

Gaining An Edge: Authentic Leadership Lessons From The Estrella Insurance Group

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Authentic Leadership and Peak Performance:

Authentic leadership is leadership that can be trusted; leadership that is, in fact, as it is represented. In the business environment, authentic leadership is a fundamental requirement for generating peak performance. Some companies can make money, even in the absence of authentic leadership, but they can't come close to realizing their full potential without it.

If, as some suggest, the personality of an organization reflects the personality of its leader, then an outside observer should be able to identify key characteristics in the company that reflect the leader's degree of authenticity. In the broadest sense of the word, authenticity is about integrity; a considered, deliberate consistency between what is said, what is implied, and what is actually done.

Characteristics of an authentic organization:

- **A Guiding Vision:** There is an obvious guiding vision.
- **A Value Driven Organization:** There are indications of a unified thrust in its messages. The purpose of the business, its value proposition and the promise of its brand, as well as the operational plan should all reflect this internal consistency.
- **A Powerful Focus For Delivering Work:** There are indications that a consistent set of core values actually inspire trust. These values are actively used to set priorities and establish compatible agendas across the company. There are indications of a clear alignment between the company's value proposition and how the work gets done.
- **Honoring The Culture In Practice:** There are indications that the company honors its culture regarding how people are expected to relate to each other. There should be indications that the company works to inculcate the culture in new people and sustain it in practice among more seasoned employees.
- **Respecting People By Expecting Their Best:** Finally, there should be indications of an obvious respect for people and their contributions embedded in everyone's day-to-day working relationships. All people should be expected to think better, learn and grow, and cooperate to achieve shared goals. Why would you expect less of someone you respect?

Nicolas and Richard Estrella, of The Estrella Insurance Group, demonstrate authentic leadership of this caliber. People in the insurance industry had referred me to The Estrella Insurance Group as an example of a vibrant, highly effective organization. I conducted several discussions with Nicolas Estrella, the president of The Estrella Insurance Group and his brother Rick, the Division Manager for Estrella's central region the principals of the company. In the following discussion of the Estrella Insurance Group, you can see these indications of authentic leadership.

A Brief Background Of The Estrella Insurance Group:

In July of 1978, Nicolas Estrella started his automotive insurance business, building it from the ground up. He focused his business in what was a very unattractive niche, selling automobile insurance to immigrants and the working poor, and he did so at a time when auto insurance mandates were minimal in Florida. He grew his business carefully, managed the financial affairs of the company shrewdly, and built a base of very loyal customers. He has since created a highly successful business model for serving the insurance and financial needs of the Hispanic community in South Florida. His customer-driven business model has produced a consistent stream of earnings over the years, to where The Estrella Insurance Group today operates from forty-four agencies and last years sales approached the \$200MM level.

Nicolas Estrella is an articulate, engaging conversationalist. While urbane and sophisticated, he has clearly never lost his scrappy, "street smart" edge and his first hand knowledge of what it takes to survive in business. He is soft-spoken but has a reputation as a demanding boss and a tough negotiator.

Rick grew up working in the family business until he joined the U.S. Army. Upon leaving the military after Desert Storm, he worked at The Prudential Insurance Company to broaden his perspective and gain outside experience. Afterward, he returned to Estrella and functions as his brother's strong right arm.

During our conversations, it became clear that Nicolas Estrella runs a tough, demanding business in which true competitive advantage come from the strength and integrity of his organization. In reporting the interviews, I have organized our discussions to illustrate how the characteristics of authentic leadership mentioned above are evident in his business practices.

A Guiding Vision

Daniel Elash (DE): "Nicolas would you discuss the vision that drove you to build the business and sustained you over the years?"

Nicolas Estrella (NE): "I did it for the love of the work. On the one hand, it's about power. I wanted to be able to make things happen, to be in control. On the other hand, I wanted to provide for my children, to give them the things I never had. I've always been

very responsible to the rest of my family as well. I have a sense of responsibility that weighs very heavily on me.”

DE: “Why the insurance business?”

NE: “I have always loved to sell and I wanted to sell something that helped people. I got into the automobile insurance business when it was a dog. Nobody wanted this business. I took it and through long hours and great effort I made it work. Then, I leveraged that business to create other opportunities. I created a company that my customers could trust and then I built from there. I have very loyal customers. Even when competitors moved in, large national companies, I held on to my turf and gradually took theirs.”

DE: “How did you do that, Nicolas?”

NE: “There are several principals that I have made core to all of my business practices. We treat everyone with respect. We make every single customer who walks into Estrella Insurance feel that they are number one...like they are a part of my family. Our goal is to sell a policy to everyone who walks through that door. It may not be today. We never sell someone something that they don’t need. We don’t take advantage of working people or immigrants. We look out for their interests. We explain things to them. We help them. What we don’t sell today we will sell tomorrow, for our customers become very loyal.”

“We always greet people when they come in. We offer them refreshments and take the time to talk with them. Over time, some Spanish-speaking people even bring us their mail to read to them. Others simply give our agents their checkbook to fill out their payments. We are never too busy to treat them with dignity. Once we’ve made that connection, people look to us for all of their insurance needs. Few go anywhere else, even if our product costs a little more when compared to a national brand.”

A Value Driven Organization

DE: “This sounds like an easy idea on a small scale but how do you get people across all 44 agencies to live it every day?”

NE: “We apply the same thinking to our employees that we do to our customers. First and foremost, we give people the opportunity to succeed. All of our agents can control their income by working hard and following the program. We promote from within. The way to advance is to be a top producer in whatever role you play. We also celebrate the little successes that occur day-to-day. Once a year we have a recognition night where I recognize and personally thank our best contributors for their efforts.”

Richard Estrella (RE): “We have people lined up waiting for opportunities. They are all good people, proven people. Every office has a procedure manual that spells out how to handle any situation that might arise. Every office manager can call any divisional

manager to get a question answered. Every agency manager is expected to teach the staff how to be most effective.”

“We actually have people working for free. They volunteer to come in as if they were employed so that they can learn the Estrella way of doing business and they continue volunteering until a position opens. They get into the queue and we get to audition people on the job. One woman volunteered for seven months until there was an opening. These positions are sought after because people in the community can see the success of our people.”

NE: “We also give our people the tools they need. We give our people good products to sell and we don’t ask them to sell bad policies or unneeded policies. They can meet their customers in the community and never be embarrassed about our business. We want our people to look professional and they wear an Estrella uniform of skirts or slacks and a blazer. We have people work in well-appointed, well-lit offices. They aren’t fancy, but they are never shabby. They are comfortable places to meet and talk. Finally, our back room people work very hard to be efficient. We never want the administrative details to interfere with the service our agents promise.”

“Estrella means star in Spanish. Our brand symbol is a star. The star, our green and white colors, and our look are all associated with our name. Our people identify with them. Our customers know that when they see that star they will get all-star service. There is a deliberate consistency across all of our locations. Customers can go into any office and be treated the same. They can drop off a payment anywhere. They can get help anywhere. We make sure that our people are proud to be associated with the Estrella star.”

RE: “We treat our employees like family. Many family businesses talk about treating their people like family but it’s mostly talk. Nicolas would never tell this story, but let me give but one of many examples that demonstrates how seriously we take this commitment. We had one producer, a long-term worker with a fatally ill child. Nicolas paid her salary for a year while she stayed with her child. We never made it public, but the word spread. We often work around personal problems because hard things can happen to anyone. It generates strong commitment. It also demonstrates a fundamental level of caring. Other people begin to emulate it in their work. We had one woman; she had been a teacher in Cuba, who offered classes for new agents to prepare them for their licenses. She gave her classes every Tuesday night for many years, for free. She helped so many people to pursue their dreams. Everyone loved her. You can’t demand that kind of service and commitment.”

“I tell our people, “Nicolas Estrella owns the name but this is your agency. You participate in the success of the business. You are our business partners. That’s how it has been from the beginning. The managers are team members. They know that the best person is given the next opportunity so everyone must always be at their best.”

A Powerful Focus For Delivering Work

DE: “How do you get such highly competitive people to collaborate and work to one purpose?”

NE: “Everything we do, we do in a way that fulfills our promise of respectfully selling a good policy to every customer. On the compensation end, I make it pay for people to cooperate. Agency managers share in the success of their agents, divisional managers are compensated for the success of the company as a whole, not just for their particular region. In this way, people help each other to succeed. They share information, pitch in for each other and do whatever it takes to do the job.”

RE: “Nicolas taught me something that I’ll never forget. He said, “This business is a marathon. Every move you make has an immediate impact but there is a long term perspective as well.” Let me give you an example. Years ago when some of the national companies tried to move into our territory, Nicolas announced that we would no longer give quotes over the phone. Many agents were upset. They felt handicapped. Then Nicolas explained his thinking.”

NE: “When you give a quote over the phone, you set yourself up to lose the first round. Being a smaller company our prices were a little higher. In addition, it was more difficult to demonstrate the service and respect that really is our competitive advantage over the phone. They can’t experience what it is like to do business with us. They don’t get to feel the sense that, “You get taken care of at Estrella.” People can’t sign an application over the phone. They can’t give you a deposit. To do those things they have to come to the office anyway. But they can easily say, ‘No,’ over the phone. It is harder to say ‘no’ face to face. Getting people into the office let’s us win the first round in the battle for a new customer.”

RE: “Nicolas teaches us to think of the long term, to see the bigger picture.”

Honoring The Culture In Practice

DE: “Tell me more about your style of leadership.”

NE: “I think of myself as a talent discoverer. A lot of people in my company have started at the bottom and worked their way up. I started with no experience whatsoever, selling insurance out of a briefcase. So it’s always been my philosophy that I’d rather train someone from scratch than bringing someone in who might have baggage that I don’t want.”

“I like to match a person to a task and then let them run with it. Basically I let them do what they’re capable of doing and then I look at the results. I am a firm believer in results. There has always been a predecessor who established a track record. At first it was just what I had accomplished in that role, but over time others have set the bar as well.”

DE: “Rick, what’s it like to work for Nicolas?”

RE: “It’s exciting. It’s demanding. He teaches in the way that he asks key questions or says key words. We’ll debrief after something happens and he’ll say, ‘I would have done this.’ You start trying to think like him. I wonder, ‘What would Nicolas do in this situation?’ It’s hard. He thinks a lot. He’s always focused on the business. You have to be on your toes. He’s very resourceful.”

“On a broader level, since we open a new office with people who are successful within our system, the culture isn’t diluted by growth. Our people share the same understanding about respect, service and hospitality, plus they know the business end of our business. Our senior people model the right way to do things. New people can look to any more seasoned person to see how things should be done. For example, if a new person passes up an opportunity to greet a new customer, someone else will move in and do it. They’ll begin the relationship. They’ll get the business, and the new person learns. It’s powerful.”

Respecting People By Expecting Their Best

DE: “As a strong leader, how does Nicolas get the best from his people?”

RE: “Nicolas expects rigorous thinking and preparation. He asks tough questions but he does it in a way that helps you think. If I can’t answer something I’m disappointed. I go out and find the answer.”

NE: “I expect solutions not excuses. Excuses do not help us. If you have a problem, I expect that you will come up with a solution.”

DE: “How does that work?”

NE: “I tell my people what needs to be done. They go and do it. Then, they come back with their results. I am never satisfied with the results that they bring back the first time, so we sit down and analyze the situation. Then, I set a new goal and send them out again, to see what they can do. Sometimes they’re successful. If I’m still not satisfied, I’ll go out and get it myself. I’ll show them, after they think they’ve already experienced everything, that there is always something more that you can obtain.”

RE: “I’m 150% better as a leader than I was because he make me believe what he believes. I know why he thinks what he thinks. He’s a mentor. He’s a tough cookie.”

NE: “You have to know your peoples’ habits and work patterns. You watch them working to make things happen and then you can help them with what they don’t know. It is safe to need help here. I believe that the agency managers need to feel a degree of security in being in charge of their own business. I try to give them as much latitude as possible to produce in the way they best can. I want them to feel that trust and confidence. I want them to feel as secure as possible without feeling entitled. What I demand is that everyone always works hard.”

RE: “I know my managers’ strengths and weaknesses. I’ve become a psychologist, a psychiatrist, a motivator, a supervisor...so many things all at the same time. I treat every agency different and yet we have a common goal. We are all after the same thing.”

“While I am there for them, I follow Nicolas’s example and make them solve their own problems. It’s how they’ll get better, although that was hard for me at first. I have my expectations, too. Every office has to open on time. They must be open by 9:00 a.m. and they must stay open until 7:00 p.m. When I call I expect the phone to be answered by the third ring. I don’t like people walking in and not being greeted. These things are basic. When I evaluate an office I look at their sales, but I also analyze every one of the complaints. We are always working to be better.”

NE: “In turn, I have no problem listening to advice. I’ll listen if I feel that the person speaking is capable. My ego is healthy enough to recognize when someone is capable enough to do something at a particular time. I always think that I can learn and become better and I recognize when there is someone that I can learn from. I openly admit this and expect that others will do the same. We can never stop learning.”

“There is another important factor. Ever since I started this business I have wanted all relations with the public, at agency level, to be handled by women. We have a female sales force. I believe that women work harder than men. Women are more disciplined. They are less likely to steal, to fail to come to work. They are more loyal. They are also more capable at handling volatile situations and upset customers. I respect women as people. I respect strong women. Most of the key positions in the company are filled by women.”

6. The Secret of Nicolas’s Success

DE: “Nicolas, if you could sum it up, what are the secrets of your success?”

NE: “I really don’t believe that there are any secrets behind our success. The elements are simple. Hard work is the most fundamental. You cannot be successful if you aren’t willing to work hard. Next, there has to be a passion that supports the hard work and sustains people through tough times. I also believe, in this business, you have to want to serve people. It’s a duty and a privilege. This is what we are about. This is why we do what we do. You can only truly serve people if you respect them. All people want to be treated with respect and dignity. Finally, I believe that you have to give loyalty to get loyalty. We take care of people and they are faithful in return. I sincerely believe that these are the ingredients of our success.”

In Conclusion:

The story of Nicolas Estrella and the Estrella Insurance Group is a powerful illustration of the application of authentic leadership in the business environment. Nicolas has built a company focused around a clear value proposition---delivering insurance with respect.

Priorities are set within an unambiguous mission to deliver this value. The company attends to doing things right and the numbers follow as a natural consequence of the power of Nicolas's business idea. While Nicolas has never "launched a company-wide initiative" to build customer loyalty, he has never had to. The entire company is focused on keeping the promise of the brand. That promise, in turn, is so fundamentally important that when customers get a taste, loyalty ensues.

At the Estrella Insurance Group, there is an authentic application of their key values. Those values weren't selected as an intellectual exercise, after the fact. They aren't spouted because they make good marketing copy. The vision wasn't developed as the result of a management retreat. The vision is lived, even when it makes doing the job a little more difficult. It's lived in tough times as well as in good times. That is what gives it its power. That is its authenticity. You don't find cynicism and poor morale at Estrella. You won't find a sense of entitlement among the "old hands." People are drawn to the opportunities and to the integrity of the business.

Nicolas's vision prepares the company to make sound long-term choices. The company doesn't act to hit short-term targets at the expense of tomorrow. They don't fight the same fires over and over. People don't sandbag results this month to gain an edge for next month. His vision of the business as a marathon provides the right perspective for success. People run hard to win this marathon, but they don't burn themselves out after the first quarter mile.

Finally, success is achieved through exceeding the expectations of the customer. By providing genuine help – giving people what they need without taking advantage, whether they are customers or employees---Nicolas has created a competitive advantage that could never be matched by gimmicks or promotions. During a lifetime in business, he has demonstrated the value of authentic leadership