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The Journey: Fulfilling an Agency Vision for Transition to Growth

Stu Durland



As a longtime member of the ASCnet Interface Committee and current chair of its Real Time Subcommittee, and as an activist for AUGIE and ACT, it seemed only natural that I guide our third-generation agency into previously uncharted territories.

Our office has always been highly automated. We have stayed current on most application versions and we have fearlessly and relentlessly implemented technology that would make our office and our people more efficient. Intuitively, we recognized that effective automation deployment would yield positive results. However, until the summer of 2006, we never fully analyzed what our automation adoption really meant to our agency. More than that, we never envisioned where it could take us.

In our typically ambitious fashion, the management team of Seely & Durland ventured out without a roadmap but with a keen sense of direction. We held our first meeting to discuss how best to capitalize on our state-of-the-art office and, more importantly, the time savings we were incurring because of it.

That was July 2006. Much went into our thought processes as we moved forward with a new focus on growth. First, the industry had started its move into a soft market, as is common in a business as cyclical as ours. We had enjoyed a season of higher prices in what's called the hard market. However, prices were dropping and competition was tough. Little did we know then that the soft market was only going to get worse and last at least another few years!

Creating an avenue for growth took on a different meaning. In a hard market, growth is a wonderful financial bonus to commissions that are increasing automatically because of higher premium volume. In a soft market, policy growth is critical to maintaining at least flat revenue growth, given the normal attrition of business.

I was very aware of the time-saving potential of real time, based on my involvement and passion for real-time initiatives within ASCnet and the industry. My wife, Cal Durland, manages AUGIE (ACORD-User Groups Information Exchange), a coalition of user group leaders, vendors, carriers and others working to drive workflow improvements in the independent agency arena—including the greater adoption of real time. Her involvement added another element to the first-hand access I have to real time!

Transformation Station is our real-time solution (note that our Canadian broker members are also striving for the same goals with their real-time product called WARP), and its availability has been invaluable to our agency.



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Focusing on perpetuation planning

Hiring younger people

Increasing our revenue

Making better use of technology

Managing our sales process

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The combination of real time, imaging, Fax@vantage, dual monitors and an active use of TAM direct marketing have freed up a lot of time previously spent on processing and servicing clients.

The first thing we did was to develop the top goals we wanted to accomplish by establishing a sales culture. There were many valid ideas batted around, but the top three were:

1. Create a customer relations team of professionals
2. Become serious competition with our local direct writers and Internet competition
3. Concentrate on clients not customers.

That last one sounds redundant, but in our definition, it is far from it. A customer is someone that shops regularly and tends to buy into the commodity-driven direct writers. A client is someone who is with you for the long term. They are interested in a true relationship, they become a solid referral source for your agency, they trust your advice, they let you handle their entire account, and they believe that being properly insured is more important than being sold an inferior product to save money. What developed out of this process was our current tag line: "Where you'll spend less by being properly insured."

Next, we did a self-analysis. We knew we had to understand our current culture before we could make a change. Our observations were humbling but valid. Moreover, they were instrumental in moving us forward. Among our biggest issues were the fact that our organic growth and our cross-selling were very much reactive. In other words, we were waiting for the phone calls and had no real process in place to generate those incoming calls. In addition, our CSRs were getting bogged down in doing all the processing.

This had to change. For that reason, we developed our new strategy, which included:

1. Creating a true sales culture throughout the agency
2. Providing a mechanism for rewarding sales
3. Providing a mechanism to reward meeting predefined goals.

The first step in creating this new sales structure was to review current job positions, create new positions and develop job descriptions around these new positions. Because servicing was not the primary objective of our vision, we had to do away the traditional title of customer service representative, or CSR. We replaced this position with what we call a client relations professional (CRP).

Each word of the title was carefully chosen and tied in directly with our strategy. We highlighted the fact that we focus on clients rather than customers. We emphasized the relationship we needed to develop with our clients and our referral sources. Unlike the pure sales-oriented staff of some of the direct writers, our professionals have the expertise to insure clients properly. This is borne out by the fact that all of our CRPs are property-casualty license holders. Most hold life licenses, as well. Our client relations professionals are augmented by others in the agency, who carry the title of client relations processor or client relations assistant.

As we created the role of CRP and developed a job description, we tried to incorporate functions that would allow these professionals to talk with existing clients in an effort to open the door to cross-selling, and to take calls from incoming prospective clients. We also heavily encouraged any activity that would help nurture a relationship.

This included, but was not limited to, attending networking events, such as Business Networking International meetings, and developing relationships with referral sources—current and prospective—and taking them out to lunch. It also involved visiting and/or taking key clients out. We obtained credit cards

for the employees to track these expenses and to make it easier for them to do this. We also included CRPs in strategy meetings to create annual marketing plans and have developed and monitored targeted, multi-letter marketing campaigns, most of which had some type of unique twist.

We found it to be absolutely critical that we set up the User Defined Fields in our agency management system to track every prospective client. One of the questions we always ask is "Where did you hear about Seely & Durland, Inc.?" The CRP supervisor routinely reviews this report to ensure that the referral sources providing leads to clients receive a thank-you note and/or a thank-you lunch. This simple activity goes amazingly far in keeping the leads coming!

Another important element of transitioning a service-oriented staff into a sales-driven staff is training. This aspect is too important to overlook. We did Omnia profiles on all CRPs, to be sure they had enough of a sales potential to make the change work. These profiles take about 15 minutes to complete and reveal an individual's personality tendencies in the workplace, including an aptitude for selling.

We started looking for—and sending our CRPs to—sales-oriented classes, and we made good use of a marketing company we were already using whose owner is an expert at sales training. This individual comes into the office periodically to present staff education sessions on sales topics.

He also created an interesting 'live' analysis based on recorded calls. Our phone system has the ability to record calls just by pressing a button. All voicemails, as well as these recorded calls, are forwarded to each CRP's Outlook. When a CRP gets a sales-type call, he or she presses 'record' and applies what they have learned to the call. These calls are e-mailed to our sales trainer, who interprets them and then constructively reviews them at a one-to-one meeting.

So what is the incentive? Our ultimate goal, after implementing Transformation Station, getting the processes in place and getting the training completed, was to write a lot more business! The final piece in our transition was to develop an incentive-based compensation (IBC) program that offered the opportunity for our CRPs to make more money than they would through normal annual increases.

If successful, Seely & Durland, Inc. would write a lot more business and the CRPs would make a lot more money. We envisioned a win-win for the entire organization.

There are probably hundreds of ways to implement an IBC. Each agency should determine what works best given its individual circumstances and should be prepared to tweak the program as it unfolds.

Our biggest hurdle was informing the CRPs that their base salary would be less than what they were getting. We took a *lot* of time in preparing our presentation and included details that showed this was *not* a disadvantage or a negative, but rather that the potential for far greater compensation was, in fact, significant. The first incentive we put in place was that on *all* new business written, they would be paid 35% commission for the first year (we did not include renewal commission).

During the individual presentations, we reviewed how much new business each CRP wrote the year before and translated it into actual dollars based on the assumption that they had received the 35%. This was an eye opener for most. We stressed that this number would have been achieved without a plan, just working reactively, with no sales training, no incentive and while they were still processing!

Another goal was to have CRPs cross-sell as many policies as they could. We started monitoring our policies per client via TAM WinReports. We knew that

for each 1/100th of a percentage point increase, we were actually cross-selling a decent number of clients. So we were looking for a CRP's policies per customer to increase from, say, 1.86 to 1.87 and then to 1.88. Each increment equated to roughly 10 policies for that CRP.

We provided a one-time bonus of \$250 for each increment increase. From our perspective, if a CRP can account-round 10 policies, the bonus is well worth the opportunity of maintaining a client that much longer because of it. We also provided a growth bonus for increasing overall policy count per CRP to a predefined number.

Every month, we try to do some type of an incentive bonus. This month we said we wanted 10 brand new clients (account rounding a new policy does not count) per CRP. Reach the goal, and you receive an iPod Nano.

We've even taken the reward idea a step further and introduced it to our claims department. We have one individual that handles our claims. At the conclusion of each claim, we send out a survey asking the client several questions about their experience with our office and the claims process. If the response is all positive, we hand the claims representative a \$10 bill. We get many of these surveys back, and they provide very valuable information for the agency!

The most important concept to take away from our experience is that our office has benefited from many cost-saving processes, including Transformation Station. If you take the time to view the cost-savings chart that AUGIE has produced, you are ultimately benefiting from two perspectives. One is the cost savings incurred through the time savings of using Transformation Station. The other is the additional revenue stream that occurs when your CRPs have the time to write more new business!

Instead of wasting money, our employees who were once busy handling keying and processing have now become part of our sales team and are consistently developing relationships, nurturing referral sources, rounding accounts and writing a lot more new business. They are happy because they have more time to do this. Moreover, they receive a reward for doing it. The agency is happy because our book of business is growing and clients are staying with us longer.

We took a significant amount of time and devoted a considerable amount of work to transition from vision to growth. Leaders wishing to do the same should expect to put in time and do the homework needed to set up their agencies for the future.

Once you lay groundwork, communicate the concepts to employees and put the new process in place, you will be hard pressed to go back to how things were. I know we are.

Stu Durland is vice president and co-owner of Seely-Durland, Inc., a 10-person TAM agency based in Warwick, N.Y. Durland also was the 2003-2004 president of ASCnet.