. That’s the norm up to a certain size; then, as brokerages get bigger, they need a manager.

“I predicted to Peter that someday you will get big enough that you will need somebody to focus full-time on management stuff.”

In the summer of 2002, just as Bruce was about to pack up his family and move East to join a Toronto brokerage, Lee Rogers approached him. As Rogers Insurance had grown and become more complex, Peter had come to support the idea of a professional manager. The two parties agreed to try each other out for six months — although Lee and Bruce knew after three that they both had made the right move.

Bruce says that it is common for brokers to avoid taking on an professional manager “until they reach a certain size where they get overwhelmed or they stall out because the sales guy is no longer selling since he’s managing all the fires back in the office. So the brokerage stops growing. Partly, it’s the way it has always been done. Plus, they own it, it’s their shop. It’s very difficult to let somebody come in and start running things. It’s a big leap of faith to be able to do that.

“Brokerages are almost always founded by salespeople. Then the sales guy eventually taps out unless he brings in other people to help.”

Lee says that the addition of Bruce to the staff instilled a sense of calm at the brokerage for both him and his father. With a greater peace of mind, he says they could attend to what they do best — selling.

Bruce says that perhaps thanks to that peace of mind, “Peter really let Lee run with it,” and together they initiated some new practices. One of the most significant moves was starting up a small business unit, which freed salespeople from their small accounts. That, he continues, allowed Lee to better manage the sales staff and get them more motivated and focused.

“We moved 1,500 accounts away from existing producers to entirely new staff — some new hires, some internal transfers — and our retention ended up being awfully good on the small accounts. The most dramatic impact was what Lee was able to do with his sales force. We started growing pretty significantly.” ∞