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## Another brick in the wall

Sweet & Baker builds strength on former foundations

San Francisco Business Times - by [Chris Rauber](#)

Sweet & Baker Insurance Brokers started its second incarnation in 1998, when President Bruce Callander bought the insurance brokerage and employee benefits firm from founders Don Sweet and Bruce Baker, and started it on a growth spurt.

But getting started wasn't easy, Callander recalled. To buy the firm nine years ago, he had to leverage his home with first, second and third mortgages -- and still came up short.

So he made a bargain with founder and co-owner Baker to pay him the 25 percent of the firm's net worth still owed him in five years. It's turned out to be a lucrative transaction for both sides. "Bruce Baker remained as a partner," Callander said, "and got to enjoy the growth. And he's still here, and a vital part of the company."

There's been a lot of growth to enjoy. The volume of insurance premiums and employee benefits the firm handles has jumped from \$9 million at the time of the acquisition to \$44.6 million last year, all of that through organic growth, Callander told the Business Times. "And I bet we'll do \$50 million this year."

In addition, the firm -- which specializes in property/casualty insurance and benefits, including errors and omissions, and directors and officers coverage, home owners, disability, health insurance and other benefits -- has signed 250 new customers this year to date. Commission revenue has jumped from 1998's \$1.1 million to a projected \$4.7 million this year.

Part of that is due to a disciplined focus on small businesses, notably startups. "We tend to stay below the radar screen of the national (brokerage) firms," said Bill Ryan, executive vice president, and a part-owner since 2000. "We think we can give better service to smaller customers."

Many of those have been startups or other small to medium-sized firms in fields such as technology, real estate, venture capital and investment banking, most of them with 100 or fewer employees. Among them is a sweet success story no longer on the client roster: San Francisco-based startup gone wild StubHub, which started using Sweet & Baker when it was just a five-person micro business known as Liquid Seats.

A new customer, Houseplans.com, hired Sweet & Baker last spring, according to Doug Tinker, an investor in the San Francisco company, and CFO of its **Kransco Houseplans LLC** holding company, also based in San Francisco. Kransco acquired Houseplans in May, and wanted to do



business with a brokerage that specialized in small, growing companies. "Bruce asks very good questions and gets right to the heart of the matter," Tinker said, "and his suggestions were excellent."

With growth came a move, from Sutter and Van Ness to 44 Second St. in 2004, where Sweet & Baker now occupies an oddly shaped 10,000-square-foot building formerly owned by **Trans Pacific Bank National Bank**. Before Sweet & Baker moved in, Callander considered using the former bank's vault as an office, until he considered that the roughly 15-foot-by-15-foot vault's features -- thick metal walls, "with no windows, an enclosed fan and a big, heavy door" might make him feel ever so slightly claustrophobic. So the vault was history.

Instead, the Sweet & Baker office features an open environment with just two walled-in offices, including Callander's, which has large sliding windows so he can open them to communicate directly with his staff. "They're open all day," Callander says. "A lot of agencies don't operate this way. They're all behind closed doors."

### **Snapshot: Sweet & Baker Insurance Brokers**

HQ: San Francisco.

Founders: Don Sweet (retired) and Bruce Baker (still a partner with the firm).

Chief executive: President Bruce Callander.

Projected 2007 premium volume: \$50 million.

2006 premium volume: \$44.6 million.

2005 premium volume: \$40.8 million.

2004 premium volume: \$35.6 million.

Percentage growth over past three years: 25.3 percent.

Projected 2007 commission revenue: \$4.7 million.

2006 commission revenue: \$4.28 million.

2005 commission revenue: \$3.98 million.

2004 commission revenue: \$3.57 million.

Year founded: 1951.

Number of employees: 30.

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