

2014 Business Plan – Kirk Martin

State Farm Agency

Kirk Martin
Eugene, Oregon
June, 2013

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I. AGENCY VISION STATEMENT

Agency Vision Statement

Our office will be the first choice in the Eugene community for help in making financial decisions. Using outstanding customer service, marketing and the latest technology to keep in touch with our customers and prospects, we'll build strong long-term relationships and drive increasing revenue and profit to the agency.

Agency Mission Statement

We'll help people manage risk and realize their dreams by always doing what's right for the customer, the company and the agency. My goal is to provide a fun, high-performing, innovative and creative environment where the team has a personal, financial and professional stake in the success of the agency.

II. LOCAL MARKET CONTEXT

Market Opportunity – Executive Summary

During the recent economic crisis, Eugene had a sharper decline than the U.S., with unemployment exceeding 12%. But the city seems to be on a path to recovery, with a recent unemployment rate of 8.1%, slightly better than Oregon and the country at large.

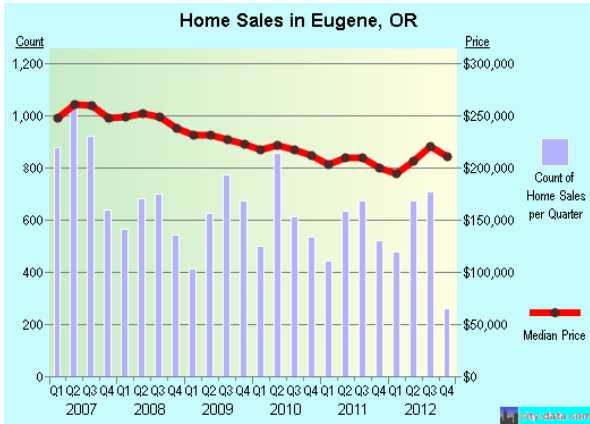
Demographically, Eugene is much younger than the rest of the state. In fact, Eugene exhibits a barbell in its age spread – with the two largest segments either 18-24 (12% of the population) or 55-64 (14.7% of the population). The metropolitan area grew slightly in 2011 (0.5%) and again in 2012 (1.3%) to a total of 158,335.

State Farm has a very respectable 26.6% penetration in Eugene, though this is down from a high of 27.7% in 2010. This is despite a crowded property/casualty market. At last count there are 46 State Farm agents, 14 AllState agents, 35 Farmers agents and more than three dozen independent agencies, not to mention GEICO, Progressive and AAA offices in Eugene or Springfield.

How do these somewhat discouraging statistics impact the growth trajectory of a new agent in this metro area? Certainly, significant marketing funds will be necessary to drive auto growth when population expansion won't quickly increase the number of cars and with the large number of competitors. But there are more than 180,000 non-State Farm households; and the economic downturn has likely weakened many competitors. Given the large number of available customers and a positive marketing environment, a definite opportunity exists to build a successful business in Eugene despite the challenges.

Market Opportunity Analysis

Indicator	Data	Agency Impact
Population	<p>2012 – 158,335 (1.3% growth over 2011) 2011 – 156,185 (0.5% growth over 2012)</p> <p>Median age – 33.8 (Oregon median age – 47.4)</p>	While not growing robustly, Eugene continues to increase in population, which means more potential autos each year. Its lower median age and the presence of the University of Oregon should produce a large pool of potential employees and long-term customers.
SF Penetration	<p>26.6% - 67,401 households (out of 253,108 HH's)</p> <p>Auto: 23.3% (1.6 pts growth 2009-2012) Fire: 19.6% (0.2 pts growth 2009-2012) Life: 15.6% of HH's (-3.8% decline 2009-2012) Health: 0.9% of HH's (-13.4% decline 2009-2012) Bank: 1.0% of HH's</p>	Despite a 26.6% penetration, there are plenty of non-SF households in Eugene. The data also suggests an underrepresentation in both the health and bank product lines.
Household Income	<p>\$39,640 (Oregon median HH income - \$48K)</p> <p>22.4% of households own mutual funds, with an average balance of \$143,653</p>	While the median income in Eugene is considerably lower than the state average, this is likely due to the young median age. The benefit is that this younger population hasn't yet approached its peak earning years. As these Gen Y clients get older, they'll need more comprehensive financial services and advice. Finally, there are a good number of residents with sizable mutual fund balances, which creates a nice opportunity for an agent with a financial services inclination.

Home Values	<p>\$250,200 (versus Oregon - \$257K) In 2000 it was \$145,000, an increase of 72%</p>  <p>The chart, titled 'Home Sales in Eugene, OR', displays two data series from 2007 to 2012. The left Y-axis represents the 'Count of Home Sales per Quarter' (0 to 1,200), shown as purple bars. The right Y-axis represents the 'Median Price' (\$0 to \$300,000), shown as a red line with markers. The X-axis is labeled with quarters (Q1, Q2, Q3, Q4) for each year. The count of sales fluctuates between approximately 400 and 1,000 per quarter. The median price starts around \$250,000 in 2007, peaks near \$260,000 in 2008, and then generally declines to around \$200,000 by 2012.</p>	<p>Home prices have been falling fairly steadily since 2007. This may impact customer's ability to refinance mortgage, slightly impacting bank production for an agency. With unemployment starting to ease, home values may start to level out, so this impact will fade with time. Home values are pretty close to the state average, supporting a strong fire insurance opportunity.</p>
Job Market	<p>Unemployment – 8.1%</p> <p>Largest employment sectors: Health care & government – 21,180 Retail trade – 18,251 Hotel & food service – 12,778 Manufacturing – 12,622</p>	<p>With unemployment dropping, there may be an opening to reach a number of new customers through a well-placed marketing campaign. The job market seems somewhat concentrated, which makes it possible to become an “expert” on the benefits packages offered by the various employers.</p>
Competitors	<p>State Farm agents – 46 Farmer's agents – 35 AllState agents – 14 Independent agents - 37</p>	<p>The number of local competitors may impact the ability for a new agency to grow. Many of these agents, however, look tenured, and may not be looking to grow or market as aggressively. Operational challenges make this an opportunity to take market share from both Farmer's and AllState.</p>

III. BUILDING AN AGENCY

Building an Agency – Executive Summary

I have potential access to \$285,000 in capital, which should be sufficient to weather a projected first year loss of \$50,000, plus cover living expenses of another \$60,000, leaving \$175,000 as a reserve for emergencies. If the office hits the goals I've enumerated, it should generate \$40,000 in cash flow the second year (though all of that comes as an end of year scorecard bonus); and all business debt would be repaid by the end of Year 5. From a payroll perspective, we'll start with two fully licensed salespeople, add a part-timer in Year 3, and then add another full-time licensed salesperson in Year 5 (this in addition to the agent and my spouse part-time). Our marketing strategy will initially focus on direct mail (a first year direct mail investment of \$60,000) which should be sufficient to generate 600 raw new auto's Year 1.

Capital Investment

The capital to fund my agency would come from three primary sources, which are listed in the order in which I'd access them:

- **Debt – \$110,000**
 - State Farm operating line of credit - \$25,000
 - Credit card open lines of credit - \$35,000
 - Small Business Administration loan - \$50,000
- **Home equity – \$60,000**
 - Based on researching the home value differential between Hawaii and Oregon, we'd either free up cash, or increase equity by making the move. A gross estimate sale price (approximately \$600,000) for our home in Kapolei would result in about \$140,000 in equity. In looking at the Eugene real estate market online, it looks like we could find a similar house in the \$400,000 range. Ideally, we'd use the equity from our home in Hawaii as a down payment on a house in Eugene and open up a HELOC for access to cash. If the lending criteria for that HELOC were too stringent, we'd make a minimal down payment and use the capital to back-stop the business.

- **Retirement accounts – \$115,000**

- Between our various 401(k) and traditional IRA accounts, we have about \$400,000 saved. The first option we'd pursue is to roll my 401(k)/IRA's into a new business retirement plan under the agency. This would allow for borrowing against the balance (up to \$50,000), without any taxes, penalties or fees.
- We also have approximately \$65,000 in Roth contributions (out of Roth balances totaling a little bit more than \$120,000) that could be withdrawn without taxes or penalties.

Ultimately, the impact of these funding sources will depend on the success of the agency: the debt can be repaid, the home equity could be replaced, and the retirement accounts can be replenished. That's dependent on the business frees up capital in its later years. If that happens, the short-term financial impact on our standard of living would be minimal. In the unlikely event that the agency is not able to generate sufficient cash flow after the initial years, that would certainly impact our standard of living and ability to comfortably retire. Most of these effects would be felt over the longer-term, rather than in the early years.

Operating Budget

For detailed numbers, see the attached appendices (Summary of Expense Inputs). Below is a brief summary of the budget projections for my agency by category.

	Startup	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Payroll Expenses	\$3,500	\$103,000	\$113,500	\$144,500	\$153,500	\$188,000	\$201,000
Fixed Expenses	\$21,500	\$30,000	\$66,500	\$57,000	\$58,500	\$60,500	\$42,000
Discretionary Expenses	\$43,000	\$84,000	\$79,500	\$72,000	\$69,500	\$70,000	\$70,000
Annual Total	\$68,000	\$217,000	\$259,500	\$273,500	\$281,500	\$318,500	\$313,000

Team Development

My key office roles break down into five specific focuses: team development (20% of my time), seeing clients (40%), marketing (20%), administration (10%) and emergencies (10%). I plan to schedule out and allow time for each of these activities.

Being able to recruit, develop and motivate a sales team are hallmarks of a successful office and are a huge service differentiator for customers and prospects. To this end, I'll spend a dedicated afternoon each week focused on recruiting: searching online for resumes, interviewing, working with the local employment office and networking with complementary businesses. Even after we reach our full staffing levels, building a hot list of prospective employees will continue. It's likely that I'll start with a team that's fairly inexperienced with sales, so I've dedicated a portion of our operating budget to team-member training.

The office will open with two full-time employees, my wife (part-time in a service role) and me. Everyone will be P&C, Life/Health licensed and bank-certified to begin with. I'll be the only registered representative in the office. In Year 3, PIF will drive the need for an additional part-time employee, likely non-licensed, to set appointments, help with paperwork and generally support the sales activities in the office. We'll move to a third full-time salesperson in Year 5, again fully licensed (P&C, Life/Health and Bank). During the first five years, I don't plan to specialize in the agency, so recruiting qualities will be similar: hire for attitude and customer service; everything else is teachable. Until Year 3 when we hire a part-time team-member, service duties will be shared amongst the team (including myself).

Accountability in the office will come down to daily activities – making the phone calls, seeing customers and doing quotes. The salespeople will earn commission on the results, but they'll keep their jobs by doing the spade-work of sales: customer contact. Commission will be based on the first-year premium of the product sold.

Commission structure:

- **Target income - \$35,000/year** in a 70%/30% split (70% base salary/30% commission)
- Base salary - \$24,000/year; commission - \$11,000/year (approximately \$900/month) at 100% of target premium
- \$30,000 in monthly premium (approximately 50 policies) is the goal for each team-member that would generate 100% of their targeted commission - less would result in lower commissions; more a greater commission. Here are several examples:
 - \$15,000 in monthly premium = \$450 in monthly commission (50% of target);
 - \$30,000 in premium = \$900 in commission (100% of target);
 - \$45,000 in premium = \$1350 in commission (150% of target);

- For the first three months, a new team-member (provided they're hitting all their accountability metrics), would be guaranteed at 100% of their target income – so the 30% commission would be guaranteed for the first three months of employment. They could still exceed their premium target and thus earn a greater number, but would not earn less.
- In months four through six, the premium goal would increase to the target premium. In month four it would be 25% of the long-term target (\$7,500); in month five it would be 50% (\$15,000); and in month six it would be 75% of the target (\$22,500).
- Month seven and beyond would have the premium goal set at 100% of the target premium (\$30,000/month as listed above).

This commission structure is a little different than most agencies, but it's based on the same way I get paid as an agent: premium. Team-members would be self-supporting if they hit 100% of their premium goal (meaning the commission generated to the agent would completely off-set the payroll to the team-member). The possible drawback to this structure is that it doesn't emphasize numbers of policies. To overcome this weakness, we'd use the short-term promotions throughout the year to drive application generation. For example, I'd use this year's Fast Start promotion as an office goal, which if hit would get the team a day off, trips to the day spa, dinner nights or prizes (which I'd use the catalog points to procure).

I plan to measure the success of my compensation plan along two parameters: employee turnover and success at hitting the office production goals. My goal for the first three years of the office is for average employee tenure to exceed 18 months. For the production goals we'll track against the numbers outlined in the "Sales Production" section below. If we're able to hit our goals while controlling staff turnover, I will consider the compensation plan to be a success. This analysis will be done annually.

Accountability structure:

- A team-member would need to make a minimum of **60 phone calls per day**, which would come from their x-date list or as a result of the direct marketing sent out from the office
- To generate the policies per month listed above, the team-member would need to bring in 29 new households (at 1.7 policies/household)
- To bring in 29 new households would require 96 quotes per month (at a 30% success rate)
- To generate 96 quotes a team-member would have to make 1200 phone calls (an 8% response rate) or 60 calls per day

Hiring timeline:

- Hire the first two team-members prior to office opening
- Licensing of the first two team-members and my wife during the 60 days pre-opening
- Add a part-time service person in Year 3
- Add a full-time salesperson in Year 5

Motivation would come in two ways: as a direct result of successful hiring (people motivate themselves much more than a supervisor could ever hope to); and by keeping the office environment fun and non-routine. Office functions (both during work and afterwards), casual dress days, contests, and competitions with other offices are examples of ways I'd try to keep the tone light and loose.

Team Communication

Our office will hold weekly 10-15 minute team meetings on Monday mornings to cover both the previous week's results and the upcoming week's goals. In addition to these weekly meetings, I'll have expectation-setting conversations with each team-member individually at the beginning of each month. I'd expect these to last no more than 20 minutes. Quarterly, the team will get together off-site for half a day to discuss our business plan outcomes, financial results, and progress towards agency promotions and our personal goals. The venue for this meeting will depend on the success we have – I see this as an opportunity to celebrate our achievements. I plan to practice an open-books communication strategy, and share just about every aspect of the agency's financial performance.

Office Policies

My office policies and procedures are included in the attached Team Member Handbook, a printed copy of which will be provided to all new team members upon their hiring. As part of the hiring process, each team member will acknowledge in writing their receipt and understanding of this team member handbook. This acknowledgement will be filed in the team members' employee file. Each time the handbook is updated; any changes will be covered in the next team meeting. The handbook will be reviewed bi-annually with the entire team as a reminder of everyone's obligations.

Sales & Marketing Strategy

Forty percent of my time (24 hours a week) will be spent in client meetings – resulting in 16 appointments each week (800 appointments per year). This is how we'll meet many of the financial services goals we've set. Primarily, the team-members will spend their time primarily generating auto, fire and bank production; while I'll be responsible for life, health and mutual fund sales as a result of meeting with clients and prospects on a regular basis.

In the initial period, twenty percent of my hours will be dedicate to marketing and working on marketing strategy. This is a broad area, encompassing networking, advertising, outbound mail, internet marketing, referral programs and social media. For the first year, the bulk of our resources will be devoted to direct mail and internet leads.

Acquisition marketing tactics:

- \$60,000 in direct mail investment
- \$4,000 devoted to MAAP
- \$3,000 allocated to purchase internet leads
- \$1,500 to pay for referral bonuses (to the team-member soliciting the referral as well as the client giving the referral)
- \$1,500 allocated to expenses associated with network and office events

For the first year, \$60,000 will be allocated to direct mail. The table below summarizes the expected outcomes for the various marketing tactics. The following assumptions are built in: for direct mail, 1.6% of mail will generate a response and we'll win quotes at a rate of 23%; for internet leads, 15% will respond and our win ratio will also be at 15% (lower than direct mail due to more intense competition); referrals will respond 60% of the time and we'll successfully quote 40% of them; finally all quotes are assumed to generate 1.7 cars per household. The concept I used in creating this marketing plan is that of the auto growth calculator.

First Year	Cost	Total	Number	Rate	Quotes	HH's	Polices
Direct Mail	\$0.72	\$60,000	83000	1.6%	1328	305	519
Internet Leads	\$5.00	\$3,000	600	15%	90	14	24
Referrals	\$10.00	\$1500	150	60%	90	36	61
Marketing Budget		\$70,000			1508	355	604

Retention marketing tactics:

- Annual meetings with existing customers to review financial needs
- Annual customer service surveys emailed out to a sample of customers
- Technology tools and programs (examples: Facebook, DSS and Pocket Agent)
- End of year retention bonuses for the team (based on exceeding our retention benchmarks)
- Annual customer appreciation events (such as barbecues and pancake breakfasts)

These activities are designed to drive new auto policies into the office. The strategy at that point is to focus on multi-lining those clients as both a retention strategy and to broaden our financial services penetrations. This strategy will be executed through both new customer orientation meetings (with me) and annual meetings with all clients to review financial needs.

IV. SALES PRODUCTION & COMPENSATION

Compensation – Executive Summary

My goals for production and income are to turn the office cash-flow positive by the beginning of Year 3; and have all start-up debts repaid and hit \$3,000,000 in premium by Year 5. These goals necessitate that the office is successful in converting our large marketing investment into raw new autos, and that we multi-line a high proportion of those clients. By consistently hitting at least 100 policies a month, spread efficiently amongst the various product lines, we should accomplish this.

Sales Production

To derive my auto production estimate, I worked backwards from my cash flow goals for the agency. To begin with, I aspire to \$3 million in premium by Year 5, which would meet my income goals to that point. From that I determined how many policies I would need to grow, and then calculated the marketing funds required to grow that quantity of policies. From that number, I estimated cross-selling opportunities to multi-line customers and add additional lines. These numbers pencil out to first year production of more than a hundred policies a month, which aligns with current TICA promotions, as well as Ambassador Travel. Hitting these objectives is dependent on having enough client conversations, sending enough marketing mail, and hiring a top notch sales team – all things under my control.

	Year 1 Goals	Action Plans to Achieve Goals
Auto	50	Direct mail marketing – 7000 leads per month
Fire	25	Multi-lining from auto applications
Life	10	Client & prospect appointments – 65 per month
Health	2	Client & prospect appointments – 65 per month
Bank (Loans & Deposits)	8	Multi-lining from auto applications
Mutual Funds	8	Client & prospect appointments – 65 per month
Total Policies	103	Agent/Team-Member

Production Tracking

To monitor our production, each team-member track their own premium booked and communicate that as close to real time in Prospector+ as possible. I would think this will move to the Salesforce software when it is fully implemented. I'll spot-check these numbers once a week to maintain data integrity and accuracy. I'll post line-of-business applications written, as well as our weekly goals on a whiteboard in the break-room each day.

Agency Promotions

The goal for our agency is to qualify for Travel and SVP Club in Year One. Our aspiration is to reach Chairman's Circle in the second year of agency. Attaining this goal would qualify the agency for Ambassador Travel and get us into SVP Club in Year Two as well.

	Travel (2014)	SVP Club (2014)	2014 Production	Chairman's Circle (2015)	2015 Production
Life Policies	80	80	120		120
Life Premium	\$20,000	\$20,000	\$34,775	98 points	\$64,200
Bank Products	\$0	24 loans	\$7,800	50 points	\$9,800
Health Products	\$0		\$10,800	30 points	\$14,400
Mutual Fund Accounts	\$0	24 accounts	96 accounts	0 points	84 accounts
Mutual Fund New Money	\$0	\$250,000	\$275,000	7 points	\$300,000
Total Requirement	\$28,000	\$28,000	\$55,295	185 FS points	\$90,470

Semi-Monthly Variable Compensation

A summary of my five year Semi-Monthly Variable Compensation metrics for the financial services commissions is outlined in the table below.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Life Commissions	\$8,693	\$21,828	\$24,964	\$25,376	\$27,458	\$24,532
Health Commissions	\$3,600	\$4,896	\$6,048	\$7,056	\$7,920	\$8,640
Bank Commissions	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800
Mutual Funds Commissions	\$1,920	\$2,070	\$2,220	\$2,370	\$2,520	\$2,670
Financial Services Commissions	\$22,013	\$36,594	\$40,762	\$42,602	\$45,698	\$44,642
SMVC Financial Services Rate	0.38%	0.91%	1.00%	1.00%	1.00%	1.00%

Net Income

A summary of my income projections is listed in the box below (more detailed information can be found in the appendix). Given my access to capital, if we perform as I expect, cash flow should not be a problem. The first two years, the office is likely to run a negative cash flow of approximately \$150,000 – about \$110,000 in cash-burn the first twelve months; and another \$40,000 through the end of the second year until the second year signing and scorecard bonuses are paid out. Year 3 and beyond should be cash-flow positive.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Compensation	\$205,918	\$237,225	\$267,996	\$300,794	\$331,673	\$360,539
Scorecard/Signing Bonus	\$18,000	\$49,000	\$52,000	\$69,000	\$83,000	\$96,000
Expenses	\$285,000	\$259,500	\$273,500	\$281,500	\$318,500	\$313,000
Net Income	(\$61,081)	\$26,725	\$46,496	\$88,294	\$96,173	\$143,539

Future Projections

The scenario I've outlined in this business plan only dips into Premium Builder briefly in Year 2, so the contract differences between the first two years (when PBP support is there) and the next three are minimal. I've built these estimates using a traditional assignment of \$1.4 million as the baseline. Once I've successfully reached my goals as outlined in the executive summary of this section, I plan to examine agency leadership as a possible path forward.

V. APPENDIX A

Year at a glance, 1-3

Candidate: Kirk Martin

Posting Number: N/A

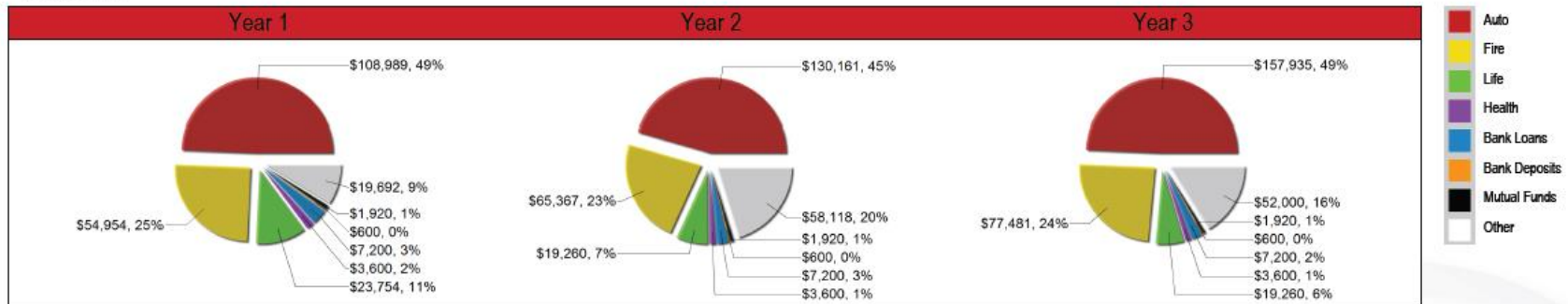
Scenario: Kirk

Location: Eugene

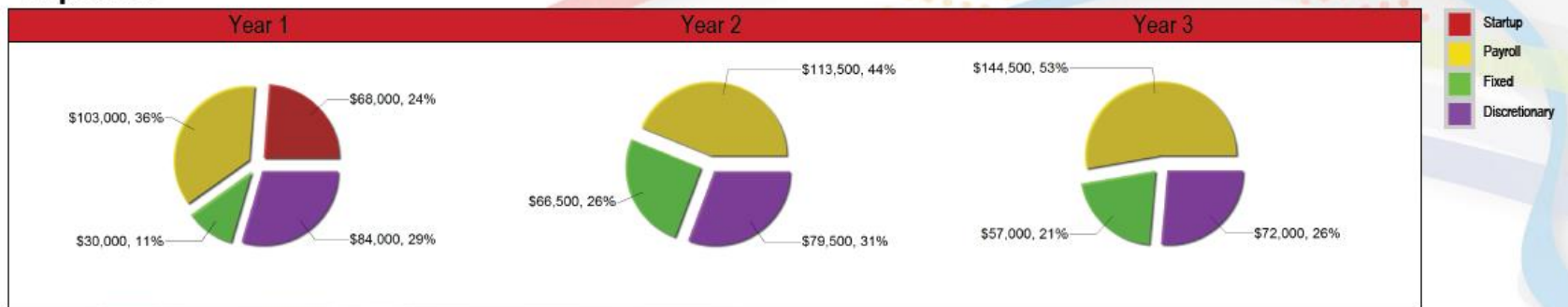
Premium Market Type: Low Prem Market



Income



Expenses



Year at a glance, 4-6

Candidate: Kirk Martin

Posting Number: N/A

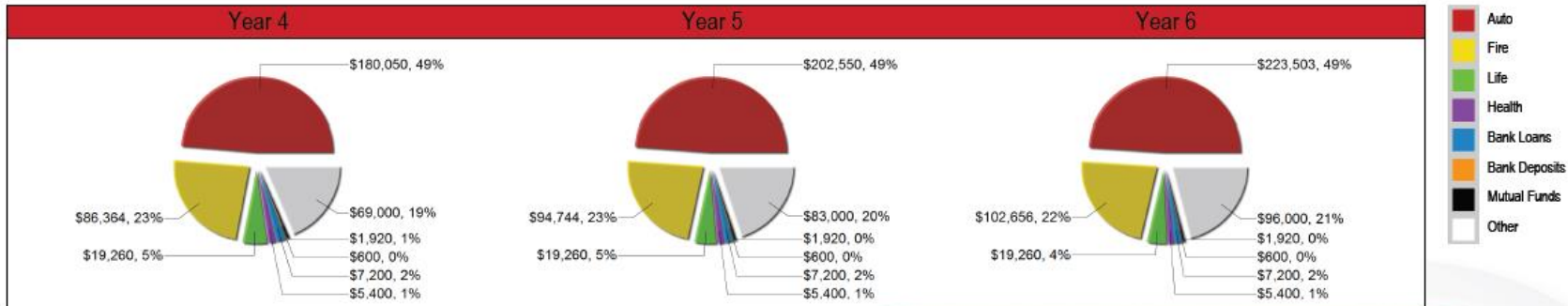
Scenario: Kirk

Location: Eugene

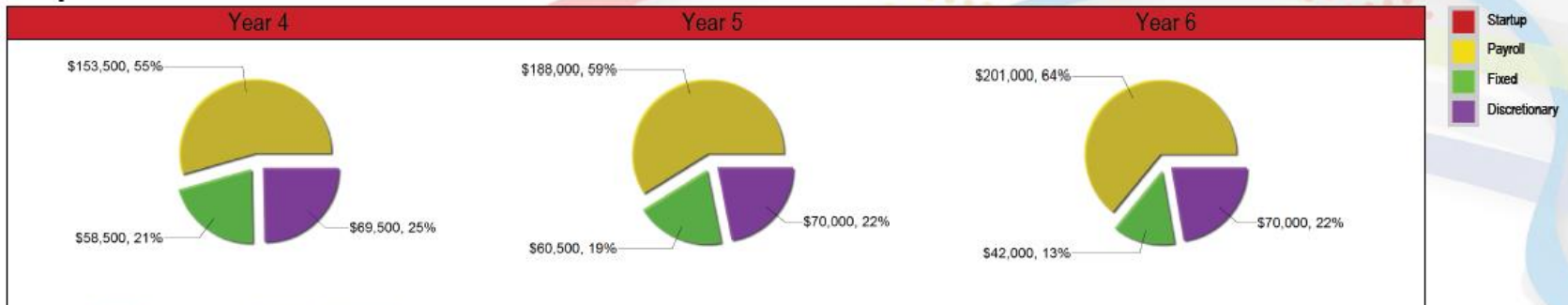
Premium Market Type: Low Prem Market



Income



Expenses



Trends

Candidate: Kirk Martin

Location: Eugene

Posting Number: N/A

Premium Market Type: Low Prem Market

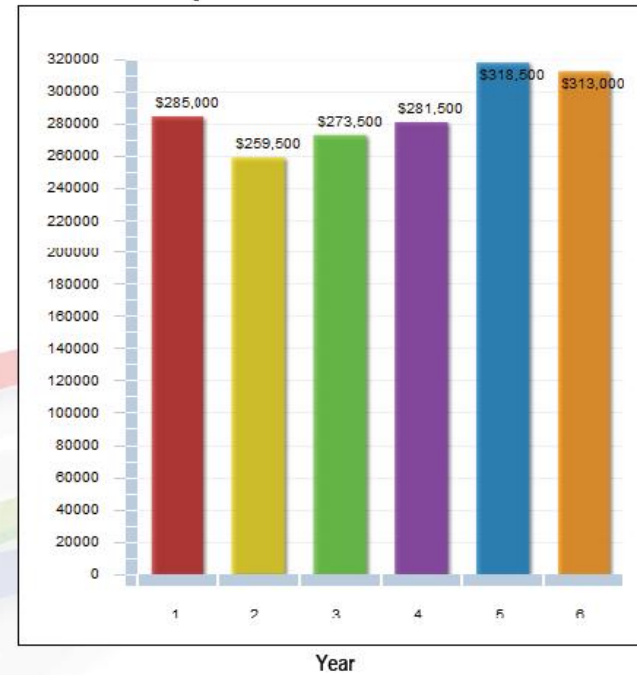
Scenario: Kirk



Annual Income



Annual Expenses



Summary of Income Projections

Candidate: Kirk Martin

Posting Number: N/A

Scenario: Kirk

Location: Eugene

Premium Market Type: Low Prem Market



Annual Forecasted Income

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Production & Service Compensation	\$201,016	\$228,107	\$267,996	\$300,794	\$331,673	\$360,539
Premium Builder Payments	\$1,692	\$9,118	\$0	\$0	\$0	\$0
Scorecard/Signing Bonus	\$18,000	\$49,000	\$52,000	\$69,000	\$83,000	\$96,000
Total Expenses	\$285,000	\$259,500	\$273,500	\$281,500	\$318,500	\$313,000
Total Net Income	-\$64,291	\$26,725	\$46,496	\$88,294	\$96,173	\$143,539

Monthly Projections

*Bonus income not included

	Year 1 Monthly	Year 2 Monthly	Year 3 Monthly	Year 4 Monthly	Year 5 Monthly	Year 6 Monthly
Total Compensation	\$16,892	\$19,769	\$22,333	\$25,066	\$27,639	\$30,045
Total Expenses	\$23,750	\$21,625	\$22,792	\$23,458	\$26,542	\$26,083
Total Net Income	-\$6,858	-\$1,856	-\$459	\$1,608	\$1,097	\$3,962

Summary of Production Inputs

Candidate: Kirk Martin

Posting Number: N/A

Scenario: Kirk

Location: Eugene

Premium Market Type: Low Prem Market



Premium

	Average Annual Premium	Base Compensation Rate
Auto	\$565	8%
Fire	\$457	8%
Life	\$535	25%
Health	\$600	25%
Bank Loans		\$100
Bank Deposits		\$25
Mutual Funds	\$1,000	2%

Assignment

Assigned+Renewal Policies	# Policies
Auto	1,700
Fire	950

Bonus

Signed Bonus	Amount
Year 1	\$18,000
Year 2	\$12,000

Average Monthly New Policy Production

Personally Produced	Year 1 Monthly	Year 2 Monthly	Year 3 Monthly	Year 4 Monthly	Year 5 Monthly	Year 6 Monthly
Auto	50	55	60	60	65	65
Fire	25	25	25	25	25	25
Life	10	10	10	10	10	10
Health	2	2	2	3	3	3
Bank Loans	6	6	6	6	6	6
Bank Deposits	2	2	2	2	2	2
Mutual Funds	8	8	8	8	8	8
Lapse/Cancellation Rate	Year 1 Monthly	Year 2 Monthly	Year 3 Monthly	Year 4 Monthly	Year 5 Monthly	Year 6 Monthly
Auto	13%	13%	13%	13%	13%	13%
Fire	5%	6%	7%	8%	8%	8%
Semi Monthly Variable Compensation	Year 1 Monthly	Year 2 Monthly	Year 3 Monthly	Year 4 Monthly	Year 5 Monthly	Year 6 Monthly
Auto	2%	2%	2.4%	2.5%	2.6%	2.7%
Fire	2%	2%	2.4%	2.5%	2.6%	2.7%

Summary of Expense Inputs

Candidate: Kirk Martin

Posting Number: N/A

Scenario: Kirk

Location: Eugene

Premium Market Type: Low Prem Market



Estimated Recurring Annual Expenses

Payroll Expenses	Startup	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Payroll		\$70,000	\$73,000	\$89,000	\$90,000	\$110,000	\$115,000
Team Member Recruiting		\$5,000	\$5,000	\$7,500	\$7,500	\$10,000	\$10,000
Team Member Benefits		\$10,500	\$10,500	\$13,000	\$13,000	\$16,000	\$16,000
Payroll Taxes & Fees		\$10,500	\$10,500	\$13,000	\$13,000	\$16,000	\$16,000
Agent Group Benefits		\$5,000	\$5,000	\$7,500	\$10,000	\$15,000	\$15,000
Self-Employment Taxes		\$0	\$6,000	\$11,000	\$16,000	\$16,000	\$24,000
Professional Development & Dues	\$3,000	\$1,000	\$2,000	\$2,000	\$2,500	\$3,000	\$3,000
Miscellaneous	\$500	\$1,000	\$1,500	\$1,500	\$1,500	\$2,000	\$2,000
Fixed Expenses	Startup	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Rent/Mortgage	\$4,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$27,000
Utilities	\$1,500	\$5,000	\$5,500	\$6,000	\$6,500	\$7,000	\$7,500
Business Insurance	\$1,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,500	\$2,500
Business Operating Loan Payment(s)		\$0	\$0	\$25,000	\$25,000	\$25,000	\$0
Business Credit Card(s) Payments		\$0	\$35,000	\$0	\$0	\$0	\$0
Miscellaneous	\$15,000	\$1,000	\$2,000	\$2,000	\$3,000	\$4,000	\$5,000
Discretionary Expenses	Startup	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Furniture/Equipment	\$10,000	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,000
Equipment Fees	\$15,000	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,000
Meals & Entertainment	\$1,000	\$4,000	\$5,000	\$5,000	\$5,000	\$6,000	\$6,000
Office Supplies	\$4,000	\$1,000	\$3,000	\$3,000	\$4,000	\$5,000	\$5,000
Advertising & Marketing	\$10,000	\$70,000	\$60,000	\$50,000	\$45,000	\$40,000	\$40,000
Maintenance/Repair		\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,000
Vehicle		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Donations		\$0	\$0	\$1,000	\$1,000	\$2,000	\$2,000
Miscellaneous	\$3,000	\$1,000	\$2,000	\$2,000	\$2,000	\$3,000	\$3,000
Monthly Average	\$5,666	\$18,083	\$21,625	\$22,791	\$23,458	\$26,541	\$26,083
Annual Total	\$68,000	\$217,000	\$259,500	\$273,500	\$281,500	\$318,500	\$313,000

Summary of Production Projections

Candidate: Kirk Martin

Posting Number: N/A

Scenario: Kirk

Location: Eugene

Premium Market Type: Low Prem Market



Average Monthly New Policy Production

	Year 1 Monthly	Year 2 Monthly	Year 3 Monthly	Year 4 Monthly	Year 5 Monthly	Year 6 Monthly
Auto	50	55	60	60	65	65
Fire	25	25	25	25	25	25
Life	10	10	10	10	10	10
Health	2	2	2	3	3	3
Bank Loans	6	6	6	6	6	6
Bank Deposits	2	2	2	2	2	2
Mutual Funds	8	8	8	8	8	8
Monthly Production Total	103	108	113	114	119	119



Book of Business

Candidate: Kirk Martin

Posting Number: N/A

Scenario: Kirk

Location: Eugene

Premium Market Type: Low Prem Market



Auto

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Auto Premium	\$1,089,885	\$1,301,607	\$1,518,604	\$1,714,764	\$1,910,849	\$2,088,816
Assigned Auto Policies	1,479	1,287	1,119	974	847	737
Personally Produced Auto Policies	600	1,182	1,748	2,241	2,730	3,155
Auto Policies in Force	2,079	2,469	2,868	3,215	3,577	3,892

Fire

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fire Premium	\$549,542	\$653,669	\$745,013	\$822,512	\$893,811	\$959,406
Assigned Fire Policies	903	848	789	726	668	614
Personally Produced Fire Policies	300	582	841	1,074	1,288	1,485
Fire Policies in Force	1,203	1,430	1,630	1,800	1,956	2,099