

C.L. FRATES AGENCY

THE STORY — 81 CHAPTERS LONG— IS STILL UNFOLDING, WITH NO END IN SIGHT

The C.L. Frates story began in 1924, and it is a classic: Agency steeped in tradition refuses to rest upon its laurels; instead, it re-creates itself each day with passion and pride.

Kathryn Jenson White MANAGING EDITOR

Most independent agencies understand that giving back to their communities is not only the right thing to do, but also a sound business strategy: C.L. Frates Agency, which Clifford L. Frates established in 1924, is so invested in Oklahoma City that it takes a Web page and links to list the organizations and events to which it gives and in which its employees participate: Payne Education Center, United Way, Light the Night Walk, Relay for Life, Allied Arts and Walk America, among others.

“Community involvement and outreach are a really important part of our story,” says Bill Duckworth, senior vice president and agency executive. “We’re passionate about the community we’ve been part of more than 80 years. In those decades, we’ve formed many relationships with organizations we believe really deliver value to the community.

“Cliff Frates, who died seven years ago, contended that being visible in support of the community and things you believe in is critical to the success of any community and has as a byproduct improved business. It’s the principle we’re founded on. Cliff believed in this deeply, and Mex, his wife, continues to live life that way.”



FRONT: Helen Harmon, vice president and operations manager; Donna Baker, vice president and producer; Dora Lee Sullins, marketing manager; Lynette Parmley, vice president, human resources / BACK: Keith Shideler, bond director; Gary Isbell, CFO; Tom Mulligan, producer; Bill Duckworth, senior vice president and agency executive; Glenn Barnes, producer

Duckworth has been with the agency for three years. Helen Harmon, vice president and operations manager, has been there less than one. However, as an Oklahoma City native, she knew of the agency’s reputation long before she joined it.

“When clients from my previous position heard where I was coming to,

as well as people on boards and other groups, there was an immediate positive reaction,” she says. “People said, ‘That is really a good organization.’ A large part of that reputation stems from the community involvement. That gives the C.L. Frates name a particular value. To hear that enthusiasm reinforced me in my decision to join the agency.

AGENCY PROFILE

"I think all agencies are proud of who they are and what they do, but we as employees have made a commitment to serve the community. This isn't imposed from the top down. This comes from the ranks of employees."

Duckworth says that the company may be an octogenarian, but that it is a vital, young organization at its heart

"We've been incorporated since 1924, and we had the best year in our 81 years last year," he says. "And we're on target to better that in 2005. I think it's because the agency is taking a far more assertive and passionate approach to originating opportunities, to telling our story consistently and effectively and to taking seriously the importance of sales.

"For years the agency has been very successful in retaining our book of business. We service our existing clients extremely well, but we had become more

custodians of that business than aggressive seekers of new business. Now we're not only doing a good job on the service side, which we're strongly committed to, but also being far more visible and assertive on originating business."

Duckworth and Harmon credit staff and a new leadership team with the revitalization. He says that when the focus is on servicing existing business only, an agency's story grows stale. It doesn't have to tell it with passion and enthusiasm because everyone already knows it. In seeking new business, the agency is forced to tell and retell its own story. That leads to new ways of saying and seeing what its core values are.

"Our story is being one of the oldest and most trusted agencies in the state of Oklahoma, born and bred in Oklahoma City," he says. "We are focused on a relatively limited number of classes of

business we know extremely well. We have a tremendous longevity and staff retention. We know our clients extremely well because they stay with us. We've added resources so that we deliver more value to our clients. We take nothing for granted. We believe we are advocates for existing clients and that approach of advocacy with carriers on behalf of our clients is what brings us new business. And our current clients are prepared to provide referral opportunities to us because they trust us.

"We've brought renewed energy and passion to both recognize and to highlight new strengths we are currently developing."

The agency has 27 employees. Harmon says that four have been there less than a year. Two have been there less than two years. The rest, she says, have been

[See C.L. Frates, page 20]



FRONT: Kiesha Wallace, account manager; Suzie Glasgow, account manager; Stefanie Fields, account manager; Dee Sapp, account manager / BACK: Dora Lee Sullins, marketing manager; Helen Harmon, vice president and operations manager; Cindy Schreiber, account manager; Jean Guthrey, customer service representative; Ludie Rush, account manager

AGENCY PROFILE

[C.L. Frates continued from page 19]

part of the C.L. Frates family for from five to 40 years. Duckworth says the agency has a renewed commitment to effective leadership that values employee' efforts and recognizes their achievements. He says, more importantly, that the agency is clear in expressing what it values so that employees know where to focus their creative energy.

C.L. Frates Companies incorporates more than the agency. It manages assets in excess of \$200 million. Everything grew from the agency, however, and with its annual revenue in excess of \$6 million, it is still the heart of the corporate entity.

While the enthusiasm and energy at C.L. Frates are palpable, those who run it are well aware that they need a steady and critical eye focused on market realities to continue the revitalization. Duckworth says the commercial marketplace is going

through substantial changes. After being principally a seller's market for the last four years, with pricing and coverage terms and conditions being quite conservative, the market is undergoing rapid softening, he says. Pricing and terms and conditions are no longer strictly at the behest of the seller.

"Our business tends to be cyclical in nature, which is fine to say, but we will continue to prosper as long as we have strong, committed, effective relationships on both sides of the insurance equation, both with customers — so we can communicate the changes and prepare them for those changes — and also with the insurance carriers who manufacture the product we sell," he says. "We have to make them understand we are committed to them and need stability in those relationships; then we can manage through market uncertainty in a stable and consistent manner."

Harmon talks about the issue most agencies face of workloads being shifted from companies to agencies without additional commission. She and Duckworth accept it as the reality it is and seek all the technological advances they can to limit the impact on their producers. Duckworth credits Harmon with integrating technology smoothly into the agency's daily life.

"When you're relying on automation, you can be in crisis when a system is brought down during the work day," she says. "We work very hard not to do that here. I will come in early or we will stay late to do database maintenance or other technological work at non-work times to keep it as seamless as possible for them. Because companies are shifting more work to account managers, agencies have to make their work environment a more efficient place to work."

Duckworth says the technology is



FRONT: Belinda Davis, account manager; Debbie Morrison, personal lines manager and select business unit manager; Wendy Loyd-Cook, claims; Paula Buff, account manager / BACK: Misti Flowers, account manager; Jeanne Brown, account manager; Debbie Ponder, account manager; Eileen Stremlow, account manager

important, but the people are supreme. He knows that employees are the best source of innovation and improvement, if management will ensure a place in which they feel comfortable making suggestions and then listen to what they have to say.

"What we've aimed for here is to create an environment where it's safe for people to be themselves," he says. "It's not a conflict-free zone by any means. Conflict is fine. The issue is how to resolve the conflict. As long as people believe it's safe to be themselves, they'll offer good suggestions and strategies. 'Empowerment' is a term often misunderstood and misused in corporations. We believe in giving people the tools and the encouragement and the freedom to take the initiatives needed to provide our clients with unequalled services: That's empowerment."

The agency is about 80 percent commercial and 20 percent personal lines. Starting in the '70s, Duckworth says, it began to develop a variety of association relationships and customized insurance solutions specifically for a broad group of insurance buyers. It does significant program- or group-oriented insurance business. It is the endorsed agent for the Oklahoma State Medical Association, offering what Duckworth says is a unique program to OSMA members for workers' compensation and property and liability coverages.

Workers' compensation is, as it is to most agencies and companies, of concern. So is the relatively new issue of disclosure of how an independent agent is compensated, an issue stemming from the fall 2004 action of the attorney general of New York in identifying malfeasance in the handling of commissions between carriers and brokers, Duckworth says. The State Department of Insurance is looking at how agents are being compensated. At the beginning of the year, it asked for



SEATED: Bill Duckworth, senior vice president and agency executive/ STANDING: Helen Harmon, vice president and operations manager; Debbie Morrison, personal lines manager and select business unit manager; Dora Lee Sullins, marketing manager

disclosure from agencies across the state. It's not a punitive issue; it's just a matter of fairness to the consumer, he says.

"The critical issue for all independent agents and brokers is that we disclose the bases upon which we're compensated," Duckworth says. "The independent agent is an agent of the carrier. That's who pays us for selling their product. Insureds need to know that carriers are compensating us and how that compensation is figured so they know how it has an impact on the total cost of insurance. It's the agent's responsibility to explain that to the insured. That is a priority at C.L. Frates.

"We believe hewing to a high standard

of ethical behavior, frankly, can be a competitive advantage for us, and we intend to take full advantage of that."

Proud of its past and excited about its present, the agency sees a great future for itself. It knows what it does best, and it intends to keep doing it.

"We're not saying we walk on water or have found the cure for cancer or will get a Nobel Prize any time soon, but I guarantee you there is no one more passionate about its capabilities and the strengths of its people and its ability to make a difference for its current and future clients," Duckworth says. "That's C.L. Frates."