

The Transition to An Agency Sales Organization

Culture and Process First; Then Technology

ACT Sales and Marketing Work Group Phase One Report

As a major distribution channel, independent insurance agents and brokers are gaining efficiencies with technology. More efficiencies are on the way as vendors and carriers roll out real-time communications.

But with so many processes now automated and keystrokes eliminated, this is an excellent time to re-address the real inherent value of the independent agent. That value is around sales—unless a sale happens, *nothing* happens. Efficiency—while continuing to be very important—can't be the end game. The sales must first happen in order for all of the other improvements in agency workflows and technology to make a difference.

If an agency can't create an effective sales organization, it can't create enough growth to satisfy its insurance carriers. And if it can't create enough growth, the great producers in that firm will leave for greener pastures.

The owners of sales-driven organizations use a four-step process for growth and profitability:

1. Infuse the agency with a culture of marketing and sales
2. Develop and implement workflows for marketing, selling and processing business
3. Apply proper technology to manage these workflows
4. Hire outstanding talent to leverage that technology

Sustaining an effective sales management process over the long term has traditionally been a major challenge for independent agents and brokers. The work group believes this four-step process will enable the agency to transcend these traditional difficulties.

In this Phase One report, the work group focuses on positioning the agency to be a disciplined sales organization by establishing the needed culture and sales processes. In Phase Two, we will focus on technologies that are working for independent agents and brokers to sustain and manage these sales processes.

Culture

Let's begin with the premise that most agencies simply do not have a sales environment. When you ask the age-old question to an agent, "If you had to define what you provide best to your customers, what would it be?" The answer is, "We provide really good service."

Most consumers perceive that agents and agencies provide sales and service, while most agents look to sales as a by-product or a given in their agencies.

In the flurry of day-to-day insurance processing work, and responding to customer requests, owners often lose sight of the big picture: the need for proactive client and prospect contact, which results in more sales.

Agency mergers, which create new and sometimes unexpected cultural differences, also can impact sales. This issue is not to be taken lightly. A little history reminds us of how it often has played out in the real world. In the 1950s the typical independent agent placed himself on a street corner in Small Town America and he became Mr. Everything. He became a trusted advisor in the community. He liked to contribute and be involved. He was a smart guy, and insurance was a great product that he really didn't have to sell hard. Then the agency begins to expand. It started out as a one or two-person agency and pretty soon it's a 10-horse thing and then a 20-horse thing and decades later it's a much larger entity. One option is to sell. But if he sells to the wrong team – weak in selling and sales management, all of a sudden he's managing a regional office of a bigger thing with growth challenges, when he really just wants to be an agent.

The lack of sales leadership is not just an issue in larger, merged entities. Every agency needs a sales and marketing quarterback. That requires retooling of human skills and creating the right environment, not just new technology tools. *There is a lot of difference between being a really good insurance agent and being a really good manager of a sales process.* Some agency principals should continue in their current role as a really good insurance agent, and bring in a really good manager for the sales process who helps set up a sales-oriented culture throughout the firm. These are the firms that are positioned to use technology tools to enhance their sales process.

Not too long ago, the typical agency sales process was that Monday morning arrived, and the producers would ride out on their horses and sell. It worked well. But times have changed. *Agents now have to have a pipeline in the office to produce prospects/customers over a long period of time.*

A strong sales culture coming from top management is critical. It's not enough to have good salespersons. A typical independent agency can find training on how to hire the right personality and how to turn them into an effective salesperson. But if you don't have a system behind those salespeople in this day of niche marketing, just having good salespeople knocking on doors from one end of Main Street to another and coming back with a slew of sales leads isn't what the agency needs. What the agency needs is the ability to develop a program, for example, on the types of leads or accounts it can bring into the agency because it knows the types of business it can place.

This cultural change necessarily results in upheaval in staff responsibilities. Independent agents who routinely take full advantage of new technology face an issue. Yes, you do free up resources with smart technology, but are the people remaining the right ones to handle the sales process? A good process person isn't necessarily a good sales person. Painful decisions might need to be made.

Establishing and Sustaining an Effective Sales Process

The traditional agency entrepreneur can realize a whole new level of achievement if he or she orchestrates the transition of his or her agency into a sales organization. They, or someone they bring in, must manage the process. They need to create sales teams.

Agents need technology to ensure the sales manager knows that his or her salespeople are making the necessary contacts. In a best-case scenario, a sales manager would be in place – a coach willing to oversee that process. And sometimes the best producer is the worst one to be the coach.

A salesperson must assist in creating the needed process by providing input as to what needs to be done, along with the steps and strategies. Once you develop a sales strategy and a system, it may be tweaked a little bit as time goes by depending on demographics. Basically, however, once it is created, the salesperson must be totally removed from implementation.

As one agent explains: “Let’s say our agency gets a market for the best medical malpractice carrier in the land. They want to write every doctor we can get our hands on. We figure out the 500 best physicians to target and we develop a system to do that (getting a referral, or direct mail, or seminar marketing, or association marketing).

“Let’s say I, as a salesperson, were also to be in charge of implementing the system. For example, I’m sending direct mail and after the first week making the phone calls,” the agent explains. “But after 10 calls and seven appointments, I get excited and I’m busy going after those appointments. But in meantime, I dropped the other part, such as sending out the letters, following up with phones calls – the part that creates those appointments. It’s an up-and-down cycle.”

Business Development Coordinator

Thus, this agent suggests, agencies need a business development coordinator to oversee the agency’s marketing and sales process and to assure that the agency continues to generate an ongoing stream of viable prospects. The responsibilities of this coordinator are to:

- Oversee the agency’s marketing and sales processes.
- Track producers to make sure they are making the necessary contacts and seeing to it that the information gets passed on and into the agency management system (or sales and marketing system)
- Coordinate mailings (newsletters, cards, promotional items)
- Process returns – keeps mailing info current on agency management system
- Update form letters

The business development coordinator breaks down the whole process from the beginning. How do you find and identify prospects or suspects who m you think would be

interested? How do you match them with carriers you have? And how do you create a system of contacts to get the foot in the door? That's the marketing process.

The *sales* process is a system to assure that the detailed proposal is made, that the carriers and their quotes are presented, and that the sale is closed. The sales or new business department also handles related functions such as ordering D&B reports, agent or broker of record letters, and loss runs. This department also assures that the proactive services proposed to the customer are in fact delivered on time by the agency.

Then the agency prepares for the first renewal, which means ongoing sales activity to retain the business and to broaden the protection provided where appropriate.

Achieving Staff Buy-In

Agency owners must get all producers to buy into its sales philosophy. Another agency manager says owners must "show producers that the marketing and sales system works. You will never get them to jump through the proverbial hoops if you are unable or unwilling to show them that it works."

The agency manager continues, "You can't just sit around talking about sales. You need to demonstrate it. Actions speak louder than words. Our philosophy is built upon relationship selling. The agency owner must be a relationship seller. Our owner often goes out on appointments with our seasoned as well as not-so-seasoned agents to show them how it's done."

Agency principals should provide staff with a sales and marketing procedures manual. This way they know what is expected from them right from the start. The business development coordinator goes through the manual with the staff to make sure they attain a full understanding of the agency's marketing and sales processes and culture.

Breaking Down the Process for New Sales

When a prospect is looking for insurance and an agent is looking for prospects to write insurance, they are both looking for information. The prospect is looking for coverage and costs, and the agent is looking at the prospect to qualify him/her through field underwriting and placement. It is all about information.

The marketing process/area of an agency should start this flow of information by developing "suspects" and then by distinguishing within this group between *suspects* – those people and businesses an agent "suspects" may need his/her service – and *prospects* – those people and businesses that an agent "knows" may need his/her service because an x-date is secured or some other signal is given by the potential customer.

Once the agency defines prospects to work on in the marketing process area, it should meet with the prospect to gather the information needed to provide a proposal. That information is then handed off electronically or physically to the sales/new business department. This function is to secure from the insurance companies the quotes necessary

to make the proposal back to the prospect. The people in this process area handle securing additional information from the prospect and providing additional information needed by the various underwriters. The producer's only involvement is to back up the process if there is a "pothole" that the new business department staff cannot get over.

After the quotes are in, then the producer and the staff in the new business process area review the quotes and decide which insurance companies should be included in the agency's proposal to the prospect. If the producer has sold the prospect, collected the appropriate down payment, and made any changes to the proposal, then the prospect has become a customer in the system and the next cycle of customer service takes over. If not sold, the prospect goes back to the marketing process area, if the agency wants to pursue the prospect next year or in the future.

Technology Tools to Strengthen the Sales Process

Technology to support the marketing and sales processes falls into five broad categories:

1. *Campaign manager*: Software that automates the sales and/or marketing functions to prospects or customers.
2. *Submission and proposal manager*: Software that tracks where in the process to insurance companies, prospects, and customers the quoting/underwriting is currently.
3. *True contact relations manager*: Software to account-develop current customers. After an agency writes a piece of the customer's business, it can begin a marketing process to write the rest of the account.
4. *Call center technology for a sales campaign*: Software (e.g., telephony) and hardware (e.g., head sets) that allow agencies to contact prospects and update account information while setting appointments for producer follow up.
5. *24/7 service pieces*: Software for customer self-services, and customer processing of insurance information by the customer, as well as e-newsletters on the agency's website. Other services to customers and prospects are available depending on how expansively an agency wants to develop those services.

Once the culture in the agency has evolved so producers stop freelancing based on what they did in the past, then owners can look at technology to support that new sales culture. One key element in a sales-oriented agency is the ability to sustain the process in order to provide consistency over a long period of time, fully leveraging the marketplace opportunity.

Agency owners must have a business development coordinator with the skills to sustain a sales management culture and sales process over the long term. Agents need a customer relationship management (CRM) system that facilitates prospect/customer contacts on a proactive basis based upon the additional services they have interest in or are candidates for.

Some agencies find their agency management systems suitable for handling their sales and marketing activities, while others find using a third party system more efficient and effective. The first step is for an agency to gain a full understanding of the sales and marketing capabilities of its agency management system before deciding to go to a third party system to meet its needs. If considering a third party system, it is important to know how well this system integrates with the agency's management system.

Some agents have been successful using their agency management systems to track their sales process and to generate the necessary management reports. One agency manager says, "Our agency management system is used for most of our marketing efforts. All prospects are keyed into the system. It tracks last contact, form of contact, industry, etc. Pictures of the prospect's property are stored for use in proposals and other correspondence. An image of their business card is also stored, which comes in handy if we need to get an Agent of Record letter since we can write the letter with their business card as letterhead. We can pull a variety of reports off the system – all of which help us to determine the next step. We do this actively, and we follow up with our agents to make sure they have provided the information about their appointments. Without that, the system wouldn't have good information.

Agency owners should provide all staff with a computer and e-mail. Agents should look at portable tools as well. For example, an agent often can download information from the main system into a pocket PC and take it along to the client. The information can be entered into that pocket PC and uploaded later into the main system. The easier agencies make it for a producer to pass on information the better and more accurate the information will be.

The Work Group's Phase Two Report will focus in much greater detail on how an agency can use technology to manage and enhance its sales process.

Conclusion

The Independent Agency System certainly is competitive. In most sales opportunities, a direct-writing company can't compete successfully against an independent agent and broker who can offer the client an array of products from several companies. In both personal and commercial lines, independent agents and brokers usually have the weapons to carry the day. *But first they need to have the sales system to get in front of a steady stream of potential new customers.* The direct writers have been successful doing this with the massive advertising, disciplined sales process, and training they have put in place and required of their producers.

As the Independent Agency System inevitably becomes more efficient, greater efficiency should improve productivity by enhancing the manufacturing *and* sales processes. Without a closed sale, there is no productivity to increase.

The sales culture in an agency must have the principals deeply involved. If not, sales will suffer. The owner is the bus driver.

Agencies need a solid, effective sales management strategy, and technology will necessarily be a factor in any such strategy. We encourage those with a stake in the Independent Agency System to continue to encourage the development of a sales culture coupled with the implementation of sustainable sales processes which can be managed and enhanced with technology.

The members of the ACT Sales and Marketing Working Group include:

Asa Pike, Agency Revenue Tools (chair)
Kitty Ambers, ARIAS Users Group
Steve Anderson, American Insurance Consultants
Amy Batson, Afni Insurance Services
Linda Dodson, Chubb
Ed Higgins, Thousand Islands Agency
JoAnn Litwin, ASCnet
Patrick Miller, Chubb
Keith Riley, Peel & Holland Financial Group
Keith Savino, Warwick Resources
Dave Schuppler, Schuppler Insurance
Bob Slocum, Slocum Insurance Agency
Angelyn Treutel, Treutel Insurance Agency
Peter van Aartrijk, The van Aartrijk Group
Debra Zambrana, Gateway Insurance