

Glenn Stearns Featured Profile in “American Executive Magazine” - November 2005



Just sit right back and you'll hear a tale...Glenn Stearns talks with Michael Sharkey about a rags-to- riches journey that included a stop on Gilligan's Island.

First Pacific Financial, was named one of the US Department of Housing and Urban Development's Top 100 contracted companies two years ago, CEO Glenn Stearns was thrilled. Then he got a look at the actual rankings and was stunned to discover four different companies he owned were listed.

“We have more than 25 separate companies, many of which focus on real estate related services,” Stearns said. “When I saw we had four companies in the top 100 with HUD but they all had different names, I realized we needed to build synergy. We want people to see how large and diverse we are as a company. The best way to do that is in a name.”

For over a year, management at First Pacific bandied about different monikers, frequently returning to the Stearns name. The chief executive felt it was too egotistical for his taste and decided against it. Stearns figured he would have time to mull over the final choices when he got away from the hustle and bustle of the office on a fateful trip to Gilligan's Island.

A three-hour tour

Readers might be surprised to learn that the Ernst & Young 2002 Entrepreneur of the Year failed the 4th grade and fathered a child in junior high. Said Stearns: “I wasn't the greatest kid growing up. I grew up in a rough neighborhood in Maryland. I could have gone down a much different path if it wasn't for some people who were very influential in guiding me the right way.”

But Stearns persevered, raised his daughter as he himself was growing up, and made it to Towson University. After college, he traveled cross-country with a group of friends and wound up in Southern California. While on the beach, Stearns marveled at the cliff-side mansions dotting the landscape. Enthused, he approached a man outside one of the homes and asked him how he was able to acquire such wealth.

“The guy said he was the gardener,” Stearns said with a laugh. “But he did tell me the guy who owned the place was in real estate. So I decided I was going to stay and see if I might be able to get into real estate myself.”

After working as a loan officer for just 10 months, Stearns decided he had learned the

ropes and was ready to start his own business. He found a partner and started First Pacific Financial in 1989. “They say ignorance is bliss, and I finally found out what that meant. I had no idea about all the hurdles and obstacles involved with starting and running a business. If I did, I probably would have run the other way. But through a lot of learning, and asking a ton of questions, I was able to find my way.”

As a mortgage brokerage agency, First Pacific Financial began to see strong returns. But Stearns wanted to advance the business and acquired a loan to become a mortgage banker. That same year, the chief executive expanded the company’s real estate services by opening a title company. But the big push for First Pacific came when Stearns made a trip to the Department of Housing and Urban Development. “I noticed they had a number of homes for sale,” he said. “So I thought becoming a settlement contractor would be a good move.”

Working with HUD representatives, Stearns learned how to get contracts but suffered a tough loss when he underbid so much to win his first deal, he ended up losing money on the project. As with other challenges in his life, Stearns saw opportunity in crisis. He noticed the government was paying out roughly \$5,000 per property to lawyers and homeowner associations. He offered to negotiate those jobs for HUD and save the government an average of \$2,500 a property for an extra \$300 per settlement. HUD officials agreed, and in a short time, Carriage Escrow grew from one settlement contract in Southern California to 23 states and 75% of all the settlement contracts across the country.

“Our closest competitor has one state,” Stearns said. “We grew that business into a huge success, and we’ve been in a great partnership with HUD for the last 10 years. It’s a joy for us because we’re not only running a successful business, we’re helping people achieve their dreams who would otherwise have problems buying a home.”

Mr. Stearns

Seeing the company’s name on the HUD list of top 100 contracted companies was an affirmation of Stearns’ rapid rise. But the chief executive saw greater opportunity in re-branding the various companies he owned under a single name.

As the management team was working on a new name for the company, a staff member auditioned for a role as the Skipper on the TBS reality show “Gilligan’s Island.” The staff member recommended Stearns and his wife try out for the parts of Mr. and Mrs. Howell—the millionaire and his wife. The couple auditioned and won the role.

The chief executive’s reluctance to use his last name as the company’s new brand was washed away on Gilligan’s Island. “Right from our first day of filming, everyone on the show addressed me as Mr. Stearns,” he said. “And I was playing the millionaire, so I was portrayed as a very successful character. So I caved in and decided to call our companies Stearns and build off all the free marketing we would get.”

The night the television show premiered, the company launched the new Stearns brand as Gilligan's Island was broadcast to millions of homes nationwide. To top it all off, Stearns ended up as the last castaway standing and won the reality TV show competition. To celebrate, he donated his \$250,000 grand prize, plus \$250,000 of his own money to charity at the brand's launch party. "The buzz came quick," he said. "Especially in Southern California. Everyone started putting it together, and wherever I went people were asking me if I was the guy from Gilligan's Island. People know our brand now, and we've been able to attract a lot of great people because of that."

The brand is certainly taking off. Stearns companies generated over \$2 billion in business in 2004, with more than \$150 million in revenue through 80,000 real estate transactions. The goals, Stearns said, are to continue building brand strength, expand, and generate \$5 billion worth of business in the next two years.

"As silly as that show was and as silly as taking this brand on and saying it's going to make a difference...well, it really did make a difference," Stearns concluded. "Now when people are looking at a mortgage company, and they can choose between XYZ and Stearns Lending, they'll choose us because we've become a brand that people recognize."