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Paul Patsis, former president of enterprise marketing, Farmers Insurance Group

After a 40-year career in the insurance industry, Paul Patsis, Farmers Insurance Group president of enterprise marketing, retired late last year, bringing to an end a robust marketing career that included several signature deals in sports. The most noteworthy of those was Farmers' agreement with AEG to buy naming rights to a future NFL stadium in Los Angeles. They also include the deal, starting this year, to sponsor the Hendrick Motorsports No. 5 car driven by Kasey Kahne. Patsis, who has relocated from Los Angeles to the Pacific Northwest, spoke to staff writer Tripp Mickle about some of the memories from his career.



Photo by: GETTY IMAGES

◀ THINKING BACK, LOOKING AHEAD

■ How did you get started in the insurance business?
 It was an accident. Most people in the insurance business start there accidentally. I had gotten out of the Army and needed to get a job. The apartment we were in was across the street from an insurance office for INA. I walked in and they sent me

an insurance office for INA. I walked in and they sent me downtown to the main office where they hired me as an underwriter. I never intended to stay. I thought I'd go to law school, but I liked it and had a lot of fun.

■ What was your first exposure to marketing?

I was at INA, which merged with Connecticut General to become Cigna. Technology was starting to change the business. INA moved into the direct marketing business. I saw the direct mail thing would be a real powerful force and there would have to be more horsepower behind marketing than there had been 100 years before then.

■ Why has the insurance business gotten so invested in sports in the last few years?

I can get pretty philosophical about this. If you look at the insurance business, it's been historically focused on the pricing models. The reason is basic economics. You have unlimited demand for auto insurance. Everyone has to have it. All the companies said that since everyone had to have the products they would focus on underwriting to get the right price. But what's happened recently is some companies woke up one day and said the truth is it's not an efficient market. It doesn't necessarily matter what pricing is. The consumer goes to get two or three quotes, so companies have realized that being considered matters. Geico, State Farm, Allstate, Farmers and others realize that they need to raise unaided consideration.

■ Was it hard to persuade Farmers to go that route?

Farmers was more in the vein of letting its agents lead. It came later to the game. Once we were able to make the business case and I was able to show how driving unaided



Patsis now has more time for his outside pursuits: Here he's heading off to an MG rally in Canada in his 1969 MGB GT.

Photo by: COURTESY OF PAUL PATSIS

consideration would drive your quote volume and allow you to grow the business, the attitude was, "OK, let's dip our toe in the waters and see if we see some results." We had some results, and that created some believers.

■ Is there an end in sight for the spending spree in insurance?

Nothing is evergreen. Things will force some shifts and changes. A lot of that could revolve around technology. You might see a shift in how the Web works.

■ Tell me about the naming-rights opportunity. How do you persuade a company to spend money on a stadium that doesn't exist?

When the opportunity came up to do this, I personally was very interested in jumping all over this for a couple of reasons. Farmers is a Los Angeles-based company. It's really close to the site where AEG wants to build a stadium. We looked at the fact that there was no stadium and no team as a plus. It gave us a chance to get our name connected to the stadium right at the get-go and not having the problems later on of having to dislodge a name already there. The other thing we looked at was: No real cash leaves the company for several years. We've had billions of mentions of Farmers without having to spend a penny.

■ What was it like to go head-to-head with Tim Leiweke on the negotiation?

Tim said some nice things about us. He said we got smart in a hurry. But it went well because Tim's values and our values lined up from the beginning. After our first meeting with Tim, I said, "This is the perfect match for us." When I made my pitch to the Farmers board, I said the success or failure of a venture like this depends on the partner. I spent the next 15 or 20 minutes talking about AEG. Then I went into the football stadium, how the numbers penciled out and what the analysis showed.

■ What would people who have never sat across from Tim be surprised to hear about?

The enormous capacity this guy has to cover so many bases with so much energy. He's in another league. He has an incredible ability to anticipate and cover the waterfront with an energy that's second to none.

■ What is your favorite moment from a sports negotiation?

When I first looked under the hood of



NASCAR and got to see the Hendrick organization from the inside and looked at how well-run an organization really needs to be and the amount of teamwork involved



Patsis on Hendrick: “He’s the nicest, most genuine ... guy I’ve ever done business with.”

Photo by: FARMERS INSURANCE

in getting the results they get, [it] surprised me. I expected to see that in Formula One. I didn’t expect to see that level of sophistication and organization. To see the breadth and scope they had to cover to field a winning team blew me away.

■ What was it like to negotiate with Rick Hendrick?

I flew to one of the NASCAR races, I think it was Phoenix, to have a face-to-face meeting with Rick. I talked to him for a half an hour and we never talked about a deal. During that conversation, I said to myself, “I don’t care if we do a deal or not. He’s just a cool guy to know.” He’s the nicest, most genuine, heartfelt guy I’ve ever done business with. If I was going to pick a family member, I’d pick that guy. I can’t overstate how much of an effect that had on us doing that deal.

■ Is the sports sponsorship market priced fairly?

The market always determines pricing. We’ve seen a shift in price as the market’s gone up or down. The issue becomes: Is the price a property is available at right for your company or not? That’s when you put the numbers down and ask, how many impressions can I drive, what’s that fan base like and can this drive business?

■ What sports property would you buy stock in right now?

There’s no name that comes to mind right now. There’s a lot of teams that are struggling. But if the price drops, that doesn’t necessarily make it a better buy. You still have to ask: Is the amount I’m spending going to deliver the quotes I’m looking for?

■ What sports property would you short?

Teams that have had trouble with union negotiations and soured their fan base, there are some issues. Early on in the year, I would have been concerned about the NBA, but they seem to have bounced back.

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