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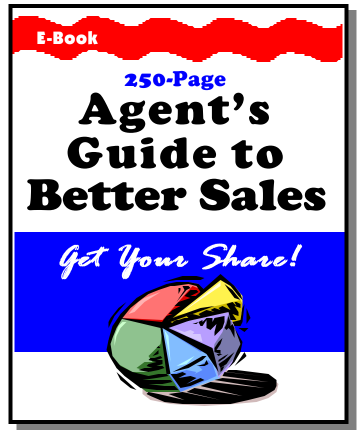

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An Analysis of the Companies' Service Center

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Each year more company's "offer " the independent agents who sell on service personal lines on behalf of the carrier, the facilities of a full service center. The service center assumes all the responsibility for after the sale administration of the personal lines written through that company. The company's assumptions are sound. Since the information must be processed through their computers in any event, since claims must be reported to the company in one form or another and since the activities of the agents appear redundant to the administrative activities of the companies, a central service facility can result in economies of scale that would permit the company to perform these activities at less cost than the agents spend on the similar activities.

Since the customer contact portion of the service center require additional function and staff on the part of the company, service center companies have reduced the average commissions for personal lines to the agents. In some cases such as the Hartford, the eminent reduction is 5% of the current commissions being paid. Other carriers have reduced personal lines commissions to 5%. The carrier's assumption is that it would cost the agents less to simply sell insurance on behalf of the company than to sell on service insurance products permitting the agent to make a profit on the lower commission rate. Meanwhile, the commission reduction provides sufficient revenues for the companies to staff their service center operations.

While the philosophies of service center are sound and are copies to some degree of the large direct writers with similar programs, unanswered questions exist that should alert insurance agents to delve further into the companies service center concept before committing to it.

1) Can the companies service agent, agency clients better than "or even as well as" agency staff? - How well will service center representatives in a mid-western central office knew the issues and conditions facing clients in a small rural south-eastern town? How sensitive will a service center representative be to the particular needs of individual customers for whom local agency service representatives have performed extraordinary efforts to maintain them as customers and provide the highest grade of service possible? For a number of years personal lines service departments have been made aware of the special relationship that attaches some personal lines clients to major commercial lines accounts. These accounts may belong to the agency, but may not even be in the same company as the personal lines accounts. How flexible will service center representatives be to the needs of those clients (or will they even know who they are)?

2)How committed is the insurance company to their own service center concept? - We are reminded of the CIGNA Compar program that performs so successfully for its' participants in the early years only to experience deterioration and disillusion once internal management and company philosophies changed. When Compar crashed it resulted in a fair number of agency fatalities as well. Certainly, that program could have been an apparition. Perhaps we assume that other carriers are much more stable in their long term goals with respect personal lines. But if an agency's decision to adopt the service center results in a reorganization to convert a personal lines department into a sales department, what would that agency do if a few years later the company decided to abandon the service center concept?

3)Will the adoption of a service center by one company actually result in decreased expense in the agency? Most insurance agencies still have a number of personal lines markets available to it. When one company converts to a service center does the agency propose to roll all of its personal lines business to that company? Would the company even take all of the personal lines business? Is it advisable to put all of the agency's "eggs" in one basket? If the agency continues to maintain multiple markets, how can it eliminate its service force to yield internal savings as a result of the acceptance of the service center for one of its companies? If 20% of an agency's business is now serviced through the service center, do you believe that the agency's clients will simply stop calling the agency in favor of their new "800" number? There appears to be a learning curve (in some cases quite long) in the education of clients to call the carrier directly rather than their local agency with whom they have done business with for many years.

4)Once the customers have dealt with the insurance companies directly for a number of years, whose customers are they, the agents' or the companys'? While customers may be legally owned by the agency, will the agency maintain sufficient contact to influence their future buying decisions should a market turn require replacement of the coverage with a different carrier? If the company decides that the agency no longer fits its producer profile and terminates the contract, how easily will the agency find it possible to contact and re-sell the clients to place them elsewhere? On the other hand, the companies may be kind enough to offer an acquisition price for those clients who choose to stay with the company either on a direct basis or assigned to a different agent.

5)Have the carriers guaranteed market availability, commission rate stabilization, or rate competitiveness to agents participating in the service center concept? If the service center concept is meant to benefit the agents by permitting more emphasis on sales and marketing, shouldn't the carriers be prepared to commit to rates, product availability and a commission rate that would make this attractive as long as the risk selection was adequate to generate a loss ratio profit?

This article is not a "tongue and cheek" criticism of the service center concept. We must remain professionally naive and trusting as consultants because many insurance agencies are choosing to accept or being forced to accept service center concepts by the carriers. That concept, however, ties an insurance agency much closer to a company than a simple policy assignment. The company will now control much of the retention capabilities of the agents client base. Under these circumstances each agent bears a responsibility to ask the right questions and receive the commitments that would make it comfortable for them to take this giant step toward direct writing.

Meet with your carriers at the highest level possible to determine whether this is a unilateral decision on the part of the company to increase its control over its personal lines book of business and reduce its expenses by reducing commission without regard to the results to insurance agency profitability or if they are committed to mutual growth and profitability. If the latter is the case, the company should be willing to commit to certain contractual considerations. First, the guarantee of a long term relationship with the agency under certain circumstance; a predetermined acceptable loss ratio (three year rolling average) and a predetermined desired and acceptable level of growth for the agency's personal lines book of business. If the agency does not meet its commitments with respect to loss ratio (pure loss ratio excluding loss adjustment expenses) or growth commitment the company maintains the right to terminate contracts. The second commitment to request from carrier is that commissions will stabilize at a level that permits the agency to generate a profit under the same circumstances as the above contractual commitment. In this scenario, the company agrees to maintain commission rates without further reduction and the agency agrees to accept a 1% per year reduction in commission rates if pure loss ratios exceed an acceptable level (on a three year rolling average) or if growth does not meet expectations on a three year rolling average. In order for the growth condition to exist, the company must provide competitive rates (consistently in the lowest quartile of rates filed in the area) and provide territorial exclusivity to those agents choosing to utilize the service center.

Finally, since the carriers are utilizing the service center to reduce redundancy and since it is presumably selecting its best agents to participate in the service center concept, let's reduce redundancy further. Permit the agency to underwrite its own risks on behalf of the company. The agency should accept quarterly audits of its risk selection process but as long as the audits are passed and the loss ratios are acceptable the carriers should assume that the agency value lies in both the solicitation and the risk selection of customers on behalf of the company. The efficiencies gained by an agency who no longer has to refer all risks through company underwriting would become an immense advantage over the competition in personal lines. An additional advantage that is now technologically capable for most carriers is local production of policies. Once applications are processed through insurance company automated systems (presumably at the agency level), next take production of insurance policies at the agency will provide a better grade of service to the company and the agencys' customers than anyone else in the industry. Agency input without company intervention might also result in fewer erroneous policies than currently experienced in the industry. If not, the agency knows exactly where the blame lies since they would be the only entity responsible for front end input.

The process of service center can work. But it can only do so if the insurance company and the insurance agency form an allegiance that is extremely difficult for either of them to brake. The "bad actors" must be culled from both the company and the agency ranks. The carriers committed to marketing through insurance agencies and the agencies committed to working with a carrier would find this process quite profitable. Without the commitment on the part of either the agency or of the company the service center is doomed to failure or will be the first step to company direct writing without the use of the independent agent in any capacity.

Are You Giving Your Customers What They Want? Back

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The obvious first question is "Do you know what the customers want?"

If your answer is "They always want the lowest price and immediate service," you are probably right – but is that what theyREALLY want? And is that really ALL they want? - or is that what they feel they must request in order to get fair pricing and reasonable service levels?

Very few agents have, in fact, asked their customers what was most important to them about their selection of an insurance agent or carrier. Those that have, found some very surprising answers. Of course price is always up there as a major concern of customers. We have spent many years convincing the customers that the premiums we charge are not necessarily the lowest available. If they seek out our competitors and achieve a lower premium, we can magically meet or beat that premium ourselves. How do you think our integrity fares in this type of competitive atmosphere?

However, aside from price, reliability, honesty, and efficiency ranked very high among consumers for their rating of insurance agencies and companies. Focus groups define reliability as the agent or representative (who can actually make a decision) being available when needed - always. Unfortunately always (in the eyes of the consumer sometimes means beyond normal 9 to 5 business hours. This reflection has caused a number of agencies to adopt live answering services after hours who refer emergency customer calls to dedicated agency employees, even after hours. Getting a live human being when calling the agency has its benefits. The answering service is instructed to inform the customer of normal service hours. They then ask if the call is an emergency and, if so, will forward the call (via message) to an emergency number given them by agency management.

Clients sometimes mistrust producers because of the pricing reasons noted above. You may be friends with your clients - but don't assume that they believe you when you tell them you have marketed their products and have achieved the "best" price available. This problem involves a complex and difficult situation. One of the desires of the insurance customer is that the independent agent markets his insurance annually to achieve the best insurance value for his money. Most agencies cannot afford to do exactly what the customer wants - marketing their insurance to every carrier every year to assure that they have the best product at the best price. However, few agents are honest enough to tell the clients that bitter fact. In this scenario, marketing is not equivalent to blocking markets. The amount and level of work required by a customer service department in a commercial lines agency today makes it prohibitively expensive to market to all carriers every year. The carriers don't like it (unless you price it in house) because it takes their time uselessly. Your service staff hates it because they know that, for the most part, they're spinning their wheels. All of the markets to whom they market but one will be useless efforts. Meanwhile, other critical service issues remain in their backlog. And your customers find themselves poorly serviced because that level of marketing consumes a great deal of time, taking it away from other service-related activities. So a decision must be made regarding the pricing and marketing of clients' products each year. The predominant successful agencies coordinate this activity through their renewal meetings at which a team comprised of service, sales, and management determine how to handle the client each year. We have seen a few unique agencies who have involved the clients themselves in this decision making process. This is the height of honesty since the client is invited to determine how best to handle the account at the approaching renewal period. These activities have only been used for the agency's most important clients and, to date, it has resulted in a much closer relationship between the client and the agency. The agent submits that the client, seeing the level of effort being exerted on his behalf, is satisfied that the agency is doing everything within its power to manage the account.

The final key issue, efficiency, is much more in the agency's control. Most employees tend to hide their mistakes. They do this for fear of retribution if the mistakes are identified. However, those mistakes are normally identified initially by the client themselves. While you, as the agency owner, are unaware that anything is amiss, your clients are calling your service team are asking why transactions haven't been completed or why they were completed incorrectly. The solution to this problem begins with careful management of the servicing process. A manager (or owner) should review mail daily to identify errors on transactions. Every customer complaint must be given highest priority. Like an iceberg, one customer complaint could represent a hundred dissatisfied customers. Customer satisfaction surveys, done on an annual basis can alert you to potential problems. Close supervision of customer service representatives will also identify if one seems to working much harder than another in order to accommodate the same commission volume or number of customers.

As independent insurance agents, we must balance what the customers need with what the customers want. If a customer is forced to buy what he needs, he does so begrudgingly, not thankfully. A part of our job is to convert those needs into wants by showing the customer the benefits of the product you designed. If, however, you did not fulfill the customers original wants, you will find yourself losing customers regardless of the quality of your agency. Do customers want low price? Of course! But no one has the lowest price consistently. Agencies who have set themselves up to offer nothing but low price products cannot afford the high grade of service that's expected from their VIP products.

We have seen some agencies develop a customer checklist, identifying five to ten issues ranging from frequent communication between agency and client to speed and accuracy of transactions. The checklist asks for clients to rank the issues from first to last (with "1" representing THE most important to them). We have also seen Customers' Bill of Rights outlining what, in the agency's opinion, the customer should rightfully expect of the agency in terms of service. Both of these methods are attempts at pin-pointing areas of service that will differentiate the agency from its competitors and transcend price alone as a consideration for the agency's customers. We feel that both of these methods are commendable and should be combined with a Customer Satisfaction Survey (CSS). The CSS actually asks the customers, themselves, for feedback about the agency's service levels and which are important to them. This tool requires a certain degree of confidence in the agency. Regardless of the results, the CSS will help the agency progress as a service organization in the eyes of the customers.

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"Automatically Eliminate Long-Term Care Premiums & Unlock the Ultimate Estate-Planning Tool!"

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Michael D. Walters, CLU
President - Financial Radio Host & Author

Read Time = Quick 12 Minutes!

While speaking to consumer groups and conducting my weekly financial radio show, "Magic Money", I have found that the absolute most popular reason people respond (a.k.a., the easiest way to get new prospects) is because they desperately want to know **“how to eliminate long-term care premiums”!**

Think about it.

It makes perfect sense.

Long-term care is a huge personal fear -- a financial disaster waiting to happen -- and as they say, “the medicine is often worse than the ailment” because “preventative” LTC insurance premiums are unusually pricey to say the least.

Recently, as the featured speaker at a client seminar, I asked a group of 113 attendees (all over the age of 60) the following questions by a show of hands:

Q: How many of you have been approached to purchase long-term care insurance?
A: 113 hands.

Q: How many of you have been approached at least 2-times or more to purchase long-term care insurance?
A: 102 hands.

Q: How many of you have been approached at least 3-times or more to purchase long-term care insurance?
A: 82 hands.

Q: How many of you have actually purchased long-term care insurance to protect you, your spouse and your estate?
A: ONLY 3 HANDS!

That's worth repeating… Only 3 hands!

Let me share a few basic statistics:

1. Only 2% of American adults have made provisions for convalescent care.

2. 1 out of every 2 individuals over the age of 65 will spend some time in a nursing home.

3. Seniors are the fastest growing age group in the United States.

4. Seniors control 75% of the personal wealth in this country.

Outside of identifying the most lucrative market in the United States, what do these statistics really mean?

"The fastest growing segment of our population, which controls 75% of the wealth, is 98% uninsured against financial-ruin from an occurrence with the statistical odds of striking an individual equal to that of a coin-toss."

It seems only logical that everyone would buy LTC insurance. So, why don't they?

It's not because they haven't been approached.

Our show of hands proves that.

It's not because they don't believe the statistics. Just ask them, they all have a close friend or family member in a facility.

It all boils down to 2 simple reasons why people don't buy traditional LTC insurance:

1. ***It costs too much (money)!***
2. ***It isn't going to happen to me (denial)!***

These are the 2 hurdles!

Traditional LTC insurance is viewed the same way as auto insurance. The only way you win is if you get in a car wreck -- which you obviously do not want to happen.

My grandmother, bless her soul, recently died at the age of 93. Her remaining days were spent in a nursing home at the tune of $137 per day. I thought that was kind of an odd amount to charge, but when I did the math it became evident what the real logic was… $137 per day multiplied by 365 days in a year, equals $50,000! For a 3-year stay, that is $150,000 of cold, hard cash!

Unfortunately, the other side of the coin is not much better. With LTC insurance someone may have to pay $3,000 - $7,000 per year in premiums (that could be $70,000 in cost over 10 years). The only way they win is if they go into the long-term care facility – which, is the last thing they want to do. **If they remain healthy, they just wasted $70,000 or possibly much, much more!**

Some traditional LTC advocates may stress that you could add a return-of-premium feature to combat this "costs too much" customer objection. Nice try, but no cigar. If this were true, our show of hands example would have proved it's effectiveness, but we only had 3 "buyers" and you can bet every agent pitched return-of-premium.

I call this "out-of-sight-out-of-mind".

You must always remember that liquidity sells! Seniors want access to their money, even if they never intend to use it. Return of premium may return the money, but after they are dead it is too late.

The name of the game is 100% liquidity!

This will easily satisfy the "it costs too much" objection.

This also satisfies the "it isn't going to happen to me" objection.

This is your solution.

It's a little-known secret, but a few years ago our industry designed some revolutionary products that directly address the inherent problems involved with traditional LTC products. Ironically, it has been kept very quiet and has only been enjoyed by a small group of big-hitters.

I call these new products Asset-Based LTC.

It is almost like getting free long-term care insurance.

Obviously, this is not the case, but the beauty is in "what it does" not "what it is".

You may be asking yourself, "how can an insurance company possibly do this?"

It is really quite simple. The chassis for the Asset-Based LTC product is actually a super-charged single-premium life product!

First, the single-premium is fully guaranteed by a 100% money-back guarantee (thus, solving the liquidity problem). If the client changes their mind in one-week, one-month or one-year, they can always get a full 100% return of their premium, plus any applicable interest earnings.

Next, there is an immediate death benefit just as would be the case in any traditional single-premium life insurance policy.

Finally, the real zinger!

Your client's death benefit is automatically "doubled" to provide for convalescent care coverage!

The "doubling" makes all the difference!

Picture it as though you are creating 3-Buckets of money. Whichever bucket is in your client's best interest is the bucket they can access first. Many times they may start using one bucket and finish using another.

This is very flexible.

Lets check out an example…

Let's assume a 70-year old, female:

Bucket #1 Liquidity Bucket	**Bucket #2 Estate Bucket**	**Bucket #3 Health Care Bucket**
Transferred Premium **$50,000**	**Immediate Death Benefit** **$87,600**	**Immediate Long-Term Care Benefit** **$175,200**
Earns Tax-Deferred Interest. 100% Money-Back Guarantee.	Paid Income Tax-Free to Beneficiary. Paid Outside of Probate if Beneficiary Not Estate.	Provides at Least 4-Years of Coverage. $120 Daily Benefit for Home Health or Nursing Home Care. Includes Assisted Living and Adult Day Care.

You can illustrate these "buckets" with software!

The sales sizzle in this concept is almost unbelievable!

1. You can cash in your account with a 100% Money-Back Guarantee plus applicable interest earnings.

2. You could die happy and healthy in your sleep and leave an inflated income tax-free death benefit to your spouse/heirs.

3. Or, if heaven forbid, you do need long-term care, home health care, assisted living or adult day care; you would be covered at twice the death benefit value.

The end result is a Win – Win – Win scenario!

How many prospects and clients do you have who are currently "self-insuring" for long-term care costs?

I would imagine that it is the vast majority of those you come in contact with (98% to be exact). Presented properly, this same vast majority of contacts will be lined-up to transfer assets into an asset-based LTC program.

How do you know which assets to transfer?

Your prospects will tell you, just ask them.

"Mr. Smith, should you or your wife need to enter a long-term care facility in the future, where would you first obtain the funds to pay the bills? Do you have an emergency fund? A savings account, money market account or CD?"

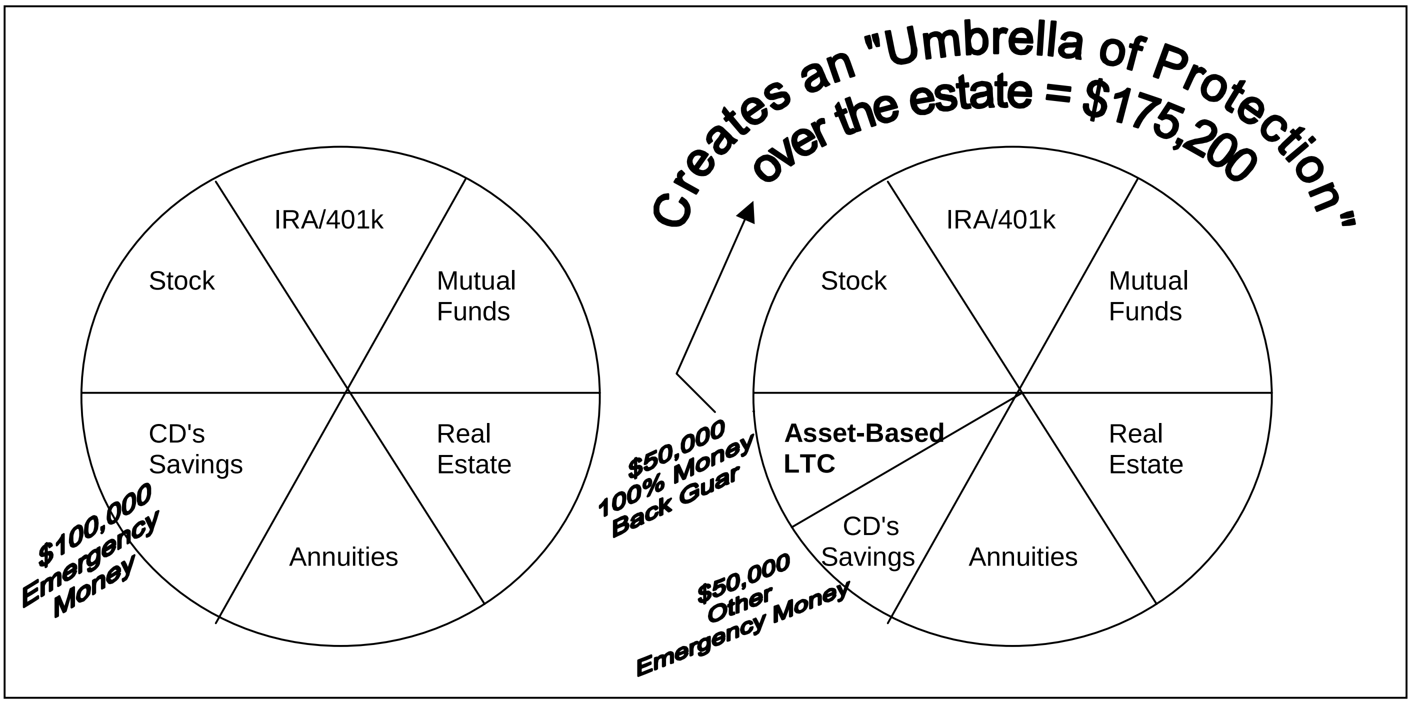
This is the money for an asset-based long-term care sale.

By moving this "emergency money" into the "1st bucket" you immediately provide this customer with buckets #2 & #3!

Remember, this is a "repositioning sale" not an out-of-pocket premium sale.

Your current portfolio WITHOUT Asset-Based LTC.

Your future portfolio WITH Asset-Based LTC!



Another great source of funds is existing life insurance policies, especially older single-premium life policies! Just 1035 the existing cash values into an asset-based LTC product (which qualifies as life insurance thanks to bucket #2) -- Match the death benefit of the old policy, and you just gave the client "free LTC". Both needs are now covered with NO additional premium!

But wait, it gets even better!

There is also a Joint (or 2nd to die) version of Asset-Based LTC!

You can use this version to cover two lives at once!

In other words, both a husband and wife can be covered under the same policy -- And in many cases receive a slightly enhanced benefit. In fact, you do not even need to stick with the traditional husband-wife combination. You can use parent-child, or any other "insurable interest" type relationship.

Plus, this will help you get your not-so-healthy clients the coverage they so desperately need -- No, this is not a guaranteed issue or sub-standard product, however, one healthy individual can help to offset one unhealthy individual.

As you can imagine, the joint-version is very popular.

Lets check out a "joint" example.

Let's assume a 65-year old wife & a 70-year old husband (joint age = 67):

Bucket #1 **Liquidity Bucket**	**Bucket #2** **Estate Bucket**	**Bucket #3** **Health Care Bucket**
Transferred Premium **$100,000**	**Immediate Death Benefit** **$99,000** for husband **$99,000** for wife **= $198,000 total**	**Immediate Long-Term Care Benefit** **$198,000** for husband **$198,000** for wife **= $396,000 total**
Earns Tax-Deferred Interest. 100% Money-Back Guarantee.	Paid Income Tax-Free to Beneficiary. Paid Outside of Probate if Beneficiary Not Estate.	Provides at Least 4-Years of Coverage Per Person. $135 Per Person Daily Benefit for Home Health or Nursing Home Care. Includes Assisted Living and Adult Day Care.

Just as with the single version -- in the joint version…

1. You can cash in your account with a 100% Money-Back Guarantee plus applicable interest earnings.

2. You could die happy and healthy in your sleep and leave an inflated income tax-free death benefit, which as a joint 2^{nd} to die, will pass to the life of your spouse (and/or ultimately to your heirs).

3. Or, if heaven forbid, you do need long-term care, home health care, assisted living or adult day care; you would be covered at twice the death benefit value.

This product is called MoneyGuard!

And, it is available exclusively through First Penn-Pacific and USA Financial.

How to make $38,400.00 in 90-days!

I absolutely love to see people successful in their endeavors! And, here is one that pays well for your time and effort:

Lets look at the average size sale for MoneyGuard.

Assume an average **MoneyGuard** sale of only $40,000.
(using its 8% commission)
Assume that you make only 1 sale per week.

$ 40,000.00
X 8.0% commission
$ 3,200.00 per Sale!

X 12 weeks
$ 38,400.00 in 90 Days!

(Commissions are the same for single and joint cases.)

That equals $153,600 in just one year!

It's easy. It's clean. It pays well. And, it is the future of long-term care!

It is now possible to essentially eliminate long-term care premiums.

I don't know what else to say. This is amazing. I am left speechless.

Okay, I'm not totally speechless because I'm going to sweeten the pot even further. I'm going to make it impossible for you to procrastinate on this moneymaking opportunity.

A $468 special bonus gift!

Receive my "Uncensored Sales Approaches Monthly Audio Tape Series!" (a $468 annual value, absolutely free!) This audio tape series reveals industry-leading sales secrets & ideas through a unique collection of interviews and candid marketing discussions.

Call me crazy, but I am determined to protect your best interest and I really want you to act upon this information **right now.** So, I am adding this **$468 freebee!**

A 21-day bonus gift!

Complete the enclosed contracting form **within 21-days of the delivery date** (the delivery date is the day you downloaded this report from my website or the postage date on the envelope it arrived in). If you complete the contracts within 21-days, I will send you my **"Uncensored Sales Approaches Monthly Audio Tape Series!"** (a $468 annual value) free of charge!

Here's what just one broker had to say…

> "Mike, I finally took the time to tally-out my commission growth over the last few years. Amazingly, I've identified that I easily earned in excess of $1,000,000.00 in additional income by simply implementing some of your straight-forward concepts and sales ideas. Thanks a million!"
>
> Dennis Tubbergen, Financial Advisor

Thanks Dennis. I'm flattered!

If I could pool all of the other brokers, agents and reps together, can you imagine how many millions of dollars I have helped to put in their pockets by sharing these sales techniques?

Bonus gift #2 -- An additional $348 value!

Act within 21-days and I'll also throw in a membership to my **"Sales System Trade Secrets Monthly E-Mail Reports!"** (a $348 annual value)!

This e-mail report shares **even more** proven sales systems, tools, ideas and techniques, plus I attach original documentation that you can print-out and literally use immediately to help close your next sale. You even receive advance notice and special offers, which are available only to those on my e-mail distribution list.

Bonus gift #3 -- Another $96 value!

Again, act within 21-days (are you noticing a pattern here?) and I'll add a membership to my **"Twice-Monthly Fast Fact Faxes!"** (betcha can't say that 3-times fast -- a $96 annual value) This service keeps you on top of promos, offers, incentives, enhancements & sales tips.

I'm a nice guy, but I won't wait around forever.

Remember, the clock is ticking and you only have 21-days from the delivery date of this report. **I will not extend this offer haphazardly.**

Well, by now you probably think I am the most generous person you have ever met -- or, you might just think I'm totally nuts. Either way, you are probably wondering why…

I'm giving you $912 worth of sales tools for free!

I am going to be very blunt.

I have two extremely specific reasons for making such an outlandish offer -- An offer that only requires your signature on a contract!

1. My staff is very capable, but extremely busy. **We receive thousands of responses -- sometimes in a single month.** This free offer helps to bring the cream to the top as they say. **It's an indication to my staff which brokers are truly serious about making big-money in this business.**

2. I provide countless sales ideas on these audio tapes, e-mails & faxes. Most of which can be used with my **products or the competitors.** If I get you addicted to these audio tapes, e-mails & faxes, then you must write business with me in order to continue receiving them. **Crazy like a fox.**

Here is my promise to you!

- If you contract within 21-days, I will automatically **sign you up to receive 3-months** worth of my "Uncensored Sales Approaches Monthly Audio Tape Series!"

- Provide me with your e-mail address and **I will also include an additional 3-month membership** to my "Sales System Trade Secrets Monthly E-Mail Reports!"

- Provide me with your dedicated fax number and I will **add another 3-month membership** to my "Twice-Monthly Fast Fact Faxes!"

- Every time you write a piece of business through USA Financial, I will **extend all 3 of your memberships for 12-months** from the date of the application.

- If market conditions change, and this product-line no longer fits your needs, I will **automatically extend this offer to any other product-line** you wish to broker through USA Financial.

- The end result is that **you can receive all 3**… My monthly audio tape series, the monthly e-mail reports & the twice-monthly faxes **on an indefinite basis & absolutely free of charge** -- as long as you are actively brokering through USA Financial.

This is a "no-brainer"

Just take the NEXT STEP!

All you need to do is complete the enclosed Contracting Form and we will have you quickly armed with supplies and ready to roll in no time!

Obviously you were interested and intrigued enough to order this report -- Now take the next step! **Complete your contracting form for First Penn-Pacific and forward it along with a copy of your license to USA Financial!**

Don't miss-out on this 21-Day $912 Special Gift! Complete your Contracting Form, include a copy of your license, and forward it to USA Financial ASAP!

The response to this report has been overwhelming! So if you have additional questions, I encourage you to call and introduce yourself to one of my **Marketing Experts at (800) 530-9872.**

Remember, you only have 21-days to act upon the free monthly audio tape, e-mail & fax service offer (a $912 annual value). Don't procrastinate -- send in your contracts today! I look forward to sharing additional sales techniques with you.

Best of Sales,

Mike

Michael D. Walters, CLU
President - Financial Radio Host & Author

P.S. Last minute addition -- Another 21-day, $179 special bonus gift!

If you complete and deliver your signed contracts to my office within 21-days, I will throw-in free of charge (you only pay the $29 for shipping & handling costs) my highly sought after **"MONEYGUARD: Sales Success Secrets Audio Library & Manual!"** (a $179 value!) This unique marketing course will automatically provide you with…

- **Hours of straight-forward asset-based LTC sales success secrets candidly shared on multiple audio tapes!**
- **Complete word-for-word transcription of the audio tapes with plenty of room for notes!**
- **Consumer approved asset-based LTC sales presentation video!**
- **Consumer approved asset-based LTC client seminar slide presentation on a disk!**
- **Consumer approved asset-based LTC client seminar presentation & workbook!**
- **Take-away sales closing technique using proprietary LTC liability release & acknowledgement form!**
- **Client/prospect asset-based LTC pre-approach letter!**
- **Asset-based LTC client money-finder questionnaire!**
- **Insider's professional product profile!**

So, by completing your contracts within 21-days, you will receive absolutely free of charge…

4 Great Gifts!

1. **"Uncensored Sales Approaches Monthly Audio Tape Series"… a $468 annual value!**
2. **"Sales System Trade Secrets Monthly E-Mail Reports!"… a $348 annual value!**
3. **"Twice-Monthly Fast Fact Faxes"… a $96 annual value!**
4. **"MONEYGUARD: Sales Success Secrets Audio Library & Manual"… a $179 value!**

That's a $1,091 value for free!

Not to mention the spectacular commissions you can earn! Its Easy, all you need to do is complete the contracting forms for **First Penn-Pacific** and forward them to my office. **Do it now -- before this offer expires!**

P.P.S. Double your money-back…

If you want to receive the **"MONEYGUARD: Sales Success Secrets Audio Library & Manual"**, simply complete the enclosed coupon and send it along with your contracting.

There will be absolutely no charge to you other than $29 for the shipping & handling. In fact, if at anytime or for any reason, you feel that this information is not of value to you -- as a professional courtesy, I will **provide you a double-refund** on the $29 shipping & handling charge.

The only catch is that I am extending this offer for a short 21-days from the delivery date of this report. **Act now and you will receive a $179 value by simply contracting and covering the shipping & handling charge.**

Please share this info with a friend & colleague!

Back to Basics Selling   Back

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In the thirty years that I have been in the insurance business I have seen a vast cycle of selling methodologies being tried by insurance agents to promote sales. All are workable -- to a point, but all also miss the mark because they are dependent upon "buzz words", gimmicks and short cuts.

However, time and again we encounter successful producers, urban, suburban and rural, who continue to grow regardless of the economic or insurance conditions. These producers invariably follow the same guidelines, although every one of them feels that the guidelines are his/her personal secret.

1. Keep in touch with your existing customers -- not by a single, systematic process, but according to their individual needs and desires. After all, you got to know them, didn't you? Keep up the relationship. This relationship building is combined with the simple process of ASKING FOR REFERRALS (every year) to generate growth for the most successful of our industry's salespeople.

2. Prospect at a low or moderate level -- but continuously. This does not mean making a pest out of yourself at parties. This means that you discipline yourself to identify five accounts every week that you do not know and would like to insure (for which you have markets). Regardless of how successful and busy they are, this prospecting continues unabated.

3. Make your own telephone calls. I know this flies in the face of the recent telemarketing revolution, but the successful salespeople either enjoy, don't mind or learn to live with COLD CALLING. Telemarketing works for commodity products in commodity industries. However sales made through telemarketing often lack the relationship building that cements you to a customer. So we continue to use telemarketing for products that don't need producer intervention. But we train the producers we encounter how to make calls and get through to decision makers at commercial accounts. Think about it. If a telemarketer is lucky enough to get through to a decision maker of a commercial account and if the decision maker expresses a need, the telemarketer is not capable of answering any questions or fulfilling the need aside from setting an appointment for a producer. And these decision makers are also very busy. Even if they would be interested in analyzing their insurance, many feel that they are of a stature that the agent, himself, should be the person who contacts them, not some telemarketer.

Agency Consulting Group's Producer Management and Training consulting module addresses, producer selection, producer compensation, sales training, telephone skills, coaching and counselling and producer management. Please call us to talk about using ACG, Inc. to bring your producers BACK TO THE BASICS.

Backwards From The Future **Back**

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Goal Setting and Goal Getting

WHY DO YOU READ ARTICLES - SUBSCRIBE TO NEWSLETTERS - ATTEND SEMINARS ?

We assume that your intention is to be exposed to a variety of ideas, some of which you feel will help you make more money or feel better about yourself and/or your business.

The information in this one article can change your life - but only if you have the commitment and intestinal fortitude to change habits of a lifetime. You see, this article is about how to get things done, done right - every time, and done efficiently. From the minority of insurance agents who read this as businessmen will evolve an even smaller number for whom these ideas will "click". If you are one of those businessmen, congratulations. Call us and we will help you implement these ideas for you and your business. For our other readers, "read on." This information will be interesting and entertaining. And the people in your industry that you look to as grand successes will be found to be following these concepts.

In his book "The Path of Least Resistance", Robert Fritz says that the most powerful of all organizing principals is the future vision of a clear goal to which you and others are committed.

In all of our consultations, Strategic Planning Sessions, and TQM (Total Quality Management) and Team Building Seminars, we key in on the desired result and work backwards to determine the best way of achieving it. Sounds simple, doesn't it? Those who are not experienced going through this organization process, however, find it excruciating work. What's the pay off for this hard work? Well, we've found that you actually guarantee the results when you exercise the process properly, to its logical conclusion.

The Process

1. Set on paper the desired result in detail.

"Growing larger" or "Becoming more profitable" is no more detailed a goal than "Taking a vacation". "Growing from one million revenue to two million revenue within five years while maintaining or growing profit margins each year" is a specific target.

2. Working backwards, list all steps that have to be accomplished in order to achieve the goal. Again, the more detailed you are, the more likely the result.

If your target is to "Enjoy a two week vacation to Hawaii in Mid-December" your list would look like this:

A. Locate and schedule events or free time for the two week period
B. Identify and reserve rooms
C. Identify and reserve flights and cars
D. Develop a checklist of items to be taken for organized purchase and packing.
E. Make sure job and projects are completed or covered by others at work
F. Reserve dates for vacation

Add to the list as you develop other activities that require completion and place them in the appropriate order of events.

3. When your list is complete, reorganize it, identifying segments that can be done concurrently and segments that must be done sequentially. Sequential items that are "dependent activities", those that depend on the completion of another in order to accomplish that segment. Concurrent activities are those that can be conducted simultaneous with other segments of your plan.

4. Once you have established and charted your game plan, including the tasks, concurrent and sequential, identify the time needs or expectation of each segment. For instance, if segment C must be done after segment B and if segment B will take two weeks and segment C will take 3 weeks to accomplish, you can draw a time line encompassing these two sequential segments. The master time line will be continued and will have secondary time lines encompassing the concurrent activities that can be accomplished simultaneous to the major segments in your master time line, thereby shortening the entire time line.

5. When all of this prework is complete you are ready to bring in those people to whom you will delegate subsets and segments of your plan (assuming, of course, that you have people to delegate to or that the project is one that requires others to be completed efficiently). Effective delegation involves granting authority, but maintaining the responsibility yourself, and then monitoring the results (inspect that which you expect).

Delegate to the best people available to carry out the parts of the project. Tell the people what they must do, the time frame in which it must be done, the standard against which their result will be measured and what the entire project will look like upon completion (including the contribution that they will make with their part of the project).

6. Finally, get status reports or conduct status meetings at frequent intervals to permit communications of successes, issues and problems. Never assume that all is progressing as expected.

If you follow these guidelines, you can expect genuine, continuing successes that will permit you to progress your business and personal lives.

Building a Sales Organization **Back**

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Sales Does Not Diminish Service
A sales organization does not imply a lack of concentration on service. In fact, we have seen no successful sales organizations that weren't obsessive about high levels of service to clients and to prospects. However, the insurance agency industry has become so centered on service that it has all but forgotten how to be professional salespeople. We must remember that service is necessary for us to live up to our commitments to our customers and to retain them. The lights of competition are bright and uncomplimentary. Many of Agency Consulting Group, Inc.'s customers have found that having a good price does not compensate for the promises of your competitors of service levels that you have not been able to reach with your existing customers. So, regardless of how much emphasis we put on the sales effort, we do not mean to diminish the stress of agencies to constantly enhance their service levels.

The Sales Dilemma
For the last fifty years, the industry has sunk into the morass of commodity products that all look alike. The companies, and the agents behind them, have fallen into the mode of being the technicians and "experts" who understand the products and coverages, but not the methods of selling them. Both companies and agents have relied on the "P" word (the word is Price - but I'll not repeat it again) to gain customers. "We can be more competitive" is simply a gentler way of saying, "I can get it for you cheaper!" No wonder we sound like Used Car Salesmen! Our competitors in the industry (direct writers) and from outside the industry (banks, self-insurance funds and other innovators) have found that they can play the "P" game as well, or better, than the agency companies, but they have an edge. They are still creating their niche and are learning from our mistakes. They can become just as knowledgeable as we are about the products, provide equal or better claim service, advertise more effectively than our companies can, and they can teach their salespeople how to SELL.

On the other hand, the insurance agents and companies have been in the sales game for two hundred years. As Sales moved from the category of art to that of science, the insurance industry did not follow. For some period, the carriers provided professional sales training for agents (much like the life insurance industry). But the companies did not see the payoff as the result of these investments, so they stopped much of the sales training when the market changed and cash flow diminished. The agents are far to fragmented to develop organized sales training for the industry, so the decline accelerated. Some large agencies (invariably with sales management) developed in-house and outside sales training for their sales staff. These firms continue to grow and professionalize. A few innovative smaller agents also created sales training programs using outside facilities. These firms now fit the IIAA's definition of "Best Practices" agencies. They continue to grow and prosper regardless of the industry direction because they have the ability to flex to the current situation and sell the products that are available at any time.

The Producer Trap
Only one in seven people have the personality characteristics to become a successful salesperson. The problem is that most of these 14.3% of the population never get into sales careers. They can be found graduating from colleges and high schools. They can be found in existing sales careers. They can be found in careers totally unrelated to sales. There are even some (but not many) working in the insurance industry - and most of them are in the life insurance industry or with direct writers. If you hire any of the other 86% of the population, you will find that you have either failures or mediocre producers on your hands. They may sell (when they have the lowest price), but have problems responding to objections, managing rejection or in the closing process, itself. You are lucky if you encounter the truly terrible salesperson. Eventually, you will fire him (or he will leave). But the worst case scenario is to hire

the "Mediocre". These producers will eke out a living, selling just enough for you to justify keeping them around. They will never be successful and will be personally stressed most of the time. They are a generally unhappy lot, subverting the agency (inadvertently or on purpose) to other employees, companies and clients as a transferal of guilt about their inadequacy in sales. They are more trouble than they are worth, but inertia causes them (and the agency principals) to keep them around long enough that they become a "fixture". At that point, we hear the phrase, "Oh, he doesn't sell much but he supports his book of business and has been here for a long time. He doesn't COST us anything." But of course, the agent is wrong. The mediocre producer, like the failed producer, costs the agency and the owner much in terms of money, aggravation, lost opportunity, time and morale. Compare this, all to common, scenario with that of a Sales Organization.

<u>The Sales Organization</u>
The Sales Organization begins by carefully selecting its producer candidates. They spend considerable amounts of time and money to be sure that the selected candidate is right for the job and the organization. They understand that a poor selection will cost far more than the selection process itself. This is one area most frequently overlooked by the traditional agent who will hire anyone who says they want to sell, has a good personality and doesn't ask for much money. It often takes six months or more to verify that a producer has "caught on" and will become successful. If the hire is bad, that means six months of management effort, six months of service and marketing support, six months of frustration and ever-increasing levels of management (in the effort to correct the problems) before the decision is made that the person was the wrong one for the job. The Sales Organization has found that spending the time and money to find the right candidate up front results in higher producer retention and more sales and revenue in the short and long term.

Once selected, the Sales Organization does NOT give the producer a desk or office and the assignment to, "Go out and sell something!" Instead, they provide a manager, a "big brother" or a shepherd to advise and assist the new producer until success is apparent. The role of this advisor is to coach, counsel and train. This is not a policeman, responsible to be sure that the producer is out selling. If you need a policeman for a producer, you have the wrong person in the sales job. The advisor teaches the producer the agency way of performing in the job. He goes out on sales calls with the producer and helps him hone his sales skills if they need polishing. If he notes a deficiency in sales or technical skills, he arranges for more formal training to permit the producer to become successful as quickly as possible.

Producer compensation is an involved subject deserving of its own dedicated discussion. However, it is important to note that the successful Sales Organizations do not look for producers who will not cost the agency much money. Of course, cash flow is important in every agency. However, the intelligent sales managers will seek the success oriented personality and compensate based on how fast they can be expected to generate income and by how much the individual needs to support his/her current lifestyle. The validation schedule created by the Sales Organization is individualized to assure that the producer's results will validate the amount paid to sponsor the individual. They develop the validation schedule with the producer in order to assure the agency and the producer that the compensation can be earned through expected levels of production.

The Sales Organizations continue to manage producers during their initial stages in the agency and for many years thereafter. Management, again, does not imply police efforts. Rather, the manager's role is to make the producer's job as easy as possible. It puzzles us to find so many agents actually resisting providing lead generating activities to the producer - as if the producer is not doing his job if he isn't cold calling or providing all of his own leads. In actuality, the goal of the agency (and the producer) is to generate as much revenue from new sales as possible. There are no limitations or exclusions to that phrase. The manager's job is to help the producer establish realistic estimates of annual production, to provide sufficient training and marketing support to permit the attainment of those goals, and to track the results in order to refine the marketing program, as needed. The producer's objectives are best tied to compensation expectations since that is of key importance to every producer.

The Solution

Hire well. Prepare job description both for your sales candidates and for you. Use the job description to formulate interview questions designed to elicit the candidate's ideas, personality, future desires, income needs, work ethic. Use open ended questions only. If your question can be answered yes or no, refine it. Explain the job then let the candidate be the predominant speaker during the interview. Test every candidate that passes your interview screen and would be hired. Most agents use Caliper or Omnia, simple but effective personality tests. However, many agencies are moving toward full psychological testing to assure that the candidate will fit the culture and personality of the organization. This avoids putting a "Sales Shark" in the agency that has a non-confrontational, amiable culture.

Train your producers. Every producer from your most experienced to the least should be involved in on-going training, preferably weekly. One-half hour training sessions are adequate and most can be given by the producers, themselves, and other employees or by company personnel. Constantly train in the specifics of company products that you are selling. Use company marketing personnel to perform the training. Stress the differences between their products and their competitors, both in basic coverages and in the "bells and whistles." Use seminars and professional trainers for Sales Training. Sales training has become a science. The career salespeople understand that, like marksmen, they must constantly practice and hone their skills to keep them sharp. We all tend to fall into "grooves" and make the same mistakes over and over. Sales training reminds us of the core qualities needed to make a sale. We need to train ourselves and our personnel that we, in fact, don't SELL anything! We simply find out what the prospects problems are - and solve them. We are successful in direct proportion to the degree of problem solving we can provide to our clients. That is what creates value and loyalty in the eyes of the customer (much more so than the "P" word). If they see us as both seeking the best value for their dollar and solving their insurance problems, we will insure them for many years. Sales training, reinforced properly, will imbue the sales force with the Problem Solving philosophy of sales.

Manage your producers. Whether or not you can afford a professional sales manager, your sales organization is doomed by the strengths and weaknesses, by the degree of motivation and by the ability of your salespeople. If you can afford a Sales Manager, it is one of the best investments you can make in your business. If not, you must become the Sales Manager - or discard the thought of being a sales organization.

What To Do If You're Just a Small Agency

You don't have to be a large insurance agency to be a Sales Organization. But you are limited by your time and your financial resources. Here are some guidelines that will permit you to determine if you can (or want to) become a Sales Organization:

1. Be prepared to support a new producer on a decreasing cost basis for one year. During that period of time a new producer should be at least successful enough to cover his/her total compensation. Your soft costs (service, marketing, and your time) will be your investment in the producer's future.
2. Don't even place an ad in the newspaper without a detailed, written job description defining all of the functions that you expect a producer to accomplish for you. Read it over and strike out any function that does not relate to direct sales. The less administrative functions given to a producer, the better his chance of success. Those functions that are not directly related to sales are both reasons and excuses for not being out on the street with prospects.
3. Use the job description to write out a series of questions that will tell you if the candidate's experience and personality fits your culture and the functions that you expect. If a question seems to call for a "yes" or "no" answer, change it to an open-ended question that requires the candidate to talk about himself or herself.
4. Budget both the time and the money to provide constant sales training to the producer.
5. Don't be cheap when considering salespeople. Instead of thinking that you got a bargain if a producer is willing to come to you for $20,000 draw, ask, instead, if you would be satisfied if that producer just validated that $20,000? -- Or would you be hiring mediocrity?

If you are not willing to follow these minimal guidelines, you will be disappointed in every producer you hire (and vice versa). Most agencies will not become Sales Organizations. The agencies who do succeed in sales are led by motivated salespeople and by visionaries who see the potential return on their investment. They see producers, training, and management as investments, not costs. Like the stock market, wise investors can win and they sometimes lose. However, the person who sits on the sidelines because he doesn't want to risk the price of admission to the market can not possibly see a gain on his money from investment. Similarly, there will be many agents who find that the investment is not worth the risk that they perceive in the sales organization. They would be best served continuing their organizations as they are currently configured.

But I Can't Afford to Advertise Back

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Why on earth would an agency pay a consultant to tell them that if they want to sell insurance, they must contact many people who they do not currently insure???

But that is exactly what is happening in the industry today to those agencies who are not growing and, consequently, find their profit margins declining and disappearing and the compensation of the owners begin to be affected.

Agencies throughout the U.S. call us because they are no longer making enough money to assure the long-term comfort and security of their owners. Many know Agency Consulting Group, Inc.'s Mission Statement:

THE MISSION OF AGENCY CONSULTING GROUP, INC. IS TO ASSIST INDEPENDENT INSURANCE AGENCIES TO PROFESSIONALIZE THEIR ORGANIZATIONS, TO GROW, AND TO ENHANCE PROFIT.

The common request is to "jump-start" the agency and to make them grow and become profitable again.

In our analysis of agency operations, we commonly review financials, not to determine if there are any improper financial transactions, but to determine whether or not they are funding growth. In many cases we find agencies perfectly aligned for a slow decline. When times get tight, they "cut" expenses. But, instead of cutting the perks that many agents take to help sponsor their lifestyles, they cut marketing, advertising and production-oriented activities. Presumably, they are cut because the agent doesn't see the results that sponsor those expenses. Unfortunately, cutting the source of potential new business slows the decline of the business in the short term and accelerates it in the long term.

Cutting off marketing and advertising makes as much sense as trying to save money by simply not paying any more bills or by trying to lose weight by ceasing to eat.

Obviously, the first example will bring you to court and the second example will kill you!

We certainly do not recommend continuing to pay for advertising and promotions that don't work. Most agents simply do not know whether or not their advertising is paying off. They advertise in the Yellow Pages in self-defense (everyone else does it). But if they have sent out calendars, magnets, pens or other promotional material, they do nothing to measure results in either new client growth or in existing client retention. As a result, it is easy to cut those budget items in tough times. Unfortunately, if those marketing methods worked, the agents have cut their own wrists by eliminating them. And, if the marketing efforts did not work, they should have replaced them with better or different tools to keep the prospects aware of the agency's identity and to keep new prospects inquiring about the agency's products.

Enclosed in this newsletter is an example of one of the best attention-getting marketing pieces that we have seen in recent years. It qualifies as a good marketing piece for a number of reasons:

1. If sent to personal lines customers/prospects, it is a refrigerator magnet that never goes away,

2. It can be a constant reminder that you are, in fact, their agent (whether you have been in the past or not) - they will call you if they have a problem because your name and number is most apparent to them.
3. If sent to commercial clients/prospects, it is still a magnet in a world of metal file cabinets - again a constant reminder of who to call for insurance needs.
4. It qualifies as a self- mailer,
5. It is a post card (lower rates) that does not add the cost of a separate envelope,
6. Your printer (or the card's manufacturer) will address, handle and mail them for you (at bulk rates) and just charge you the cost of handling and postage, saving you many hours of time and effort.

This piece, like all others available, can be an excellent tool for building image, contacts and, eventually, sales. But it simply doesn't work if your staff does not ask the simple question, "How did you find our name?" when a prospect calls you. It also does not work as a single shot mailing (unless it is to your own clients). A marketing program can only work if it builds familiarity between you and your prospects. To do so you must have depth (a number of contacts) and breadth (length of time) to every marketing program. Please see "CREATING AND IMPLEMENTING MARKETING PLANS" in the September, 1997 issue of the PIPELINE (call us 800-779-2430 if you need a copy).

By the time you receive this newsletter, Agency Consulting Group, Inc. will have announced it's MARKETING AND PROMOTIONS PROGRAM for 1999 that provides you the BEST prices for any type of advertising or promotional item regardless of quantity desired. We have made arrangements with Spectrum Marketing Communications 800-962-6687 to provide high quantity discounts to Agency Consulting Group, Inc. clients for everything from magnets and calendars to pens and I.D. Card holders. This is just another way that Agency Consulting Group, Inc. clients can benefit from volume buying through our consulting relationship. Call Spectrum, ask for Robert Schwartz and simply ask him to quote those items that you already order (or would like to order). Robert will also be happy to send you brochures of any type of promotional or marketing items you may want. (Hint: Deep discounts are available for Year 2000 calendars ordered early in 1999 with only a small deposit required before the Fall of 1999).

Catch-22 Back

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"I know this has to get done. It's critical to the future of the agency. But I don't have the time!"

What comes first, the chicken or the elephant? We ask this question because we have found that the sequence of events that lead to this dilemma are not similar (like the chicken and egg scenario). Instead, they are as different as the chicken and the elephant.

Most readers of this publication consider themselves small businessmen. As such, their two most critical assets are their staff and their own time. How each of these resources are used, more than any other determinant, establish their levels of success in business. The misuse of these resources cause a Catch-22 type situation in which we can not get results because we don't have the time, we can not gain more time because our personnel are not adequate, and we can't upgrade our personnel because our results don't permit it.

OWNER'S TIME MANAGEMENT

We are considered rather competent time managers. Yet, we often find ourselves performing activities that should be done by someone else (if they should be done at all). How much more prevalent is this misuse of time among agency owners who don't spend a great deal of time teaching and implementing efficiency efforts?

Each one of us has the same 24 hours that are granted to everyone. How we use that time determines our individual productivity. Many tasks are done repetitively, without much thought that would be more efficiently done by someone else? How many of those tasks are done because we want to stay busy and these tasks aren't as challenging as others that require our time? Whenever we hear anyone say, "I simply don't have the time", it means, "I (consciously or subconsciously) prefer to do the many things that occupy my day instead of the projected task that, while important, may not be as interesting, or may be more challenging than I would like."

As long as we understand that time use is a matter of priorities and personal choice, we lose the excuse of "lack" of time. The other excuse that we often hear is that the owner must use his/her time because their employees aren't capable of taking over the tasks from the owners. This deserves further consideration because, if true, the agency has the wrong employees. More likely, this remark is an excuse for lack of management delegation.

PERSONNEL

In many insurance agencies we continue to struggle with the TRUST factor. How far can we trust our employees? Can we share our results with them? Will they care? Will they leave and tell the competition of our strengths and weaknesses? Should we include them in our planning efforts? Should we train them? Are they capable? If we train them, will they just leave for more money?

Here are a few observations learned from visiting over one thousand agencies so far during our consultancy. These observations appear to be constant regardless of size of agency, type, location, number of employees or other circumstances of agency operations or ownership.

The more participative the management, the more caring the employees. But participative management must come gradually. A sudden "conversion" to participative management (as the result of an article or seminar) will just be another 'flash in the pan' idea and can cause more damage than help the agency.

What is participative management? It starts with a general feeling of trust and respect by the owners and managers to the employees of the agency. That trust and respect is reflected by delegating authority along with the responsibilities of the job. It is also reflected by the sharing of information, results and plans with the agency staff. Yes, the agency is owned by one or a few individuals. But all of the employees count on this business to sponsor their careers, don't they? If the agency fails, the owners will be looking for jobs, as will the other employees. Don't you think that the agency results are important to the employees as well as to the owners? While that trust is not earned solely by virtue of employment, its beginnings are.

If you "trust" an employee enough to entrust your customers or administration to the employee, begin the information sharing immediately (until and unless the employee gives you cause to question that level of trust). If the employee does not respond positively to the trust that you offer, you may have the wrong employee. Don't wait months or years to figure out what to do! Tell the employee of your concern, offer the employee another chance to perform to your expectations and make sure that the problem is not that you haven't provided enough guidance or training. If the results of the second chance period don't conform with your expectations, replace the employee. One cancerous danger to insurance agencies is the reluctance of owners to terminate employees who are not motivated or capable enough to perform the job tasks. Those employees will do much more damage to the agency while still employed than the owner could ever imagine.

However, most employees are both capable and trustworthy. The reason that they don't take more responsibility is ignorance and lack of authority and trust. An employee will only try to help you once if that help is declined or unappreciated. They do not want to appear "pushy" and they do need the job. So if that offer is not appreciated or desired, they will perform to their reflection of your expectations of them. In other words, they will live up to your image of them as employees. If you expect your employees to blindly follow orders and be clerks, that's what they will become. They may be comfortable in that position (even though it's far below their capabilities) or they may be frustrated. If they are frustrated, they will eventually leave you (without ever telling you the real reason).

The most successful agencies include most (if not all) employees in the formulation and implementation of the agency's Strategic Plan. If the goals of the agency are explained and make sense to the employees, they will be more motivated to help achieve them. If they share in the creation of objectives and action plans, they assume ownership and responsibility for their implementation. They can't accuse management of forcing an objective upon them. And they will be more likely to 'reality test' those goals to assure that they can be achieved.

Well, then, WHAT COMES FIRST, THE REVENUE GROWTH OR THE PEOPLE TO SPONSOR THAT GROWTH? This question is, in reality, the real 'Chicken and Elephant Question' stated early in this article.

For most of us, the growth potential of the agency is limited by our ability to "create" time to sponsor revenue generating activities. We don't have the time because we are busy with so many other "things". The reason we are so busy is that our staff can't (or won't) help us with our responsibilities. And we can't add staff because we don't have the additional revenue to support them.

Once you understand that you ARE in control of your time and priorities, you will off-load those tasks that can be done by others. Many agents will have to change their attitudes toward their employees to permit this change. But most employees would welcome more active participation in the activities of the agency (otherwise their work is deathly boring). Many employees will "find" time for tasks that will provide greater exposure and responsibility. If, on the other hand, employees can not take over tasks -- if they are stretched to their tolerance by the job, then you must decide whether an additional employee would release sufficient time to generate substantially more revenue than the cost of the employee. If so, you should expend the money, add the employee and shift responsibilities in order to accomplish that money-making effort. The only caution is to manage your time to accomplish the new effort and keep track of the results to assure you that you haven't spent money getting an employee to simply make your life easier. You must create the revenue for which you shifted your tasks and hired the new employee. If the revenue doesn't come true, you must re-think the need for the employee.

So the direct response to the question, "What comes first, the chicken or the elephant?" is that if you want to be treated like an elephant as a businessman, don't be mistaken for a chicken. Once you've determined what needs to be done to generate growth and revenue for your business, take the steps to release any time you need to accomplish those goals. Either delegate your other, less productive, tasks to existing employees or consider hiring additional employees to relieve you to manage the new, revenue generating activities.

Changing Minds   Back

What do you do AFTER?
AFTER you have automated to increase efficiency-
AFTER you have eliminated functions and personnel-
AFTER you have cut your expenses to the bone-

And you are still losing ground or earning less money yourself to keep the business afloat?

In order to survive, AFTER you have controlled costs and learned how to operate as a "lean" business, you must INCREASE SALES. In order to increase sales, most insurance agents have to retrain themselves to move from a primarily service mind-set to a sales mind-set.

Insurance agencies have lived with a service mind-set for many generations. The industry is changing forever and we're in the middle of that change. As with all other industry changes, the participants never see the change as clearly as their successors. Those living through the change simply feel uncomfortable, insecure and frightened over things happening to their businesses that seem to be out of their control.

Within a few decades books will be written describing the 1980's and 1990's as the transitional period of the insurance agency industry from the small, entrepreneurial local brokerages that have existed for two hundred years to -- Who Knows?

But is the future completely unknown? Can insurance agents do nothing? Must they simply watch their businesses slip away? The answer lies in the fact that the insurance business does not exist in a vacuum. We are not the first, nor are we the last of the entrepreneurial industries to face similar challenges. The medical profession has been going through a similar transition and I predict that lawyers and accountants will face similar challenges shortly.

But if we stop looking behind us at the way things used to be and begin looking ahead of us, many agents will be able to survive and thrive. The business will be different in the future -- that's a certainty. The difference will be that surviving agencies will replace their service mind-sets with sales mind-sets.

No, I didn't propose that we stop providing high service levels to our customers. I do suggest that the primary responsibility of insurance agents in the future will be in the sales arena. Regardless of who, how, when and where the customers are serviced, if insurance agencies are no longer paid to provide similar services as in the past, they must change --or close. I know it sounds ludicrous to successful businesses, but over the past ten years we have seen many agents simply "fold their cards", preferring to retire than to change their methods of operation. Not all of these agents were poor business people and many were operating profitable businesses. Their common problem was that they enjoyed the way insurance agencies have operated in the past and they were not willing to change to meet the needs of the future.

Fulfilling customers needs from a sales standpoint still requires agents to be technically qualified. The more you know about the products that you sell, the better. However, we must now hone our skills as salespeople, as well.

The best salespeople in the world do not coerce, intimidate, or trick customers into buying from them. And they do not concentrate on price as the primary benefit of their products. The best salespeople in the world are trained to ask the right questions, listen to the customer's priorities and objectives and fulfill them.

The skills that must be developed for both new and experienced agents are the sales related skills that have been overlooked in our formal integration of producers in the agency industry. Yes, we still need CIC and CPCU designations and on-going technical training in insurance products. But unless we build a cadre of producers skilled in sales techniques as well, the direct writers advances will accelerate and cause the demise of the Independent Agent. The stock companies and mutuals are watching the progress of the direct writers. Most would like to continue to use the skills and talents of independent insurance agents but are not as tied to the concept if it no longer works.

How do we develop those skills? There are three key methods:

1. The Agents Associations must provide sales training to its members. Those associations have a vested interest in the perpetuation of agencies and the creation of new agencies.

2. Stock and Mutual Carriers should offer and sponsor professional sales training to their agents. The better trained the sales force, the more effectively they will sell your products.

3. Agents, themselves, must pursue a training initiative. This training in sales methods and techniques must start with the owners and senior members of the agencies because an owner can not support and manage salespeoples' activities unless he/she is trained similarly.

We urge you to budget money for basic sales training in your agency. The owners and managers need to know how to sell, but so do the producers and service staff. One of your first lessons will be that everyone in your agency who speaks to a prospect or client is involved in the sales process. Their attitudes and responses could either make the customer want to do business with you or want to find reasons to go elsewhere.

Change the mind-set of your agency to a sales mind-set. The result will be higher morale, growth instead of stagnation and a bright, rather than bleak, future.

Creating a Legendary Agency **Back**

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A "Legendary" agency is one who rarely loses customers unless the customer dies, moves or sells his/her business. It also has a regular, measurable, flow of referrals generated both by customers and by the agency requesting them. A "Legendary" agency is easily identified by the positive and proud attitude of both employees and owners. Each commends the other as the source of the agency's strength.

Does this sound like your agency?

Most agents tell me that they rarely lose clients. In their opinion, the revenue slippage that they experience is undoubtedly due to the continuing soft market conditions. However, when I ask them to prove it - they can't! It is much more comforting to blame revenue loss on the market than on the mind-set and attitude of the agency.

The first element of a Legendary Agency is the information trail. These agencies know how well they are performing and where any gaps in service occur. Two important pieces of this information trail is the Retention Report and the Lost Business Report.

Retention Report

The retention formula (below) is performed in four separate areas, Premium, Commission, Customers, and Policies. Retention is the measure of the amount (or number) retained from one year to the next in each of the four key categories, each pair of which is important, in themselves, to an agency. The common Retention Formula is:

(Total Year-to-date less New Business) divided by (Prior Year-to-date Total)

The relationship between Premium and Commission retention can send up "red flags", as can the relationship between Customer and Policy retention. For instance, if Premium Retention is 90% and Commission Retention is 80%, the agency should be alert to the reasons for the variance. Is the agency routinely negotiating away commission to keep accounts at a lower premium level?-or are the commission rates decreasing? If Customer Retention is 95% but policy retention is 85%, are you converting mono-line policies to packages - or are you losing the profitable side of your customer accounts to competition while maintaining lower premium (or profit) policies?

In the creation of a Legendary Agency, the key measure of retention is Customer Retention. How many 1998 customers will you have left at the end of 1999 in Personal Lines and in Commercial Lines? Any percentage above 95% is excellent. Any percentage below 90% should alarm you.

Lost Business Report

The most important piece of information that you need as an owner is WHY a line or customer was lost. The Lost Business Report is a weekly or monthly report from the operating departments to management identifying each line of business (and each customer) lost with a section for "new" losses and a consolidation for Year-To-Date lost business. This detail report should tell you what and who was lost, how much revenue the lost business represented, and WHY they were lost. Be wary of "price" or "no reason" as answers in the Why category.

Legendary Agencies rarely lose customers or lines of business to price competition. They realize that most customers who value the association with their agents will not move for a small percentage change. And, if the percentage change is large either the agency has not done its marketing job properly or the competitor has accessed markets that the incumbent has missed. If price is listed as a reason for the move, your staff should be prepared to identify what the price differential was and why it caused the client to move. Clients who consider their agent a part of their organization would rarely leave for a few dollars. If business is lost for "Price" or "No Reason", the staff has not done the Post Mortem that is common in Legendary Agencies.

The Post Mortem

Beside an information system that keeps the employees and owners aware of retained and lost business, Legendary Agencies are not shy of conducting detailed Post-Mortems on lost business (either prospects or existing clients). The Post-Mortem is gut-wrenching experience in which the agency analyzes what happened in order to learn from the experience of loss and to avoid any similar situation in the future. The Legendary Agency NEVER uses the Post-Mortem to assign blame. Blame never matters after the fact. The key to the Legendary Agency is to learn from one's mistakes and to avoid them in the future. After all, insurance is not brain surgery. While not a simple process, it is repetitive with only limited types of clients and problems repeated every year. If we understand what was done wrong and are vigilant to avoid its recurrence, the agency and the staff will be ever more successful as they learn from their mistakes.

Referrals

Do you want to know how close you are to the "Legendary" category? Measure the number of unsolicited referrals that are provided to you by your own customers. Legendary Agencies maintain a Hall of Fame list of customers who refer others to the agency. It is appropriate to send a "Thank You" gift or note for each referral provided (regardless of whether or not you write the insurance) because those are the truly loyal clients in your agency. Wouldn't it be nice to both know who they are and to treat them accordingly? Every agency gets some internal referrals. Many get many referrals from the same, few loyal customers. These customers are worth their weight in gold. The difference between referrals in most agencies and those in Legendary Agencies is that Legendary Agencies get referrals (either single or multiple) from many more clients than the typical agency. Their Hall of Fame list is immense because many more of their clients "boast" about them to friends.

The other significant difference between the normal agency and Legendary Agencies is the ability of Legendary Agencies to ASK clients for referrals. When we suggest a pro-active referral program in most agencies, the owners refuse indicating that they feel they are pressuring clients by asking for referrals. Legendary Agencies are so proud and aware of the services that they provide their clients that they freely ask for the names of clients' friends in order to provide them similar services.

Legendary Attitudes

I've accused many agents and their staffs of "Stinkin' Thinkin'". Clients are problems and interruptions. They have too much to do to provide competitive quotes to customers and prospects. Carriers are "purposely" undermining the agencies. Agency principals feel that, while the employees may be capable, they do not live up to their potential and must be closely managed. The owners sometimes accept mediocre performance because "all employees are the same".

Compare that to the Legendary Agency, whose attitudes are diametrically opposed to those above. The customer is the reason for being - never an interruption. The agency's primary purpose and value to customers is its ability to provide competitive quotes (as opposed to the direct writers who can only quote one (their own) product). Carriers lose as much as agencies when the flow of business is interrupted. When this occurs, the Legendary Agency knows that there is a people problem in the pipeline (either in the agency or at the company). The agency owner will always work on identifying and fixing the people problems to regain the partnership relationship between agency and company that profits both.

Legendary Agencies' principals work as hard as the employees to build and cement client and carrier relationships. They hire the best employees available and treat them as equals, giving the employees both responsibility and authority levels commensurate with their experience and skills. Understanding that mistakes are made (by owners as well as by employees), the owners will support employees who put forth the maximum efforts on behalf of the clients and openly and frequently praise the performance of the employees. Pride is reflected on the agency and on the employees by the owners and that pride is returned to them by their staffs. The general attitudes in Legendary Agencies is so much different from the normal insurance agency attitude that it has become the first indicator of the Legendary Agency status.

If you are in a Legendary Agency, you know it already. If you aren't and would like to create a Legendary Agency, be prepared to change your own and employees attitudes (or change employees). Attitude precedes reality. If you believe that you are the best and the most customer-oriented agency possible - and if you act that way on every phone call and customer contact every day - you will become the agency that you visualize. Follow the guidelines, above, that identify Legendary Agencies and you will become one, as well. The final indicator of Legendary Agencies is that they follow the Ten Commandments of Customer Service (see below and call us (800-779-2430 for the full article, published January, 1999 or access the article in the Agency Consulting Group, Inc. PIPELINE Archive located at our website, http://www.agencyconsulting.com)

THE TEN COMMANDMENTS OF CUSTOMER SERVICE

1. Do things right - every time
2. Customer problems are our opportunities to provide the highest grade of service possible and to create "Customers For Life"
3. Create Service Legends
4. No one ever complained about being treated too nicely
5. Continuous Improvement is more a function of the questions we ask than the answers we provide
6. The Customer's perception IS reality. If he thinks we blew it, we blew it!
7. Guarantee your service - UNCONDITIONALLY.
8. Work should be fun.
9. Be proud of your agency -- but never satisfied.
10. To your customers - YOU are the agency and the agency IS the company

Creating and Implementing Marketing Plans **Back**

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What is a marketing plan?

A program to get prospects to know you and to educate them regarding your products
A tool to generate sales
A written program detailing the costs, benefits, resources needed and procedures needed to evolve specific sales expectations.
A part of a Strategic and Tactical Plan to sponsor agency growth

What is a marketing plan - NOT!

Yellow page advertising
A newsletter
A direct mail piece
A telemarketing program
Any undocumented, un-budgeted program with hopes instead of realistic expectations

Most insurance agents sell insurance as follows: A customer tells the agent of a friend of his who has an insurance problem. The agent immediately becomes a broker and tries to solve the prospects problem by analyzing his risks and designing an insurance program for him, whether in the agent's standard markets or in the E&S marketplace. The agent calls underwriters and seeks to put together an insurance program for the prospect. For the most part, the agent is asking the underwriters to make exceptions to fit the client's needs.

For two hundred years, brokers have been operating as agents for the customers to place insurance with underwriters. There is nothing wrong with creative risk management. But when the brokers became licensed agents of the companies, instead of brokers for the customers, the producers supposedly took on a different role.

Agents for insurance companies represent the company, not the client. Certainly, the goal is still to fill the client's need for insurance coverage. But the agent is responsible for doing so within the guidelines and products available from the companies represented.

Most agents of direct writing carriers understand this relationship very well. They MUST place all coverage with their carrier or risk disciplinary action. For this reason, they spend much time qualifying the risk and will decline to pursue those categories of risk that fall outside of the company guidelines. Many independent agents are the recipient of referrals from friends in the direct writing arena who can not pursue specific clients.

Independent agents have always crossed the line between being an agent of their various carriers and being a broker concerned primarily with the needs of the clients. It is the "client comes first" attitude that causes independent agents to pursue difficult and non-standard lines and makes them challenge underwriters to find ways to write coverage that is outside of the companies' norms. Independent agents also spend substantial amounts of time working with the E&S marketplace placing business at reduced commissions to satisfy clients' needs.

There is no value judgment intended regarding the agents' placement of customer or of company as its first priority. The attitude seems to change depending on who the agent is addressing. We claim that our first concern is writing insurance for our customers. Those sales are what pays our expenses and, for that reason, the customer is number one. However, if the customers that we insure by asking for favors and overlooking historical or potential problems cause severe loss ratios or strain our relationships with our companies, then we understand that our carriers are our benefactors and the only way we can stay in business. Without our carriers, the customers would soon leave us for other agents. When our efforts on behalf of our clients result in the placement of a substantial amount of the agency's volume in the E&S market, we probably aren't growing well in our standard companies. The loss of a standard company impacts us much more severely than the loss of a client.

How does this tie into marketing plans?

If we design our marketing plans properly, they will not only sponsor growth for the agency, but they will also reflect our sponsorship of growth for our carriers. Many agents can attest to the fact that agency relationships with a company rise in direct relationship to the number of good submissions made consistently by the agency. Developing a marketing plan focused on the strengths of the carrier will enhance relationships as well as generate sales if you follow a few rules.

Marketing planning is divided into two distinct segments, one conceptual and one mechanical. How, to whom, what and why we evolve the marketing plan is the conceptual part of the planning process. The steps of the plan, itself, is the mechanical part of planning. Too many agents have advanced to the mechanical level of planning without properly detailing the conceptual level. They wonder why the well-advertised marketing methods don't seem to work for them? The reason is that they are using the tools to the wrong market, with the wrong products, and for the wrong carriers.

CONCEPT-DRIVEN MARKETING PLANNING

1. What do your carriers do well?
This question does not necessarily correlate to the company's desired markets or lines of business. The stock companies seem to favor being generalists and would like to spread their risks by developing premiums in many types of exposures simultaneously. However, the companies sometimes have poor filings, poor rating structures or underwriters who are not skilled in lines of business that the company guidelines indicate are favorable. As a result, some products on the company "hit list" can not be successfully placed with the carrier. The appropriate question to ask is what lines of business has the company been successful writing? Some companies have advanced sufficiently to identify hit ratios by territory. In other cases, the underwriters, themselves, can tell you in what lines their companies seem to be having the most success.

2. What do you do well as an agency?
As much as we would like to be agents with excellent knowledge in all lines of insurance, it just isn't so. If your carrier is excellent in farm products and you live and work in Manhattan, that strength simply doesn't matter to you. Every agent has developed natural niches. These are areas of competence for the agents and/or staff that makes it more likely that they can write certain lines of business if given the opportunity. Whether the niche is personal lines, ethnically oriented, industry oriented, or product oriented, this is an important ingredient in a successful marketing plan.

3. What are the demographics of your marketplace?
Many people have heard of demographics, but don't really understand the significance of the concept. The demographics of a marketplace is simply its statistical census. Wouldn't it be nice to know how many types of businesses, how many of each and who are their owners within fifteen miles of your office? That information exists and today's technology can put it at your fingertips. This is a demographic study of an specific area. Demographic studies can be acquired from market research firms. However, they are no longer difficult to generate yourself. List brokers, Chambers of Commerce, worker compensation programs and associations can provide substantial information regarding the demographics of your area.

Once you understand the answers to these three questions, you are ready to create the marketing plan in concept to answer the following question: WHAT CAN WE SELL IN WHICH WE HAVE EXPERTISE FOR WHICH WE HAVE BOTH SUFFICIENT PROSPECTS AND CARRIER PRODUCTS THAT ARE PROVEN TO BE SUCCESSFUL?

Please notice how different this concept is from the standard company marketing approach which touts the product that the carrier is most interested in building a book of business. That traditional concept of product-driven marketing disregards the demographics of the area and the skills and talents of the producer. A second marketing approach has been a market-driven plan. This concept identifies the predominance of the marketplace and sells to the market. The assumption made by the agent is that they will be able to use a number of carriers in which to place the business generated. This causes multiple marketing of submissions and no guarantee that any of the agent's carriers will be able to wrest the account away from the incumbent. The concept-driven marketing, described above, synergizes the company's strengths with the agent's strengths and the market availability. It argues that you will have your greatest sales success selling to a market niche that is sufficiently numerous in your marketing territory to be worth the cost of the program, with a product in which you are skilled and knowledgeable, and with a carrier who has been successful accepting this type of account.

Once the concept of the marketing plan has been set, you are prepared to establish an Objective, Methods and Cost of the plan.

MARKET PLAN OBJECTIVE

The target for a marketing plan should not be a 'gut feel' for how successful a plan should be. The objective should be rooted in the demographics and value of the marketing plan. The demographics will tell you the size of your prospect universe. The value potential of the plan depends on the average premiums and commissions of the product that you will sell with the carrier in which you will place the customers written. If the company already has a "hit rate" for that product (i.e. a 70% success rate for HVAC contractors), then you may assume that it will have a similar success rate for the HVAC contractors that you bring to it's door. If their average HVAC contractor is $15,000 of premium, yours will be, too (if you share the same demographic area). While the company is interested in premium, the agent can easily determine the commission value of the average sale. Now the question arises, "How many prospects can you bring to the submission state with the carrier?" This requires you to integrate the marketing methods with the objective.

MARKETING METHODS

The methods used in your marketing plan depends on the number of prospects, the average value of the sale, the projected hit rate, a projected proposal rate and the amount of time the agency is willing to expend to pursue this market.

Obviously, you would not create a five color brochure and multi-media proposal for a prospect base of 10 with a potential value (commission) of $500 for each sale. Nor would you commit to personal visits of 1000 florists who have a potential sale value of $75 each. Finally, if you are the only producer and already spend 60 hours/week in the other various duties in the agency, a marketing plan requiring fifteen hours/week during nominal business hours is probably doomed to failure. You must seek a balance of these issues BEFORE deciding on the best methods available to you.

We recently encountered an advertisement titled "Lazy Agent's Way to Riches" touting a three inch ad that will bring you $400,000 in new premiums without ever making another cold call. Any agent who chooses to respond to this ad will receive exactly what he deserves for his money - a get-rich-quick scheme -- either an out-right fraud or a glitzy formula grounded in historically tried and true sales principals. After 30 years of seeing both successful and failed sales programs, we can comfortably assure you of the "True North" principal of sales. In order to sell more insurance, you must present yourself and your product and price to a substantial number people who you do not currently insure. Everything beyond this principal is commentary. Your marketing program should be focused on familiarizing the right people with who you are and what you sell. The trick is identifying the right people, using a method proper for the market to familiarize them with you and the product and creating opportunities to present the prospects with a proposal for a sale.

Some of the methods available and commonly used are: direct mail, cold calls, drop-ins, newsletters, media advertising (radio/TV/newspapers/magazines), yellow pages, pro-active referrals (from similar businesses), telemarketing and target marketing, and presentations in group meetings. We have found that the predominance of marketing failures arise from the use of a single marketing method in a program. Conversely, the more creative and multi-dimensional the program, the higher the degree of success encountered. We have found that marketing programs that are established and never monitored and changed tend to perform less successfully than those fine-tuned to enhance the program. Finally, we found that short marketing efforts have less long-term success than multi-year programs. The reasons for the success of long programs are apparent. If the goal of a marketing program is the familiarization of a prospect group with a new agent and new products with a new carrier, the more often they hear and see the message, the more likely they are to be comfortable with it. Repetition breeds familiarity and, far from contempt -- in a marketing sense -- familiarity breeds sales.

Our most successful marketing programs combined company product brochures, agency image brochures, target market specific risk factors, newsletters, and phone calls in a three year, 15 step marketing program. The methods and tools were all pre-determined and timed to provide five contacts each year for three years to every prospect. By the end of the third year, a survey reflected that the prospect base was certainly aware of the agency and the company and product.

COSTING A MARKETING PLAN

More agents budget their vacations than budget their marketing plans. Advertising, direct mail, and sales calls are implemented in desperation to create some sort of sales activity. However, the one thing worse than a failed marketing plan is one that succeeds but costs several times more than it generates in sales. No one can afford to wait three or four years before seeing a profit from sales (many accounts simply don't stay that long). Why is a costly sales effort with minimal results worse than a failed effort? In a failed effort, the agent will stop spending money when he realizes that no sales are being made. In a minimally successful effort, the agent is tempted to continue in the hope that more sales will incur. If the costing was not considered, each sale could actually cost the agency money.

Lay out the entire marketing plan prior to establishing the budget for it. The sky is the limit at this stage of the plan because you will not implement any segments that are outrageously expensive or would throw the program into a loss scenario. Next to each segment of the plan estimate the segment's cost. Many carriers will be happy to support an agency with advertising pieces or money if the program is focused on that carrier's favored products. Don't forget to cost sales call time and rating time within your office. A typical costing scenario for a three year 15 step marketing plan to a 600 prospect base could look like this:

Agency Brochures for four mailings $2,500
Agency/Product-Specific brochures for 3 mailings $2,000
Agency Newsletters 2 mailings $1,200
Phone time - producers - 900 calls $3,900
Sales Calls - producers - 1.5 hrs/ea - 300 $11,719
Prep and Quote time - 1.5 hrs/ea - 150 $2,900
Proposal Time - producers - 1 hr/ea - 150 $5,900
Postage and material costs 5400 pieces $2,800
Total Cost $28,619

At this point you can determine that if the marketing program is carried out according to this plan, you will need to generate $28,619 over the period of the program (3 years) in order to break even. Break-even marketing is perfectly acceptable in the agency business because the majority of the $28,619 generated will repeat for the next several years through renewals, enriching the agency. For simplicity's sake, if we assume a $30,000 break-even point, we can now identify the numbers needed to complete our budget and plan.

We earlier used HVAC contractors with a $15,000 average premium as an example of a target market. This will generate approximately $2,000 of income to the agency. $30,000 requires the sale of 15 HVAC contractors (at average values) during the course of the Plan. If the carrier's products and rates has given it a 70% success rate in this line, you will need to propose 22 prospects to gain your goal. For the sake of conservatism, let's assume proposing to 30. Obviously, every sales call doesn't become an opportunity to propose. If we assume that 25% of the sales calls will result in a decision by the producer not to quote (prospect attitude, risk factors, outside of carrier guidelines, etc.) and another 25% will result in the prospect declining to accept a proposal (lack of chemistry, existing agent relationship, etc), we will need 60 sales calls to eventually generate 30 proposals. Remember, the proposals will be generated during the three year period of the marketing plan, not upon return from the first sales call. And those 60 sales calls will be made repetitively to breed the familiarization that will tilt the playing field in favor of you as the competing agent against the incumbent, who probably sees his client once each year. The 60 sales calls become 300 over the three year period.

60 prospects visited require substantially more prospects contacted. The two levels of pre-visit contact are media material placed before the prospect and phone calls. Media material is the printed word (in various format), sound (radio), and video or presentations to groups. The phone calls are an important ingredient in this mix. And who places those calls is the critical part of the entire process.

The term COLD CALLS must have been designed by a successful marketer who wanted to keep other salespeople from similar success. The term has a very negative connotation due to the rejection factor experienced by salespeople calling prospects to get acquainted. We have been on a search for the "GRAIL" of sales, a method of interesting customers in our products without talking to them! The 'get rich quick' scheme mentioned above (Lazy Agents Way to Riches) is made to generate calls from you (the customer) to the salesperson - so that he doesn't have to call you and get rejected. But the fact remains that many of our prospects are deluged with offers for insurance products. Most of these offers are the impersonal print media that we hope they will read. The telephone call should not try to 'sell' anything. It should simply be a means by which we can become acquainted with the prospect ahead of the personal visit. The repetitive media segments of the marketing plan are meant to familiarize the prospect with the agency name. He is more likely to respond to a solicitation from someone he recognizes than from an unknown source. The purpose of the phone call is to connect the prospect with a human being who desires to establish a relationship with the prospect. Who is best to do this, a telemarketer whose goal is to get an appointment for someone else, or the producer, himself (or herself) who wishes to establish the relationship?

The most effective sales and marketing plans involve the producers who will make the sales call and the sale in the telephone calls introducing the agency to the customer. Those calls are to be made to the prospect base a number of times over the period of the marketing plan. From four to ten times the number of sales calls desired must be contacted as prospects by mail and phone in order to result in the desired sales call total. In our example this would require a suspect base of between 240 and 600 to generate the number of sales required to balance our budget.

$30,000 Commission ($200,000 of premium) =
15 Sales =
30 Proposals=
60 Pre-Proposal Initial Sales Calls = 300 Sales Calls to these 60 prospects during the 3 year period=
240 - 600 Suspects (leads)

If you have a lead base of this size, this level of marketing plan is justified. If not, you must alter the plan to cost no more than the projected sales to be made from the size of lead base that you have.

MEASURING, MONITORING, CHANGING
The final part of marketing planning is also the most difficult. The success of a marketing plan can only be measured in dollars generated at the end of the plan period. But how do you know that the plan process is successful while you are spending the m money needed to sponsor the plan?

Each of the line item above (Suspects, Prospects, frequency of prospect contact, proposals, sales, average value of sale) needs to be monitored carefully during the entire duration of the plan. A marketing plan is fluid, not static. If any of the ingredients don't appear to be working, you must be able to change that ingredient and continue the effort. That means that telephone and sales calls must be scripted and monitored. It is not unusual for a manager or co-producer to act as an assistant during a sales call with the objective of evaluating that call after the fact. Many a producer has gone into a sales slump without knowing what he was doing wrong that caused the sale to fail. An objective evaluation can often help as much as a batting coach can help a professional baseball player.

As agents of the insurance company for whom we are marketing products, it is also incumbent upon the agent to include the carrier in the planning, implementation (support) and monitoring of the marketing program. A report generated regularly through the duration of the marketing plan by the agent will tell the agency owner and the carrier whether we contacted the right number of suspects frequently enough. It will tell us whether our combination of media and telephone contact resulted in a sufficient number of sales calls. If not, it will identify the changes that were made to the program and the resultant changes to the success rates. It will tell us whether (and when in the marketing plan) the sales calls resulted in proposals. And, finally, it will tell us whether the closing rate average size of new account was maintained in accordance with the plan expectations.

There is no easy way to create and conduct a marketing plan. Every plan is different because of the mix of agent, company, product, and marketplace. But it is not magic, either. A successful marketing plan follows a distinct and disciplined pattern. To the degree that you can follow the pattern, the plan will yield results. To the degree that you monitor the program and change it if the results aren't as successful as desired, you will achieve the desired financial results for your agency and for the company.

Cultivating Innovation Within Your Agency

Back

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Problem solving, innovating, cost cutting or just making things easier are all reasons why many insurance agency owners wish they had a Ouija Board at their beck and call. With new sources of problems and concerns exploding in our business arena daily, making the right decision has never been more difficult. Happily, it can be reported that a far superior decision making tool to the mystical Board already exists. No, it's not another $20,000 add on to your management system. The tool I refer to is the collective brain power of the group of individuals employed in your agency. Including yourself, there are at least two, possibly ten, perhaps thirty or even two hundred or more mostly idle right sides of the human brain situated at various locations throughout your office. Individual power plants waiting to be networked together. Ripened crops biding the harvester's hands.

The most prominent obstacles to tapping the creative resources currently lying dormant within your agency are the culture of the agency, its structure of management and its leadership style. An agency that fosters intense inter-departmental competition, does not involve its employees in the decision making processes, utilizes carrot-on-the-stick controls, or is a place where basically the owner is king, will be unable to fully tap into employee creativity. Employees in this agency will be reluctant to open up with the quantity and variety of responses which creative, innovation-seeking teamwork requires. I am not speaking here of a "Suggestion Box" solutions which can exist under all management conditions. Rather we seek true creative interaction among employees. Agency personnel must be confident, knowing that they can make any suggestion and there won't be hell to pay. Hidden agendas, invisible agency boundaries, a scarcity mentality all restrict the free flow of ideas necessary for good creative ideas session.

The ultimate goal is a gathering of innovative ideas. Your quest can be for a solution to a processing or systems problem; it can be a search for a new service which your agency can offer. Marketing strategies are often born as the result of creative group interaction. Dilemmas concerning management can often be uniquely resolved when the task of resolution is openly shared with a "tuned in" group of employees.

Dr. James Higgins, in his 1994 book, 101 Creative Problem-Solving Techniques identified an eight stage creative problem solving process: Step 1, Environmental Analysis, advocates that you constantly monitor both internal and external organizational environments, searching for signs of problems as well as opportunities. This is an information-gathering step. Here, an agency can, as part of an ongoing process, collect information concerning new products, insurance company actions, competitor activities, potential problems festering in the legislature or useful client information. Anything which might lead to problems or opportunities for the agency should be collected.

In Steps 2 and 3, environmental information is analyzed and you recognize a problem or opportunity. Once recognized, the problem is identified. It is here that you insure that your agency's efforts are not merely eliminating symptoms but addressing the real issue. You also establish the objectives you seek to accomplish during the problem-solving process.

Step 4 asks that you make assumptions about future factors. These assumptions are about conditions, costs, etc., which will serve as parameters for the next steps in the process. In step 5, generating alternatives, all known options are catalogued and then, through creative exchange of ideas, new options and alternatives are developed. This is the step which lends itself best to the group creative process.

You choose among alternatives previously generated by the group in Step 6. Step 7 calls for implementation of your plan, including specific goals and reasonable deadlines. Control is Dr. Higgins' final step in the process. Here you evaluate the results determining the extent to which the actions you took have solved the problem.

If you are not of a mind to regularly invoke the complete eight step process, consider a t a minimum, incorporating an environmental analysis at your regular meetings. You can't take advantage of an opportunity unless you know it exists. Regular bench-marking and Best Practices comparisons can be used as standards for agency improvement. Outside consultants can provide an unbiased, objective opinion concerning your agency's present and future course. New trends, products, laws, opportunities, etc. can often be shared by employees attending outside classes and seminars. You must set up the framework for these discussions to occur.

Once an opportunity or problem has been identified and you want to use the creative capacity of a group, there are easily fifty different methods to tap this resource. The previously mentioned book by Dr. Higgins and a book called Thunderbolt Thinking by Grace McGartland both provide easily followed examples to stimulate and encourage creative contributions from your staff. Briefly, the most common technique used is "Brainstorming". Here all your staff's brain power is used to storm the opportunity or problem at hand. The quantity of ideas are more important that striving for quality and anything goes, so let loose with those wild and crazy "what ifs". One key to achieving a successful brainstorming session is that no criticism is allowed. Criticism will stifle further unique contributions and defeat the purpose of brainstorming.

Role-playing can also help solve problems. Have one or two people play dissatisfied clients. Allow them to air their grievances, have others seek to find their causes for their distress. Then combine to resolve. Losing renewals? Have some fun, let someone actually become the renewal policy. Remember too, that once decisions are made, you must appoint a person or persons to follow up and monitor the implementation and progress.

Your people will only be as creative as you will allow them to be. Consider the words of Albert Einstein: "Everything that is really great and inspiring is created by the individual who can labor in freedom".

Customer Satisfaction Surveys **Back**

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Customer Satisfaction Surveys have not yet become popular in the insurance agency business. Too many agency owners fear, rather than look forward to, the results of a survey of their customers. Some agents have tried self-designed surveys but have found that the results are extremely inconclusive because they don not know the right questions to ask. But Customer Satisfaction Surveys and the Focus Groups that can follow them are the only ways of finding out what your customers really want and whether you are providing them the quality of service that you think you are.

Building Service Excellent

The Customer Satisfaction Survey is a superb tool to create service excellence within your organization by reacting directly to customers needs and desire.

For too long we have guessed what the customers need and want. Our success has been determined by how closely our guesses of their needs converge with their true needs and wants. the customer Satisfaction Survey permits you to know what your customers feel is important and allows you to build your team and operation to match those customer desires. The Customer Satisfaction Survey will also tell you where your customers feel you are strong and where you are weak.

Areas Covered by the Survey

The questions designed by the Agency Consulting Group in its Customer Satisfaction Surveys are tailored for your specific type of agency and are designed to illicit customers true feelings about your organization. Some of the categories covered in the survey are:

1) Delivery of services
2) Dependability and accuracy
3) Perception of individualized services
4) Employee knowledge
5) Promptness of service
6) Employee empathy
7) Perception of the agency's physical appearance

How the CSS is conducted

When an agency assigns us the responsibility of performing the Customer Satisfaction Survey a letter (prepared by our office) is sent to your customers on your letter head along with the survey form itself. A postpaid envelope to the Agency Consulting Group is included with the survey. Agency Consulting Group collates, tabulates and analyzes the responses. A report is prepared that clearly indicates where your customers feel you are strong and in what areas you are weak. Agency Consulting Group either presents the report directly to your team in order to create action plans for strengthening areas important to your customers, or simply send you the final product. Agencies participating in Total Quality Management initiatives follow up the Customer Satisfaction Survey with focus groups conducted by Agency Consulting Groups staff on different homogeneous groups of customers. The results of the survey are shared with the customers and they are asked to assist in the improvement plan for the agency. We have found that when the customers are included in the development plan and the employees are responsible for it, the chances of positive changes in an agency rise dramatically. The Customer Satisfaction Survey becomes both a public relations tool and a self analysis tool for the agency.

Who Knows Best What the Customer Wants?

Successful entrepreneurs profit by giving the customers what they want. But who determines what the customer wants? We all know that the customers need high quality and comprehensive insurance products. We believe they desire the lowest price available. But if low price is the key and if most insurance contracts are relatively similar, why don't all customers buy from the lowest priced insurance company - all the time??

The answer is that while price is important other factors determine where a customer buys his insurance. If the lowest price agency is also the most difficult, customers will seek excuses to leave them. If the grade of service in an agency is consistently excellent, customers will stay even if your price is not the lowest (as long as it is competitive). The Customer Satisfaction Survey is a unique tool to determine:

1) What does a customer want from your insurance agency?
2) Are you satisfying your customers wants?
3) What are your customers perceptions of your strengths and weaknesses?

Whether you know that your business needs a great deal of improvement or whether you think that you are the best in the business, the Customer Satisfaction Survey will give you a great deal of worthwhile information. We urge you to consider it as one of the tools that you use in analyzing the future direction of your business.

Cyberspace and Insurance Back

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Insurance agents seem to fall into two polarized camps with respect to the Internet. One camp is spending thousands and tens of thousands of dollars developing web sites to tell their customers and prospects all about their agencies while the other camp is steadfastly ignoring the issue. Agency Consulting Group, Inc. has been privately counseling many agencies with respect to the future and their use of the Internet and would like to use this forum to explore the pros and cons of Cyberspace as a vehicle for agency image development and sales.

First, the tortoises may actually beat the hares in the case of advancing toward Cyberspace -but only the smart tortoises. Those agencies who developed beautiful, slick, professional looking web sites found that these sites cost between five thousand and twenty thousand dollars and have been generally disappointed with the results so far. They can boost their egos by glancing at their own 3-dimensional, moving graphics but they, their competitors and a few of their carriers may be the only ones looking at these sites. The intentions of creating web sites in the last few years has been to establish a presence in the Internet, presumably to attract information-gathering prospects who can learn the facts about your agency 24 hours a day. Unfortunately, prospects don't seem to be buying insurance this way. Those who do access the web sites, do so only after they have become acquainted with the agency, its personnel and its products. They use the web site to confirm the image that was transmitted to them by the agency producers.

On the other hand, the cost of establishing web sites is coming down on an almost monthly basis. So the intelligent tortoises who are watching and waiting when and if they decide to enter the world of the Internet. Now the question is, "We know the Internet is out there, but so is nuclear fission. I'm not sure that either is a subject that is of interest to me as a small businessman."

Let me lay this misconception aside. Whether tortoise or hare, having a presence on the Internet will be as necessary as having telephone lines. But their initial primary use has nothing to do with informing the public about the departments, people and programs of your agency. The primary reason for being on the Internet and maintaining a cyber-presence is for e-mail.

Many agencies are already speaking to their underwriters through e-mail over the Internet. It is faster and more reliable than standard mail, and it is delivered to the target's desktop as opposed to fax mail which is often centralized and delivered to the addressee occasionally during the day. Fax has been so abused that it has pretty much lost its sense of urgency. Some e-mail programs will even bounce a message back to the sender confirming that the e-mail was received and when it was opened by the recipient. This lays a lot of excuses aside, doesn't it?

But do you need a web-site in order to have e-mail? The answer is no! You can sign up with a local or national service and have e-mail for all of your employees at a cost between a few hundred dollars a month for large organizations and free for small organizations. These providers can afford to provide free e-mail service because, when used, advertisements flash across your screen. Those advertisers pay for the service. The only cost the agency must absorb is the cost of an Internet service provider (ISP) and the incidental hardware and software costs associated with the additional telephone lines needed to access the net.

While web-sites are not needed to get the use of the Internet for e-mail purposes, we do feel that some agencies will have an extremely useful future use of web sites. Again, they will not be used to advertise the agency. We feel that the eventual use of the web sites on the Internet will be to permit personal lines and small commercial lines customers to interactively rate standardized products through your agency with no intervention necessary by agency staff until buying decisions had been made. This has already been done in the simplest of insurance rating devices, life insurance. Multiple rating systems have been designed and purchased by agencies to test and offer rates on hundreds of insurance companies. The prospect can actually enter their own information and rate their own policies accordingly. This does not stop the full underwriting effort (signed applications and verification of information) when a buying decision has been made, but it cuts out those nagging shoppers who call your agency to get a quote simply to compare it against their existing policy. Right now we do all of the effort for very little return. Imagine if the effort were expended by the customer (in the evening or night-time hours when he has time) and all of the agency's efforts are expended on real buyers only.

Will this educate customers? No. Will it insure them that they have the right coverage? No. Will it explain the differences between the different carriers products? No. But it WILL perform the function that the customer wants - a general comparison quote against coverage he already has or that he thinks that he needs. This form of commodity driven insurance is generational in nature.

The younger generations will find it more comfortable to do business this way than older generations. These types of transactions must be commodity driven. They will work for auto, homeowners and BOP policies. They will not work for complex risks and the customer will be referred to a phone number to contact the agency at a more convenient time. Larger agencies, like larger companies in other industries, will have a 24 hour chat availability to permit prospects and customers to speak to someone on line and address their concerns and questions at any time.

What are we doing with Cyberspace and web sites for on-line quoting systems and commodity sales of insurance? We are addressing the way consumers are driving the insurance market rather than trying to force them into the 200 year old mold that we have been use to in the agency business. If we use the Internet and Cyberspace to change the way agencies operate, we stand an excellent chance of competing with both traditional companies and with direct writers who are attracting the simpler business away from the independent agency ranks.

How are agencies attacking this issue before the advent of on-line multiple-company, multiple-tier quoting systems? They are offering on-line applications for various lines of business with the guarantee of a full range of quotes e-mailed back to the customer within 24 hours. While this still takes personnel time within the agency, it opens a new realm of pseudo-Cyberspace customers who would otherwise never be available to the independent agent.

Defeating Inertia **Back**

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THE GREATEST FORCE AGAINST PROGRESS AND CHANGE

Here's the normal routine -
An agency owner recognizes the "handwriting on the wall", feels uncomfortable with the lack of progress in the agency, or sees revenues and/or profits decreasing year by year. The owner intellectually understands the need for creative change in order to "jump-start" the business and get it back on a growth and profit track. He finally commits to change by contacting Agency Consulting Group, Inc. or another recognized "Change Agent" and also commits the funding necessary to identify and implement the changes necessary to progress his agency.

The consultant analyzes the situation and presents a series of recommendations, the results of which will change the agency into an efficient, professional, aggressive, sales-oriented insurance business. Three months later, the agent finds that his organization, who started the recommended changes so promptly, has slipped back into the old routine. There are always reasons - a difficult renewal period, absences, vacations, illness, inability to change systems to coordinate with recommended workflows, and a variety of other crises that are more normal than unusual in the course of agency operations.

The agent has run into the Inertia Wall.

The Inertia Wall is invisible. It is soft and comforting. It is "the way we've always done it". It doesn't stop progressive change. Rather, it simply absorbs it. In many cases, the agency actually believes that it has implemented the changes. However, when the consultant returns to check on the progress, he finds that the recommendations have been altered and turned to coincide with the comfortable processes and procedures that caused the agency to stagnate in the first place. Short-sighted owners may even believe that the changes simply didn't work - until they are forced to re-read the recommendations and realize that the implemented changes have little in common with the defined recommendations.

What causes Inertia to become such a strong force against change?

1. Comfort - The way that you operate is comfortable to you. The only time that you are virtually forced to change is if the current situation is more uncomfortable than the prospect of a new, strange way of doing things. An example is that of a tack stuck in your shoe. If the tack is in your heel and you only hear a click as you walk, it may not bother you enough to do anything about it (even though you know something isn't right). If, on the other hand, the tack penetrates the sole into your foot, the discomfort, itself, will cause you to do something about it. Most agency operations work sufficiently well to avoid E&O claims and, eventually, gets the work processed (whether or not sales and excellent service is a part of the process). You may recognize that something is wrong and a different process could help your business. But it is very easy to slip back into the comfortable routine.

2. Owner's Ego - Once changes are recommended the owner begins doubting whether the pain of the changes (mostly people issues) are worth the benefit. He also begins questioning whether or not the changes are positive. The thought process is, "after all, the way you've managed your business can't be THAT BAD! Maybe we should leave well-enough alone." The owner feels that if it is bad enough to change, it may be a reflection of his management or insurance skills!

3. Employees - Many agents fool themselves into believing that they (the owner) runs the business.

In fact, the long term employees in most agencies operate the business. However, the owner is in the best position to determine if the agency must change in order to continue to thrive. The problem occurs if the need for change is not communicated effectively to the employees or if they disagree with the changes, themselves. Some owners can dictate changes. Others can not. If you are not a dictatorial manager, open communications of the problems and the solutions must be a part of the formula for change. If not, the employees will revert to their own "comfort zones" whether or not you want to implement change. Then the only way to replace Inertia with change is to release the employees who refuse to change in accordance with the best interest of the agency.

What can be done to defeat INERTIA?

1. Use the best advisors you can to analyze the agency for change. Do NOT color their thinking with your personal desires. If you use the right people, they have had much more experience than you in exactly this type of change development.

2. Select from the recommendations judiciously. Do not make a blanket commitment to all recommendations without fully
understanding them and believing that they will help you. Even though the consultant my be an expert, he doesn't make your decisions for you. Only select those recommendations for implementation that you would accommodate even if there was no dramatic reason for the change in the first place. That way, you can remain committed to the changes, even if they do not proceed smoothly (there are always "bumps in the road" to overcome).

3. Make your commitment to change publicly to all employees IN WRITING. The Commitment to Change should state that the future of the agency depends on changing with the changing times. It should specifically state which recommendations will be implemented, the time frame and how it will affect the employees. In some cases we have seen agents telling their employees that the reason for the system, procedural or organizational changes is to avoid the long-term result of a deteriorating agency, layoffs. Finally, the written Commitment to Change should offer to meet (individually only) with any employee who may have a problem with the changes. These discussions should center around the best interest of the agency's future. If an employee simply will not agree to change with the agency, (s)he must be given the opportunity to go to an agency that maintains the old ways.

Inertia is a terrible and powerful force. If change is necessary in your agency to guarantee your survival, be careful that the force of inertia does not overwhelm the dedication to survival, growth and profit that drives you to change your agency's operations.

Designing Your Agency's Brochure **Back**

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Why would you want or need an agency brochure?

A majority of agencies have not yet developed an agency sales brochure. They simply haven't recognized the need for one. Still others have a brochure, but have done so with no expressed purpose in mind. They assume a brochure will add to their agency's image.

A few agencies have developed and used an agency brochure as an integral part of the marketing strategy.

Before you create a brochure you must be clear about its use and purpose.

You want your customers and prospects to remember why they should do business with you instead of with your competitors. That's what a brochure should and CAN DO. It will introduce some prospects to you it will reiterate your uniqueness and benefits to others.

If you agree on the purpose of the brochure you must NOW concentrate on the key issues to include in it. The integral items that you want to include in your brochure are:

1) Service Differentiation
2) Company Differentiation
3) Personnel Differentiation
4) Price Competitiveness

Why is price last? Because he who lives by Price dies by Price!

First, concentrate the prospect on what you can do differently for him than either your competitors or his incumbent agent. If you can't think of anything, call us for help. One sign of a floundering agency is the inability to identify (or develop) points of differentiation that permits them to sell themselves. Remember YOU CAN'T SELL INSURANCE IF YOU DON'T SELL YOURSELF FIRST!!

The second critical point is differentiation, both your agency and your carriers from your competition. This is a snap against direct writers - you have many more benefits than they.

The third point of differentiation is to stress the professionalism (i.e. designations) and experience of your procedures, staff and principals. The image you want to leave is that you are a virtual encyclopedia of insurance knowledge compared to your competition.

Finally, price must be considered. Your best path to selling price competitiveness is to assure maximum value for the customers insurance dollars.

Where do most sales brochures go?
That's right, most brochures find there way into the trash - without ever being opened. The key to the success of a brochure is the cover. The best covers we've seen or designed arouse the reader's curiosity. Don't say "Specializing In Commercial Insurance Of All Forms". Instead say, "We Can Provide

You A Risk Manager On Your Staff At No Cost". The first title states a fact, the second causes the reader to ask "How?". He must open and read the brochure to realize the answer.

A mistake still made in many agency brochures is the concentration on what the agency can do rather than a concentration on the customers needs.

Your size, longevity and history is of great importance - to you. But it is only tangentially important to your customer. His greatest concern is whether you can answer his problems. Concentrate the body of your brochure on stressing benefits that the customer should consider important to him. Cite examples, identify and counter expected objectives. The brochure must act as either a mechanism to gain entry to a prospect or as a supporter of a sales call that you have made. If it performs these functions you can virtually multiply your sales through this marketing tool.

Do You Mean Your Mission Statement? Back

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Many insurance agencies, like many other businesses in the United States, have embraced the process of strategic and tactical planning. If you still feel that writing down your strategic and tactical objectives, benchmarking them and tracking your process through the year is a waste of time, please call us. You either need some further education, or your business is heading for a stone wall.

We have been encouraged by the number of agencies who develop and prominently post their Mission Statement for your customers and employees to see and understand. That is, we are pleased to see Mission Statements until we realize how few of them are understood and followed by employees. Do your employees know your Mission Statement? If your customers were shown your mission Statement, would they agree that it describes your business? If the answer is no to either of these questions something has gone wrong in your strategic planning process.

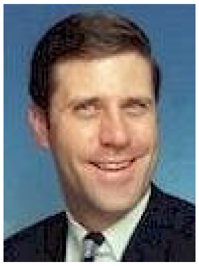
Historically, Mission Statements are created at the front-end of a strategic planning process by the owners and key players of the business. Their thought process determines what they would like their business to look like and how they want it to respond to the needs of the owners, customers and the employees a few years down the road. Putting these thoughts on paper is a worthwhile exercise because it solidifies and melds the thoughts of many individuals into a cogent statement in which all of them can believe and towards which they all can stride. However, the work done in every agency is accomplished more by the employees than by the owners. The view from the top of your personal Mt. Olympus is often shrouded by the clouds beneath you. Your expectation of the performance and direction of your agency may often not coincide with the views of the people who actually do the work everyday or with the expectations of your customers.

Since the strategies that change you business and the annual objectives that define your business' success are driven from the desire to achieve the endpoint of the Mission Statement, the failure of your employees to comprehend, agree with or live by the philosophies in your Mission Statement is very important to you. Also of critical importance is whether your customers agree with your Mission Statement.

Once you have developed your Mission Statement (and annually, after that) you must educate your employees regarding its meaning. The Mission Statement should define what your business wants to be in five years. It is updated annually to keep your goals five years in front of you (but strategically achievable). Both you and your employees must agree that the long term strategies and the annual objectives "fits" the Mission Statement. The more they understand of the mission of your business, the better your employees will be able to follow it. The last thing you want to hear is your clients tell you is that the service levels outlined in a Strategic Mission Statement are not followed in daily practice by your employees.

Elsewhere in this newsletter is an article on Customer Satisfaction Surveys. A Customer Satisfaction Survey is an excellent vehicle to test your Mission Statement on your customers. If you want to know a) does the Mission Statement describe your company, and b) do your customer's feel that the Mission Statement is a worthwhile long range goal for your business, ASK THEM! What will you do if your goals for your business are not important to your customers? If you include your customers in the critique a re-creation of your Mission Statement you will have found the key to success - find out what the customer wants and give to him.

Yes, the business is yours. You have the right to move it in whatever direction you want. However, intelligent insurance agents with their eyes on long term success will listen to their customers in the creation of their own Mission Statements and will make certain that their employees understand and adhere.



Contributed by:
Michael D. Walters, CLU

Word count: 1079

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Easily Become a Mega-Producer Using Senior Client Seminars!

Back

When you've conducted as many seminars as I have, every now and then you're bound to get blind-sided and end up with a bloody-nose. But, I've found that if you're paying attention, you'll learn as much, or more, from that bloody-nose experience as you will from your successes.

As such, I've identified an easy and straightforward formula for client seminar success!

#1) You must have a seminar with "financial sex-appeal".

The most common mistake made in hosting client seminars is that the financial professional tries to become an educator or a professor. Please, do not make this mistake!

Seniors are looking for solutions. They are not looking for a degree in finance. Meetings should be no longer than 1 ½ hours long. The purpose of a client seminar is not to "educate". Well, let me rephrase that -- the education is secondary. The real purpose of a client seminar is to obtain appointments. Just be yourself, be honest and be down-to-earth. Stories are powerful! The more relaxed the audience becomes, the greater your success will be.

I recommend you not take any questions (very few anyway) – Steer them toward the appointment instead. If you start answering questions it is like opening a can of worms. Remember, everyone has a different set of circumstances.

Never violate my Golden Rule of Seminars that says… **"The only thing for sale at a client seminar is an appointment with you afterwards".**

I veered off the beaten path there for a moment; so let me bounce this discussion back onto the road. A seminar with "financial sex-appeal?" What in the world does that mean? Let me just cut to the chase. Which seminar would you most likely to respond to?

Free Financial Planning Seminar
(I know it's pitiful, but I actually saw this seminar advertised.)

-- versus --

10-Costly Financial Mistakes Almost All
Retirees Make & Easy Ways to Avoid Them
(This is the exact seminar I support and recommend)

I'm betting that the guy advertising the first seminar has, as my son would say, "a rumbly in his tumbly" (that's a Winnie the Pooh quote meaning he's going home hungry).

As you can plainly see, the second seminar has "financial sex-appeal". By the way, this seminar is protected by copyright, so if don't own the rights, don't use the title.

#2) Never, ever, let anyone else do your seminar speaking for you!

I'll be honest, it's a little embarrassing, but it took me a couple years to figure this one out myself. You see I am a financial services distributor, I operate a broker-dealer and I am the host of a financial radio show that is simulcast on multiple stations.

With all this extra ammunition, I used to travel all over the countryside being the guest-speaker at client seminars for various financial professionals who placed business through my firm. It seemed to make perfect sense… The clients loved to come out and meet the "celebrity" of the radio show – even if they had never heard my radio show! Anyway, filling the room was not an issue. We enjoyed a tremendous draw. But, there was one major problem:

All of the seminar attendees automatically gravitate toward the speaker.

This gravitational pull is an extremely powerful tool. However, if you are not the one up at the podium, you loose this horsepower. In fact, it can even work to your disadvantage. The crowd doesn't want to do business with you; they want to do business with the speaker! You are left with an uphill battle because you did not gain any of the respect during the seminar. Worse yet, you may be perceived as a lowly helper grunt instead of the professional financial advisor that you truly are.

There is no substitute -- you must DO THE SEMINAR YOURSELF!

I've discovered that even a mediocre or borderline bad seminar given by you personally will consistently and substantially out-produce the smoothest, expert seminar given by a guest speaker.

#3) Any Tom, Dick, Harry or Sally can successfully deliver a seminar!

Remember, a successful seminar is all about developing credibility and creating a relationship with the crowd. Be yourself, be laid-back. Honestly, anyone can do this.

I've been told that USA Today once did a study identifying the most common fears we as Americans have – and they found the following:

#1 Fear = Public Speaking
#2 Fear = Death
#3 Fear = Outliving Your Retirement Income

What exactly does this mean? It means they are rooting for you! They want to see you do well! They are obviously open to the idea of doing business with you or they wouldn't have come to your seminar. You don't need to be perfect. You don't want to be perfect – perfect is too impersonal.

#4) The toughest part about holding seminars is filling the room (not giving the presentation)!

This is where most people really screw-up. As with just about everything else in business success, it is all about marketing. People are not going to just miraculously appear at your seminar. You have to herd them, drive them and coax them into your seminar. You need a very exact and precise system to keep everything moving in the right direction.

It takes a lot of know how & a little luck.

1. You need to use the right mailing list.
2. You need to have the right seminar title.
3. You need the right seminar context.
4. You need the right invitation.
5. You need to have everything delivered and timed correctly.
6. You need to promote the bringing of friends and referrals.
7. You need to create value.
8. You need to penetrate the corporate environment for senior aged employees.
9. You need to create news release PR.
10. You need to automate the reservation system and make it as easy and non-intimidating as possible.
11. You need to implement extra credibility tools.
12. You need a back-end solidification process. And on and on and on…

This is the biggest stumbling block for almost every seminar host.

Why? Because, sales people generally are horrendous organizers and administrators. And the only way to fill the room is to marry-up expert marketing along with a consistent and proven system that is meticulously organized, executed and monitored. Even then things beyond your control may still go amiss.

So, contrary to popular demand, the REAL challenge in running successful client seminars is filling the room.

Michael D. Walters, CLU is the President of USA Financial and Chairman of USA Financial Securities. Both firms cater to independent financial professionals. He is also the Financial Radio Host of an hour-long weekly financial talk show simulcast on multiple stations.

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Equilibrium **Back**

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Cats versus dogs. Men against women. Good versus evil. Producers against CSRs. All are natural enemies, but they all have to co-exist. If you are an agency manager you have probably heard customer service reps say:

1) The producers aren't doing what they are suppose to be doing, or
2) We're here to service the clients, not be slaves to the producers.

Producers, on the other hand, feel that:

1) The CSRs are there to serve the producers, and
2) The CSRs should do whatever the producer wants them to do.

What is the proper attitude to have an efficient, team-oriented agency? It's an attitude somewhere between these extremes. But how do you achieve this delicate equilibrium?

In many instances job descriptions can be used to clarify the lines of responsibility. More often than not, job descriptions do not detail each step in writing a new account, renewing an existing account, or the daily servicing of an account.

While management always has the prerogative to decide who is responsible for what steps in the new business or renewal process, listening to employees opinions can help build a consensus as well as making employees feel that they had a say in the decision-making process.

One such way to gather this information is to list all the steps in writing a new account or renewing a piece of business. The steps may or may not be the same for commercial lines as for personal lines and may vary depending upon the agency or the agency's carriers. Once you have written down the steps have each producer and CSR mark each step as:

P - Producer's responsibility
C - CSR's responsibility
E- Either the producer or the CSR can perform this duty
B - Both the producer and the CSR should perform this task
S - Support staff (clerk, typist, receptionist) can handle this task.

Below are sample outlines for new business and renewal business. Adapt them to your use and see what response you get from your producers and CSRs. Once tabulated, the difference of opinions may surprise you. As management, you make the final decision. Make sure you communicate it to all the employees and consider incorporating these steps into your agency's job descriptions.

NEW ACCOUNTS

_____ 1. Make contact with prospect in person or by telephone.
_____ 2. Solicit data necessary to underwrite the account.
_____ 3. Fully complete applications for all lines requested.
_____ 4. Gather loss runs, financial statements, property diagrams, advertising material, and/or any

other "helpful data" (pictures), rate if applicable.

______ 5. Prepare underwriting submission brief.
______ 6. Determine viability of markets; select markets to send account to.
______ 7. Make copies of applications & data.
______ 8. Mail applications and pertinent data to selected markets.
______ 9. Follow-up call to underwriter within 7 days.
______10. Determine from underwriter if account should be rated in office and forwarded, if yes, do so.
______11. Respond to underwriter's requests for additional data.
______12. Obtain premiums from each market (ideally one week prior to proposal date).
______13. Do comparative quote study.
______14. Determine client's financing needs, either set up carrier payment schedule or outside finance agreement.
______15. Complete finance agreement.
______16. Develop proposal.
______17. Type and assemble proposal.
______18. Present proposal to client.
______19. Client gives order - bind coverage with carrier.
______20. Set up new customer file.
______21. All underwriting data transferred to new client file.
______22. Binders issued.
______23. Issue binder billing.
______24. Submit finance agreement, if applicable.
______25. Issue necessary certificates.
______26. Send binders and/or certificates to mortgagees and/or additional insureds.
______27. Mail binders and certificates.
______28. When policies are received in agency, check for accuracy.
______29. Confirm binder billing as needed.
______30. Assemble policies for delivery along with any additional billing documents.
______31. Deliver policies to customer.
32. Handle daily needs of customers:

______ Issuing certificates
______ Confirming coverages
______ Claims
______ Billing inquiries
______ Policy changes (endorsements)
______ Adding policies
______ Canceling policies
______ New lines of coverage on existing accounts
______ Presenting & following-up on loss control recommendations
______ Responding to underwriter requests

RENEWALS

______ 1. Review expiration list.
______ 2. Determine if contact is to be made in person, by telephone, or letter.
______ 3. Make contact with client.
______ 4. Determine any changes necessary for renewal; i.e. new location, new exposure basis, deletion or addition of coverages.
______ 5. Determine if renewing with current carrier or if account should be re-marketed.
______ 6. If account is to be re-marketed, begin with step #3 as outlined in "New Accounts". If not, continue with next step.
______ 7. If account is renewing with current carrier, submit renewal data to underwriter for policy issuance.
______ 8. Determine if formal proposal is necessary, if so, prepare proposal.
______ 9. Determine financing needs.

______10. If applicable, prepare a finance contract.
______11. Present proposal and/or financing to client.
______12. Client gives renewal order - begin with step #19 as outlined in new accounts listing.

Excellent Service is More than a State of Mind   Back

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When asked, "What is your greatest strength?", 90% of insurance agents will claim "Excellent Service" as the answer. Yet if all of the agents who claim excellent service actually provided excellent service, there would be many fewer losses of accounts with reasons like, 'went elsewhere', 'lost to price', and, the old stand-by, 'non-pay - no reason'.

Do 90% of the agents you know provide service you would term excellent? Why do they think or believe that they do?

1. They are fooling themselves. Ego forces them to believe that the service that their agencies provide is, by definition, excellent. They have never been exposed to excellent service so they don't recognize the difference between excellence and their current practices. They see the occasional spark of service in their staff and equate that instance to the norm.

2. They are fooling others. These agents know that their agencies service levels fail to meet neither their nor their customers' expectations. But they don't know how to change it or they don't feel that the human or financial cost of the change justifies the results.

3. They are cynics. They have a low expectation of their customers and their employees, so they feel that the service provided is "adequate"! And, for the most part, it is exactly that - adequate. But since 'adequate' doesn't sell, they term the service levels 'excellent' assuming that no one will be able to tell the difference. The owners hide behind excuses like the following to avoid confronting their inability to provide excellent service.

A. "My employees can't/won't do better."
B. "My customers don't care about service, no matter what they say. They just want the lowest price."
C. "The more service we provide, the more the customer will expect."
D. "We can't provide better service when most of the mistakes come from the companies."

These are some of the common excuses we hear. But how accurate are they?

A. We've never met an employee who didn't wan to be the best and take pride in their performance (yes, I mean your employees, too!). The conduit for the initiative and pride is the feeling of being appreciated. Fair compensation is, of course, important, but many employees hide their true feelings behind the demand for more money. It's like a child crying when no one is paying attention. It sounds like they have been hurt, but the cry is for attention. The true hurt is unjustified criticism and lack of appreciation and praise.

We have been in many agencies in which the owners beam with pride over their wonderful employees. They frequently praise them publicly to anyone who will listen and privately to the employees, themselves. No, they are not afraid that praise will cause the employee to ask for more money. They are honest in their praise (it's easy to tell the difference between true praise and patronization) and don't confuse the employees with mixed messages of appreciation on some occasions and deprecation on others. Of course, the employees make mistakes (as do the owners), but the owners know that the employees try their best every day. Criticism is always private while praise is public. When criticism is justified, it usually takes the form of disappointment that the employee didn't live up to his potential.

The employees were not necessarily paid more than the same employees in other agencies (who feel unappreciated and underpaid). But the satisfaction level is much higher (in both directions) and the turnover rate is miniscule. The performance of your employees depends on long term and consistent appreciation and praise. This is a paradigm shift in the owners, not a change originating in employees. IT IS A STATE OF MIND.

B. If price really was the customers only priority they would all
* buy the lowest priced car that gave 'adequate' performance,
* buy generic foods (primarily the same as the name brands but packaged differently)
* shift billions of dollars of premium to the lowest rated insurance companies every year through automated systems (like term life comparison raters).

Yet higher priced cars have consistent flows of buyers, the brand names continue to outsell generics and even companies with rates in the upper 50% retain customers and get new ones each year. The facts don't substantiate the common impression.

BUYING DECISIONS ARE A STATE OF MIND.

C. This statement is true. Once you start surprising the customers with excellent service, they will raise the bar and expect more. Eventually, what was excellent will become adequate, forcing you to further enhance your service. But isn't continuous improvement one of the habits you would like to build into your organization? And where will that put customers' and prospects' perceptions of your brand compared to the 'generics' represented by your competitors?

D. Until and unless the carriers pursue quality excellence in their operations, a part of your job will continue to be checking and correcting them. This should be generally transparent to the customer and is described as a part of the reason they have an agent as opposed to dealing directly with a company who has a history of inaccuracy.

We don't assume that all agents who feel that their organizations provide great service are delusional. But the feeling that your agency provides great service is just that - a feeling - unless you have a gauge against which to measure yourself. We commonly us a bathroom scale to measure our progress (or relapse) in the 'battle of the bulge'. Where is our scale to measure our grade of service?

Some agents have started measuring complaints. While this is the negative side of customer satisfaction, they feel that the fewer complaints, the better the service. This is simply not true. The lack of complaints could simply mean that the customers have accepted the agency's mediocrity as the norm. If they find a reason to leave, they will. Otherwise, they will stay. Mediocre is defined as average. Just as no one would like to be identified as mediocre, I trust you would not like to be termed as an 'average' agency.

Instead of living with mediocrity, take your search for excellence to your customers. After all, they are the ones who determine how good you are, not you! That sounds like a strange statement. But, in fact, its not how good you are that counts, its how good you are perceived to be by your customers that makes or breaks your reputation. So it makes perfect sense to let your customers set the standards by which you should measure yourself.

ASK THE CUSTOMER!!! - Ask them very specific questions about very specific service issues. Use their answers to help you set the standards that you must BEAT in order to qualify for the "Excellent" title that you would like to use for your agency. For instance, don't ask them generic questions like, "How can we serve you better?" They have no idea. But if you ask them how long it should take to call back with an answer to a question and give them the following choices; one hour, four hours, one day, three days, or five days, you will get a good idea of what is expected to provide the customers' version of good service.

Personal surveys are a better tool than mail surveys. A personal survey involves calling the client and asking for five minutes of time to help their insurance agent, XYZ Agency, enhance their service to their customers. Telephone surveys are better than surveys conducted in person because, while you can still obtain clarification of either questions or answers, the impersonal telephone call is less threatening than asking the same questions in person. Quality oriented personal surveys are better done individually than in focus groups because focus groups actually tend to lose, rather than enhance, focus. One or two participants usually end up monopolizing the conversation and influencing others to express the same feelings. Unless facilitated very carefully, a focus group could end up a complaint session. Both personal surveys and mail surveys are better done by an objective third party than by the agency and must be done with guaranteed anonymity. The third party proves that the agency is serious enough about their opinion to pay someone to collect it and that the customer need not fear identification or embarrassment by criticizing an individual with whom they have a working relationship.

If you survey your clients to identify your current service levels and how it compares to their expectations, publicize the results. If you are identified as an excellent agency, say so, loudly and frequently, so everyone knows that your reputation is well earned. If you have not met your customers expectations yet, publicize the service goals desired by your customers and how you intend to achieve those standards (including time frames). Then follow up with occasional updates to remind yourself, your employees and your clients of what your goals are, why and what progress you have made to date. Nothing changes unless the customers' perception changes.

Excellent service must be proven to yourself and to your customers every day. Don't live with excuses for not being excellent or with being "as good as" the other agents. If you think you provide excellent service but you can't describe how or why, your service levels are probably not up to the standards that you have set. We do urge our clients to market themselves as excellent servicers. But we do so only under the condition that they are, in fact, excellent in the eyes of the customer because its not how you feel about yourself that puts bread on the table, its how your customers view you. That state of mind must be supported by truly excellent service. That's why service excellence is more than a state of mind, it is the reality of identifying your service levels and the customers' definitions of excellent service and melding the two by actually changing what you do.

Word count: 1027

(Includes NEW author profile, plus FREE report & audio tape offer for your readers!)

Contributed by:
Michael D. Walters, CLU

5-Easy Secrets to Achieving Sales Success with an Index Annuity!

Back

I have identified how to immediately win a popularity contest. Now anyone can be a "prospecting magnet".

It's easy, simply share with people…

SECRET #1: "How to participate in market gains, yet avoid all market losses!"

This is a phrase I have used successfully since the very first index annuities entered the scene. I have tested this "live" on-air with thousands of radio listeners who listen to my weekly radio show, "Magic Money".

You see, thanks to my radio show, I have the luxury of "testing" everything and getting immediate feedback. I can easily identify what works and what doesn't – I base the success of a concept on how quickly and intensely I can make the phone ring during a radio show. I can play with the words and find the magic formula. In other words, I can quickly identify the phraseology that works best.

If you sell index annuities, let me stress this nugget of marketing magic. The phrase to use is "How to participate in market gains, yet avoid all market losses!"

Commit this phrase to memory. It is worth its weight in gold!

SECRET #2: Past performance is the best indicator of future performance!

If you have a securities license -- or operate a broker-dealer, as I do -- you have been taught (and forced) to say things like, "past performance is no guarantee of future results". This is obviously true, however, keep in mind that past performance is your best indicator of future performance.

Do you know the past performance of the S&P 500 or Dow Jones Industrial Average?

You should.

I am including a chart for your reference. Study it. Do you notice any trends? I'll address the output once you review the chart.

Historical Index Returns for the
S&P 500 and Dow Jones.

S&P 500				Dow Jones	
Point to Point	**Monthly Avg**	**Daily Avg**	**Year**	**Point to Point**	**Monthly Avg**
19.53%	8.25%	7.98%	1999	25.22%	14.17%
26.67%	12.10%	11.91%	1998	16.10%	8.88%
31.01%	18.24%	17.91%	1997	22.64%	15.34%
20.26%	9.57%	8.86%	1996	26.01%	12.96%
34.11%	19.08%	17.84%	1995	33.45%	18.25%
-1.54%*	**-1.24%***	**-1.29%***	1994	2.14%	1.03%
7.06%	4.07%	3.65%	1993	13.72%	7.16%
4.46%	0.01%	**-0.32%***	1992	4.18%	4.02%
26.31%	15.54%	13.92%	1991	20.32%	12.56%
-6.56%*	**-5.86%***	**-5.31%***	1990	**-4.34%***	**-3.30%***
27.25%	17.50%	16.32%	1989	26.96%	16.93%
12.40%	8.49%	7.61%	1988	11.85%	7.14%
2.03%	18.10%	18.51%	1987	2.26%	19.90%
14.62%	13.08%	11.87%	1986	22.58%	17.36%
26.33%	12.99%	11.71%	1985	27.66%	11.08%
1.40%	**-2.80%***	**-2.71%***	1984	**-3.74%***	**-6.63%***
17.27%	14.31%	14.10%	1983	20.27%	14.46%
14.76%	**-1.86%***	**-2.33%***	1982	19.60%	1.73%
-9.73%*	**-5.83%***	**-5.68%***	1981	**-9.23%***	**-3.25%***
25.77%	10.78%	9.98%	1980	14.93%	6.74%

* Negative years = 0.00% if using the “annual-reset” crediting formula.

SECRET #3: Annual point-to-point wins in 19-out-of-the-last-20-years!

This makes it very obvious that the annual point-to-point format is the hands down winner! If you are not selling an annual reset point-to-point index annuity -- you need to get one right away.

This is the killer secret of all secrets!

Look at the spreads between the normal return on the point-to-point versus the monthly average. In many cases the point-to-point is double that of the monthly average.

Historically speaking, you absolutely must be using the annual reset point-to-point index annuity. Look at the numbers -- Nothing else compares.

History proves it! You need to be selling an Annual Reset Point-to-Point Product!

SECRET #4: A multi-year point-to-point product allows negative numbers to sneak into your client's account!

Think about it.

By definition, you undermine the whole purpose of an index annuity. You absolutely destroy the sales sizzle with a multi-year calculation.

Remember, the point is to "participate in market gains, yet AVOID all market losses!"

Let's compare. Say you're dealing with the 7-year time frame from 1988 - 1994.

Year	S&P 500 Annual Reset Point-to-Point	S&P 500 7-Year Point-to-Point
1988	12.40%	12.40%
1989	27.25%	27.25%
1990	0.00%	-6.56%
1991	26.31%	26.31%
1992	4.46%	4.46%
1993	7.06%	7.06%
1994	0.00%	-1.54%

You see, a multi-year crediting formula allows negative numbers to sneak into your client's account. Notice years 1990 and 1994.

This violates the whole purpose of an index annuity. It defeats your biggest sales point -- "how to participate in market gains, yet avoid all market losses!"

On the other hand, the annual reset formula allows you to lock-in your gains each and every year. The client always knows where they stand and they are automatically protected from incurring any losses via negative years.

SECRET #5: Sell 100% participation -- everything else is like trying to push a string uphill!

HELPFUL HINT: Your client automatically assumes that your product is 100% participation.

If you were to conduct a sales presentation and never bring-up the participation rate, they would simply expect it to be 100%. Every other product they have experienced is always an automatic 100% calculation.

Have you ever heard of a 70% participation mutual fund? Of course not, that would be stupid. Same goes for index annuities.

Do you know of any mutual fund that applies the monthly average rather than the actual accumulation? Not since I last checked.

Given my tongue-in-cheek comparison to mutual funds, don't forget that a mutual fund has absolutely no protection against market losses! This is why you are selling index annuities in the first place!

Michael D. Walters, CLU is the President of USA Financial, a leading financial product distributor and sales system pioneer since 1988. He is the Financial Radio Host of the hour-long weekly financial talk show, "Magic Money" as well as being a financial industry author and *keynote seminar speaker. Mike produces the acclaimed monthly audio tape series, "Uncensored Sales Approaches", as well as numerous financial marketing reports and audio tape libraries.*

As a unique industry service you may call to receive a FREE Report (a $59 value) & Bonus Audio Tape (a$39 value) titled, "WARNING: Industry Insider Reveals 13-Secrets Your Index Annuity Company Hopes You Never Find Out!" To request your free copy call the 24-hour automated response line at (800) 923-4636 ext. 308. Or, you can visit the USA Financial web site at www.usa-financial.com.

Focus on the Future / Focus on the Customer Back

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The two terms shown above are synonymous. You will be successful in the insurance agency business to the degree that your agency can focus on the needs, priorities and perceptions of your clients and prospects, instead of operating according to the agency's perceptions of the clients needs.

I've never met an agent who does not claim to concentrate on the customers' needs. However, most agents have tried to define the customers' needs without input from the customer. This process no longer works. As evidenced by the decreasing customer retention rates in many agencies, customers no longer seem to agree with their agents on the importance of the agents services.

Agents prefer to blame this trend on pricing considerations. But this reason simply does not bear scrutiny. If your customers were all price conscious, why do you keep some while losing others? If all prospects are price conscious why don't you get every account for which your price is low and lose every prospect in which your quote was not low?

The answer to the puzzle lies in the customers (not your) perception of good service. Those customers who are satisfied that you are providing maximum effort to meet their needs tend to stay with you. They know that you may not be the lowest price in the market, but you understand their business, and their needs. The effort and chance that someone else may be able to meet your service at a lower price is often not worth the effort of change for satisfied customers. However, your perception that you are providing good service may not be the same as your customers perceptions -- if you haven't asked them directly.

The two steps necessary to determine customer satisfaction are both risky. First you must properly define your customers because different customers require different activities from you to be satisfied with your service. Then you must ASK the customer a) How he grades your service levels, and b) What you can do to make him happier with your agency. The risk is to your ego. No one wants to be told that his service is not exemplary, especially an agency owner. But that is exactly what you need to know if you are to have the chance to improve both your service and your perception in the eyes of your customers. The simple act of telling the customer that you are interested in his opinion of your service and that you will act on his advice has a strong public relations effect on the customer. It relays the message that you care.

Asking for a critique of your service and committing to changing to better serve the customer is also risky. First, it may be expensive. Good customer service levels are not necessarily the cheapest way of running your business. But, if you commit to positive change within budgetary limitations, your customers will understand. No one expects their supplier to bankrupt himself in the effort to provide high service levels. The second risk to this commitment is that you may not feel comfortable in the process until your customers confirm (vocally or through increased retention) that the changes have worked. Here is a description of the two steps we at Agency Consulting Group use when assisting agents with positive change through customer orientation:

Define Your Customer:

We all have two types of customers, external and internal. External customers include insurance clients at one end of the spectrum and insurance companies at the other end of the spectrum. It is important to both identify and satisfy the needs of both types of external customers and that is one of the complications of the business. The agent as the supplier of service has to balance the needs of both types of external clients (while keeping them satisfied) in order to achieve maximum success.

Internal customers must also be identified and their needs must be met if you are to maintain the equilibrium of your agency. Depending on your role, internal customers could include producers, agency owners and managers, and even co-workers. Meeting their needs involves the Golden Rule of Participation. The Golden Rule of Participation states that the efficiency gains of cooperation between staff members is geometric, not simply mathematical. Twice as much work is done when two people cooperate efficiently. When three people work well together the efficiency factor multiplies by nine.

Define Each Customer Classification's Needs:

There are two steps to this process - 1) List your perceptions of the customer's needs and priorities, and 2) Conduct a Customer Satisfaction Survey to obtain the customer's actual needs and priorities. You can construct and disseminate the survey yourselves or use the services of a firm like Agency Consulting Group to create and administer the tool.

Once you have both your own perceptions and the customers perceptions of their needs, compare the two lists. Wherever the lists are different, use the customers' perception of needs, rather than your own. Perform this activity separately for each class of customers.

Finally, construct a set of Action Plans to change your systems, procedures, service standards and methods of operation to better attune your agency to the desires of your customers. Tell each class of customers about your findings through the surveys, commit to the changes that resulted from their input and follow up after an appropriate period to confirm the changes to the customers.

If this process is completed properly, not only will you experience an upsurge of customer loyalty, but you will find that conducting the Survey and changing your agency to the needs of your customers will become a regular part of your annual planning.

Focusing on Target Markets **Back**

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Target Marketing involves a number of steps, without which all the "buzz words" in the dictionary won't develop a steady flow of new business for your agency. Execute each step, fully and in order and you will find yourself penetrating one target market after another with specialties in each.

Market Selection - The keys to market selection involves three things, the strengths of your carriers, the experience and strengths of your producer force and your marketplace.

1. Carrier Strength - Every carrier has specialties. Unfortunately, most don't know what they are. A specialty is not necessarily programs that the company solicits (although many programs are certainly target markets ala CNA CAM Programs). Too often, a company will solicit a program for which they do not have sufficient rating or underwriting skill to manage profitably. The end result is the embarrassment of soliciting a target group only to find that the rates or guidelines are too severe to compete in the marketplace. The strength of each carrier resides in their underwriting appetite and in the skills and experience of their underwriters. An underwriter with a strong background in construction is much more capable of accepting construction accounts than one with no construction background (as long as the company has an appetite for construction accounts).

Search for the match of company desired lines and local underwriters' skills and experience to identify the target markets for each of your carriers.

2. Producer Force Strengths and Experience - Let's say you find that your primary carrier "Fly-By-Night Casualty Co" wants farm business and has and underwriting force who were born and bred on farms. If none of your producers have ever been on a farm, don't bother pursuing that target market. Each of your producers has unique histories, talents and backgrounds. Your best target market will come from the match between producers who know the market well and a carrier who desires that market combined with an underwriter who understands it fully.

3. The Marketplace - Even if your producers grew up on farms - even if the underwriters have written farms for years - even if the carrier has a special program and a giant appetite for farms - it just doesn't matter if you are located in downtown Chicago.

The final arbiter of target markets is the marketplace in which you reside. A demographic study (a fancy name for knowing the businesses that are based in your marketing area) would serve you well. And you needn't pay an advertising agency large sums of money to create one. Using a variety of off-the-shelf programs on CD (i.e. PhoneDisc) or insurance based programs like Q-Mod and Imarket (formerly D&B Marketplace), you can easily search your geographic territory by SIC codes. This will identify the types of businesses in your marketing area and the number of prospects in each. These are the potential target markets for you as an agency.

Market Planning - Saying you have a Target Market is a far cry from properly penetrating it through a direct and prolonged effort. Writing a letter and enclosing a brochure identifying your agency is not much of a marketing program. Yet this is the exact effort that many agents expend, expecting the producer to make the sale now that the agency has "laid the groundwork".

The best way to illustrate the problem is to turn the tables. Let's say a new office supply house wants your business. They identify you as a steady buyer of office supplies due to your SIC category. Their office supplies are generally the same as every other office supplier (some prices a little higher, others a little lower). They tout great service (just like everyone else). So they send you a letter, slick brochure and a catalogue with the promise that a salesperson will call. What do you do when the salesman calls? That's exactly what your target market prospects do to your producers - they tell them that they already have insurance and that (unless you can promise price savings) they don't need your services. Does this attitude make them less of a target market? NO, of course not! What it means is that a RELATIONSHIP, the key to any sales opportunity, has not had time to develop between the prospect, the producer and the agency.

4. A Market Plan is a multi-step process whose goal is to write a significant number of target market accounts through a disciplined program of familiarization and relationship building with the prospects within the target market.

Write it before you execute the marketing plan. "READY - FIRE - AIM" is no way to run a business. Yet many agents, with all good intentions, begin a marketing plan before they actually "plan" it. If you write your marketing plan you exercise your most innovative talent, you creativity. You must actually determine how many steps you will take to properly educate and motivate your customers to do business with your agency. Remember that familiarity does not breed contempt - it breeds business. Your goal should be to make your producer and your agency more familiar to the prospect than his own agent. This typically isn't very hard since most agents don't see their clients more than once or twice each year. The marketing plans that we have helped to create that have proven most successful involves contacting prospects (by mail, by phone and in person) no less than five times each year. And we do this for three years in a row. We have found that a three year cycle in a target market gives an agency maximum penetration. If you haven't gotten it in three years, you probably won't get it at all. Every step of the Plan is pre-written so we can proceed through the marketing track for each prospect in the data base for that target market. Would you sell only Workers Compensation in your agency? Of course not! Why do so many agents rely on a single target market? What if the company was wrong and was not as competitive as it thought? What if the company reneges on the entire program after a year? What if the target market to which you devote so much time decides to create an association sponsored program - with someone else? Every agency should have at least three target markets in progress at any given time. Some of the agents for whom we provide marketing services are pursuing six to nine targets at any time.

Commit yourself to target marketing but don't forget that your agency (if it is like most) owes its success to being a generalist, writing insurance for many types of business and individuals. Target marketing permits you to focus on specific prospect groups. The most successful insurance agencies use each target market success as the center of influence for a variety of other commercial, personal and financial service accounts. They are not satisfied with the commercial target account alone. They have a PLAN to penetrate every officer's personal lines, the health and life insurance and then jump to the friends and suppliers and customers of the new client to continue their presence in the marketplace as a generalist with specific targets each year. We highly recommend that you pursue every target market success for all corollary lines and referrals within the first year of its presence in your agency.

Follow these steps in a disciplined and diligent manner and you will become both a target market specialist and an general insurance giant in your marketplace.

From "Mom & Pop" to Professional Shop Back

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CRACKING THE INVISIBLE CEILING

It used to be the $1 Million ceiling. That was the level of revenue at which and individual performing agent with a few helpers had to become a business with different people handling different clients and responsibilities. Everyone still worked for the agent, but the agent no longer made every decision in the agency.

However, a running an agency as a business does not result in automatic growth and professional service at high levels. By the time the agency reaches $2 Million, it runs into another " invisible ceiling"

The two million dollar revenue mark around which many agents hover for a number of years is one in which a change in management must occur in order to break into the next level of company growth. Owners who have been "jacks of all trades" and who spend their productive time filling the gaps and assuring that service takes place as needed by the customer must convert themselves into managing partners with an eye on the most productive use of their time (based on their current or desired compensation). For instance, if you would not spend $100,000 for a personal lines customer service representative, it behooves the agency to staff properly to manage customer service at the desired level while permitting the high income owner to use his time in a way that justifies his compensation and skills level.

The key to the movement into the next generation of management is the formation of a belief in management. Management is a productive profession, not a luxury that can be obviated in favor of sales or service. But how do you explain appreciation of fine painting to a blind man? He knows he can live without it and can't understand the fuss about applying some textured paint to a canvas. If he were able to SEE the fine paintings of the world, he would develop an appreciation for the art and would know that it adds a dimension to his life that he never knew existed. That's the gap that most owners of small agencies experience when facing the $2 Million ceiling without the knowledge of what management can do. They know that it has been nearly impossible to break through to the next level of growth, but the only way they know to grow is from their own experience in the business. Since that no longer works, they are at a loss. They prefer the methods that they know and consider new ways "risky". They simply don't realize that they are not re-inventing the wheel. It simply takes a review of all of the similar companies who grow through the $2 Million mark and "double-digit" growth thereafter. They find that these companies hire the right people (in sufficient numbers) to manage the daily workloads and they focus their managers on growth, profitability, productivity, and monitoring and managing many people to accomplish more than the managers could ever hope for by themselves.

Intestinal fortitude builds businesses from scratch. Leverage builds large businesses from small ones. The reason that 93% of all businesses never grow beyond their owner's ability to personally produce is that they refuse to invest in people and learn the arts of delegation and management. They feel that their 20+ years of experience puts them beyond the "learning" stage. And they are right! That 20+ years permitted them to be as productive as they personally could be. However, the special 7% use their historical success as a springboard to a different level of success and understand that they will never cease learning their business. At each subsequent level new challenges and responsibilities will be faced.

If you are facing the $2 Million barrier to further growth, consider taking the following steps:
1. Formulate a Strategic and Tactical Plan and Budget. Nothing happens until it is written down.
2. Relieve your owners and key managers from daily process-driven work. If necessary, hire people to accomplish the administrative tasks at lower compensation levels than the owners.
3. Determine the most productive thing that each owner could do to justify his/her compensation and focus them on those (rather than on the mundane) tasks.. Growth, productivity, or profit to twice the owner's compensation level is THE MINIMUM. Triple justification is more likely to sponsor profitable growth.
4. Delegating functions does not mean delegating control. Maintain control over the day-to-day operations through a reporting system that informs you a) how much comes in, b) how much goes out, and c) how much and how old are the items remaining undone.
5. Knowledge about your business is not just an important thing, IT IS EVERYTHING!! "I'm too busy" is a poor excuse for not knowing how much new business or how many lost policies have occurred. Evolve a Management Information System to tell you about new business, renewal status and lost business.

These steps are the preliminaries for a Professional Agency as compared to the "Mom & Pop Shops" that still dot the landscape. The professional agency knows how to grow and needs to drive his agency in the right direction. The "Mom & Pop Shop" feel that the fates control their destiny and trust in luck to grow. Which would you prefer?

Getting off the Treadmill Back

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The last three agencies we visited had problems so similar that we decided to see just how many agents have the same experience - and the same problems.

The key issue for each agency owner was EXTREME FRUSTRATION. When probed for more information and better focus on the issues, the owners in each agency echoed the same sentiments;

1) They don't know how to get new customers without seeming to degrade themselves to their existing customers and without selling price.
2) They don't know how to deal with customers who only seem to care about the final cost of insurance.
3) Their producers are not motivated and they don't know how to instill that motivation to sell insurance.
4) Their CSRs appear to be processors more than insurance professionals.
5) Their carriers are demanding, but not cooperative. The company reps who see both sides are a) cynical, b) unrealistic in their expectations, and c) not helpful in solving agents' problems.

The end result is the de-motivation of agency principals and the acceleration of agency mergers, acquisitions and other associations (clusters, service centers, Virtual Insurance Agencies, etc.).

None of these problems are insoluble. Agencies around the country have attacked and solved each one of the issues that troubled our clients. The problem is HOW THEY SEE THE PROBLEM!

What we have found is that, for some people, the problem causes them less pain than the solution - so they continue to complain about the problems, but they don't take the actions necessary to solve them. No one can assist agents who are so deeply rooted in the past that they can not flex to the changing conditions in the insurance industry.
---No, carriers are no longer blindly loyal to long-term agents.
---No, your producers with existing books of business may not be as motivated as you were when you had to scurry and sell policies to feed your family.
---No, prospects and clients no longer look to you for insurance advice with as much trust as they look to their physicians for health advice.

But each issue above can and have been addressed - if you have the intestinal fortitude to change your agency to meet the needs of the insurance buying public. Here is how some agents have resolved these issues:

1. I know I can help the prospects we can reach, but they don't understand that. They think that I'm just another insurance salesperson. It actually feels degrading trying to "sell" them on using me as their agent. ANSWER: The prospect or customer probably isn't trying to degrade you. YOU feel degraded. That means that your problem is your own perception of your actions. The answer is to act as you would feel best in the role of an insurance professional. Your sales job is to get the customer to view you the same way that you view yourself. It is always easier to change someone's mind if you already have that winner's image firmly developed in your mind. Imagine being in a baseball game and facing a pitcher that you know is better than you -- knowing that you will probably strike out. What are your chances of being a successful batter in that situation? On the other hand, imagine KNOWING that you "own" this pitcher and that you have hit safely nine out of your last ten outings

against him. Do you think that your chances of hitting safely has risen? What has changed between these scenarios, the pitcher (the prospect or customer) or YOU?

All those hokey "Positive Thinking" and "Visualization" exercises actually work - as long as you have the knowledge, experience and expertise to be as confident as you act.

2. My producers and I keep falling back into the habit of selling price. It seems to be the only way to get through to prospects and, yes, even clients, who seem to only acknowledge price as a buying consideration. What can we do to change that? ANSWER: Those who sell price fall into one of two categories: a) They don't know enough about their and their competitors' products to properly differentiate them by selling benefits and differences, and b) they don't know the professional sales skills that differentiate salespeople from order takers with nice personalities.

If ignorance (or laziness) is the problem, you must drill yourself and your producers with product benefits and differences between your products and those of your competitors. Your carriers can help you to some degree. You can also gather intelligence by reviewing other's policies and compare them against your own products.

If you realize that you and your producers, while expert in insurance coverage, have never been trained as professional salespeople, GO GET THE TRAINING. Knowing insurance products is a far cry from selling them. A professional salesperson may not know as much as you but will establish relationships and trust between themselves and the clients and will close more sales than the technical expert who relies on the facts to sell the product. Your only saving grace is that most insurance salespeople are as ill-prepared to sell as are your producers. The successful agencies in the U.S. have learned this bitter lesson and have spent time and money in continuous improvement training of salespeople. Some have also hired experienced salespeople and trained them into insurance, feeling that the people skills of sales were harder to develop than the fact-oriented technical skills of insurance.

3. My producers only sell enough to keep them at the compensation level that meets their needs. They complain that they are not making more money, but they're not doing anything to improve their earnings capability. It's driving me crazy because, not only do I have to hear their financial complaints, but the agency is not making any more money either. What can I do? ANSWER: Money appears to be a motivator, but, for most producers, it is not. It is only a measurement device once you have enough to support your normal lifestyle. There are the occasional salesperson whose need for material possessions and for the security of a strong financial base makes the acquisition of more income a driving force. These producers just need prospects – the money is a motivator to them.

The problem is the rest of the producers who reach a position of comfort and then "tread water". The best agency response that we have seen includes annual objectives with both rewards (financial, stock ownership, titles, perqs) for achievement and penalties for shortfalls. The rewards always far surpass the penalties, but those penalties are not meager. An example of a penalty that works if implemented even-handedly is a modest reduction in renewal commission. The producer participates in the creation of his/her objectives and faces the potential of loss of income unless (s)he achieves them.

4. My CSRs have turned into drones. They were motivated when they were hired, but now every problem becomes a crisis that I must solve. I don't have time to do their jobs and mine. What can I do? ANSWER: It's always easier to let someone else do your job than to do it yourself - especially when the boss is always second guessing you anyway. That's how you appear to many of your employees. Unless they respond to a problem exactly as you would, they feel that they are subject to your criticism. So, the easiest decision is none at all. They come to you with the problem knowing that if you respond, they are not subject to your criticism over their decision. If you want to reverse this trend, here's how:

Every time someone brings you a problem, ask them how they would attack it - then agree with their solution and tell them that they didn't need your input after all. It won't take long before they realize that you're not going to accept "the monkey" being transferred from them to you. This only works if your employees are knowledgeable and can make good common-sense decisions. If not, retrain or replace them. The other prerequisite for the effectiveness of this response is if you are not a dictator whose only acceptable decision is one that you made personally. You may not consider yourself as a "control freak", but many agents can not accept an answer that is different than theirs, even if both would work well.

5. My carriers DRIVE ME CRAZY!!! They are unrealistic in their expectations and are not helpful to me. They practice asking for business, then refusing my submissions. But I can't live without them. What shall I do? ANSWER: First, understand that many of the carrier edicts you get from your field staff come from their home office and do not consider their input at all. They must bring you the company line, whether or not they agree. This results in some cases have been cynical field representatives and underwriters who do as they are told. There is little you can do to resolve their issues. However, there is a relationship building exercise that usually results in much better interactions with the carriers at the field office level.

When you create and implement your Strategic Plan (if you don't do so yet - begin), include the carriers who you want to be your business partners. By including the underwriters, marketers or field officers in your Plans and in their implementation, you create a synergy that merges your goals with those of your favored companies. Then the proof is in the implementation - for both you and for the companies. If you "walk the talk" and your results meet your (and your companies') expectations you will find the next year much easier and more cooperative than the prior year. The risk is in you planning to do much with little results. Relationships with carriers can deteriorate when commitments are made and not implemented. Similarly, your challenge to the carriers is to participate with you in your mutual success. If you do what you say you will do, but they don't perform accordingly, you will know that your relationship issues are theirs, not yours and you should "go shopping" for companies who can meet your agency's needs.

It is your decision whether to stay on that comfortable, but boring treadmill. After all, you are making a living and, regardless of your frustrations, being an agency owner is not the worst profession on earth. When the frustrations get big enough, agency owners are comparing CHANGE to RETIREMENT. If the pain of change is more ominous than the pain of retirement (or merging out of existence), then the decision is obvious. However, agency owners must be aware that their contemporaries have met each challenge that they have experienced and have broken through to profit, growth and professionalism. There is plenty of help available to attack the frustrations and problems of running an agency if they are up to the challenge and would like to see their agencies continue and perpetuate themselves internally.

How and Why To Use a Consultant Back

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The question of why and how to select an outside consultant often arises in small closely-held companies like insurance agencies. The owners may be worried over the confidentiality of information, the sensitivity of their problems or may be embarrassed that they have to use an outsider to solve the agencies problems or development issues. They may also be worried that the consultants are unaffordable. These issues have been overcome by the larger agencies and corporations that normally use outside consultants to solve problems that are too difficult, complex, or specialized for agency personnel to handle. We would like to explain the situations that justify use of outside consultants (and those that do not) and how to select the appropriate consultant.

There are five reasons to use a consultant and four rules for selecting a consultant. If your situation doesn't fit one of these five reasons, you probably do not need to hire an outsider to help you. If the consultants that you interview fail any of the four tests, look for someone else.

Why to Use A Consultant

1. An Agency In Crisis - Many reasons could cause crises in agencies. Financial failure is the most prevalent crisis in today's insurance agency industry. The combination of increased overhead, soft markets and commission reductions have pushed many agencies over the edge of the break-even line. Most agencies, through poor fiscal habits, have few reserves to offset multiple years of losses. A qualified insurance agency consultant can help you either take the hard steps to quickly turn your agency or to develop new marketing plans to generate sufficient income to return the company to profitability.

Other issues can be just as critical to your business as financial failure. Death or departure of a partner or key employee is an example of crises often requiring outside intervention.

2. An agency in Change - Change is always with us. However, many businesses have found their niche, their market and the method that is successful for them. As a wise man once said, "You don't fix that which is not broke." These agents may fine tune their systems in reaction to market changes, automation, etc. but their basic operation is sound and should remain that way. On the other hand, if you sell personal lines in an area in which the companies have decided not to sell personal lines, you are in trouble. It is no longer important that you are the best personal lines agency in the area. Remember, the "best" buggy whip manufacturers went out of business with the advent and success of automobiles - unless they changed their business. These are the kinds of changes that can use outside intervention to help develop.

3. New and arising organizations - Most agency owners are experts in the products and sales techniques of insurance. They have generally little experience constructing new companies or merging existing companies. Attempts to buy, sell, merge or create organizations without any help is almost as smart as "Do It Yourself Surgery" in order to save the surgeon's fees. Chances are that the next doctor who works on you will be the coroner. Using your local accountant as your advisor is akin to turning the surgery over to your general practitioner, he knows the body parts, but is probably not acquainted enough with the specialized business of insurance agencies to conduct the surgery without help.

4. Organizational Conflict - Who in the agency is suited to resolve conflicts among or between the owners or key managers? A professional consultant can act as mediator and can suggest methods of resolution to avoid resignations or even dissolution of a company.

5. Undisciplined Organizations - Strategic Planning is the disciplined approach that we use to professionalize businesses. Most insurance agencies in the United States and Canada began and grew in the "boom times". Referrals, increasing rates and growing public need kept agents busy, whether or not they were working efficiently or professionally. The times have changed and those agencies who have remained undisciplined and free-wheeling are suffering. A good consultant can help you establish that discipline and professionalism that will permit you to recognize your strengths and weaknesses and change your organization

How To Select A Consultant

1. Interview - Speak directly to the consultant that you would be using. Review your situation and ask for examples of similar situations that he has encountered and methods that he has used to assist the client. This interview, normally conducted by phone, establishes whether your consultant's personality will match yours.

2. References - Seek and contact references. Consultants feel that all of their clients are happy with their services. However, clients are often brutally honest about the consultant's shortcomings as well as his strengths.

3. History and Documentation - Ask for and read documentation describing the consultants activities and specialties.

4. Consulting Proposal - Once the consultant understands your problems and needs ask for a proposal defining the services that he proposes, the time necessary to accomplish the solutions and the cost associated with his activities. Those costs can be stated as a guaranteed cost or an estimated cost. Expect to pay expenses in addition to the consulting fees.

Consulting costs are determined by the time needed to accomplish the task at hand. Consultants should give you a good idea of the costs associated with a task or job from their experience doing similar jobs for other agents. Some products and modules such as valuations, Strategic Planning Sessions, agency analysis and automation analysis can normally be firmly priced. Other activities like conflict resolution and merger negotiations are priced per diem. Many consultants will offer their services on retainer, permitting them more certainty of time commitment and the client a lower cost as a result.

Consider the use of a consultant with the same gravity as the use of a doctor. A wrong choice in either case can worsen the situation. The right consultant can relieve the problems and set you on the right course for your business' future.

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How to Achieve the Goal **Back**

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By now you already know "THE GOAL". It is not meant to be kept secret -- spread it around. Maybe more agents will realize "THE GOAL" if we repeat it often.

Measuring Sales and Sales Expense is our method of gauging the achievement of "THE GOAL". But what are you to do if ('when' for most agents) you determine that your lack of profit and cashflow results from a lack of sales and sales efforts?

Sorry, the answer is not a quick fix.

In order to create a sales organization you need four ingredients:

1. Hire salespeople. Your three choices are to hire insurance professionals, hire professional salespeople, or hire new employees with sales skills to be trained into the insurance business.

Insurance Professionals are generally technically competent people, well-grounded in the insurance products. Unfortunately, the talents that permit people to absorb and become qualified underwriters are different than the talents required to become skilled salespeople. That's why most insurance agents can analyze and explain insurance coverages and proposals, but they cannot "sell" themselves or the product. Most agents, unfortunately, rely on price to sell their products.

Professional salespeople from other industries (including the Life Insurance industry) must "sell" themselves every day to make a living. Repeat sales are very desirable, but much less frequent than insurance renewals. The primary source of imported salespeople in the insurance business are the journeymen salespeople in other industries. Successful salespeople in other fields generally don't need to transfer into new industries. Unsuccessful salespeople will be similarly unsuccessful in technically oriented industry like insurance. The target is the moderately successful salesperson who can see bigger success (and rewards) from a transition that include annual renewals.

The best source of new salespeople for the insurance industry is in the high schools and colleges of the United States. The following statement will not surprise most people -- "You don't have to be a brain surgeon to sell insurance." You must be relatively intelligent (due to the technical aspects of the products) and you must be able to sell yourself. Insurance is more difficult to sell than tangible products because people can't "fall in love" with an insurance product. You can "fall in love" with a car or a computer or a house. But no one "loves" the idea of losing all of his assets, dying or being sued. So the only methods of sales that are effective in insurance are "scare tactics" or convincing the prospect that he can have confidence in you to protect him. Price is not a sales tactic because it is so transitory.

One of every six high school and college graduates has the personality and characteristics to become a salesperson. Tests are available to identify these people. Not all people who test well will be capable of becoming insurance salespeople, but I'll suggest that 95% of the people who do not qualify as a strong sales personality will not become successful salespeople.

Graduates are having difficult times getting jobs and breaking into careers. If we begin to strongly recruit the schools for the personality types who will be successful salespeople in their business lives, we can pump new blood into the independent agency system.

2. Train in both sales and insurance simultaneously and regularly. You can not become proficient in any profession without continuing education. We are finally becoming aware of that in the insurance industry and are requiring continuing education in a growing number of states in order to keep insurance licenses. Sales training must be created and targeted toward the insurance business. Continuing training must be a part of every salesperson's career in order to keep the "edge" in his/her selling skills. This is our industry's greatest challenge. We're great at insurance skills training. We "stink" in initial and continuing sales training. This training would be best generated by our agents associations on local, state or national levels. Lacking this initiative, groups of agents can develop and use the same skills training and continuing education to help themselves and their producers. A few hundred agencies in the United States could devote the resources to the development and continuing sales training of their producers -- if they acknowledge the long term importance of this function.

However, we have noticed that most agents, associations and carriers have become so concerned with the short term that they are willing to disregard the long term effects of their actions (or inactions). If this course continues, the direct writers (who do require aggressive sales training) will continue to gain market share from the independent agency system. More importantly, the carriers, who see these trends clearly, will give more serious thought to becoming direct writers themselves. Many will support the independent agency system, but without a strong commitment by the agents, how long should we expect the carriers to sacrifice their market share?

3. Manage your salespeople aggressively. Every agent seeks self-managed, self-starters as producers. Everyone has some of these traits. But no one can be expected to operate at a high efficiency level in any profession without management, motivation and recognition. The rejection aspect of sales makes management critical to maintain the equilibrium of our producers in a challenging marketplace. One of our greatest problems is that most agencies can not afford a Sales Manager. The agency owner is often required to play that role -- whether or not he is suited to it. This is akin to asking a Podiatrist to perform brain surgery -- after all, he is a doctor!! The Podiatrist may be excellent at his trade, but, forced into another part of the profession, he will kill the patient. The agency owner may be a great salesperson (or may not). He may be a great technician (or he may not). He may be a great manager (or he may not). If he is not a great sales manager, he will fail and so will his producers. Being the owner, the excuse will be that the producers couldn't (or simply didn't) sell. They were lazy, unmotivated, etc. (we've all heard the myriad of excuses). But the real reason for the lack of sales success of the agency is the lack of professional and stringent sales management.

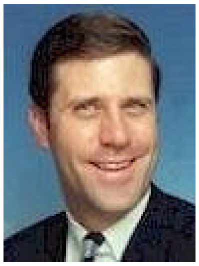
Those agents who can afford and are committed to sales management will be successful. Yes, you may hire and replace a number of salespeople, but it won't take years to realize that a producer isn't working. Any agency dedicating a position to the hiring, motivation, training, management and the results of a sales force will enjoy long term success in sales.

If you can't afford a sales manager, consider developing a cluster of agencies whose central function is sales management. Hire a sales manager for a number of agencies.

4. Spend money on the sales efforts. Note that the previous sentence does not imply "throwing" money at the sales efforts. I suggest the development of targeted, telemarketing efforts, whether manual or automated, utilizing the immense variety of prospect data bases available to businesses in our automated information society. Perform a cost/benefit analysis of every marketing effort with stringent measurement of results to determine if an effort is successful, requires fine tuning, or should be discarded in favor of another program.

You will be successful in sales when you combine the recruitment, training and management of the right people with the intelligent, consistent and confidential expenditure of capital in the sales efforts of your business.

Call us if you would like help establishing a sales function in your agency. "ONLY THE STRONGEST WILL SURVIVE INTO THE NEXT MILLENNIUM"



Contributed by:
Michael D. Walters, CLU

Word count: 995

*(Includes **NEW** author profile, plus FREE report & audiotape offer for your readers!)*

How to Hold a "First Appointment" With 75-Qualified Prospects at Once!

Back

Every sales process is a step-by-step approach to winning clientele. Anytime you attempt to violate this seldom discussed rule, you will usually end-up with egg all over your face. You must understand that every sale (other than commodity type products) represents a relationship being built upon trust. Furthermore, the "first" sale that actually takes place is not one of product, but one of the initial meeting between you and a prospect – You must literally "sell" that first appointment.

And yet, all prospects typically find the "first appointment" to be painfully uncomfortable.

Generally speaking, every possible negative scenario runs through the prospect's mind before your first appointment with them:

1. What if I don't like this person?
2. Are they going to pressure me?
3. What kind of sales pitch will I get hit with?
4. Are they going to ask me for money?
5. Are they going to ask for the names of my friends?
6. Will I be able to get rid of them before dinner?
7. Is this person knowledgeable in their field?
8. Will I be led astray and will I know the difference if I am?
9. Is this person going to be trustworthy or just another con-man?
10. Do other people recommend this person?
11. The list goes on and on…

A properly positioned client seminar will quickly eliminate all of these concerns.

Simply put, client seminars are successful because they are non-intimidating and very conducive to our universal human nature.

You see, there is comfort in numbers. In a client seminar people can, for the most part, maintain their anonymity. They can monitor the reactions of others in the crowd to see if it coincides with their own feelings. They can get first-hand experience as to your knowledge. They can draw judgment as to your moral character. They can decide if they would be comfortable opening up to you as a person. Essentially your letting them kick-the-tires in a non-threatening environment.

But, the real beauty of a client seminar is that you end up being the biggest winner!

You are able to leverage your time to the maximum. People who attend seminars are generally looking for financial solutions, which you can obviously provide.

Done correctly, the client seminar becomes one great-big-huge-giant first appointment!

Everyone gets to learn about you at once. You are immediately hailed as the expert authority in your field. They will automatically assume that you must know what you're doing… You just held a seminar in front of 75 people for gosh sakes. You are now positioned head-and-shoulders above all of your competition.

You'll find that many prospects whom would never even consider granting you a "cold" first appointment, will anxiously call you requesting tickets to attend your seminar (many will even ask to bring their friends).

Simply put, the seminar makes for a much easier "first" sale then does its counterpart – the dreaded first prospect appointment.

And, more importantly, the client seminar will totally replace the first appointment. **Seminar prospects will have already been exposed to the majority of the first appointment prologue.** They will be ready to begin talking about themselves and their own personal financial situations (remember, they are already sold on you – they gave you the appointment AFTER the seminar).

It is a win-win proposition for both you and the client.

Lets look at the profit projections on holding a "normal-sized" seminar.

For the sake of time and boredom, I'm not going to breakdown each individual cost of hosting a seminar at this point. Lets just say you're willing to do-it-up-right and you invest $4,000 into this event. What could you expect?

For the sake of simplicity, I'm going to relate these numbers to "fixed annuity sales". However, you should be looking to capture all retirement assets in order to provide sound financial planning and get the most leverage out of your meeting.

Lets say you have 75 attendees, which represents 50 households. You conduct a mediocre presentation (hey, it's your first time, don't worry about it) and have only 40% of the households request an appointment. That would represent 20 appointments. If you average a $25,000 annuity sale (the industry average) on each of those appointments you would have a total production figure of $500,000. If we then assume a very conservative 7% fixed annuity commission your total seminar compensation would be $35,000.

Don't forget you need to deduct the $4,000 you invested into running the seminar. If you subtract $4,000 from $35,000 you are left with $31,000 net profit from one seminar.

Run one seminar per month and suddenly things start getting interesting (to save you from doing the math, that equals $372,000 give or take). And if you're skeptical of these numbers, then cut them in half… Regardless, you're still looking at a huge source of annual income.

Now compare this to your traditional prospecting system. You'll find that the seminars will outperform literally every other prospecting system while keeping the blood, sweat and tears to a minimum.

IMPORTANT FINAL NOTE: When comparing prospecting systems you must also keep in mind that the seminar *replaces* the first appointment. So the "first" appointment *after a seminar* is actually equal to a "second" appointment using traditional prospecting alternatives. This is what *really* makes seminar-selling systems so rewarding!

Michael D. Walters, CLU is the President of USA Financial Marketing and Chairman of USA Financial Securities. Both firms cater to independent financial professionals. He is also the Financial Radio Host of an hour-long weekly financial talk show simulcast on multiple stations. As a unique industry service you may call to receive a FREE Report & Audiotape (a $98 value) titled, ***"If you qualify… I'll Deliver 100-Senior Seminar Registrations (as often as you want them) With My 100% Money-Back Guarantee! (I average 150+)"*** *To request your free copy call the 24-hour automated response line at (800) 923-4636 ext. 309 or visit www.usa-financial.com.*

How to Kill the Quality Initiative in your Organization

Back

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We decided to direct our article in this negative manner because Quality Management Initiatives made popular by the spate of TQM Publications have become established in many organizations, large and small. TQM is another "buzz phrase" and will live and die with many other populist management approaches. However, the management philosophies embedded in Total Quality Management are not earthshaking, new approaches to managing people. They are well grounded in both common sense and history. The management philosophies of Total Quality will live well beyond the phrase and will become implemented in one form or another, in most organizations that will thrive and survive into the 21st century.

But why the negative approach?

Well, there are already hundreds of "how-to" books for TQM. However, many Quality Initiatives have been implemented and have failed in organizations of various sizes. It should be important to you as a business owner to determine 1) whether or not you should implement quality initiatives in your own organization, and 2) once implemented, will the quality initiatives work over a prolonged period of time.

1. The absolute best way of killing a quality initiative is to adopt it because "it's the right thing to do" without a full education and commitment from the owners of the business.

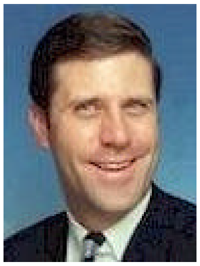
2. The second way of assuring a short run for quality initiatives is to implement them in a hurry without training and involvement of the personnel of the organization. Remember, anything new is subject to suspicion.

3. Another excellent quality killer is the lack of active involvement and communication between management and employees. The employees may feel that you believe in the quality initiatives that you are implementing, but they have seen many changes in their working lives that have been implemented, worked for awhile and than just disappeared quietly. Since communications is such a large part of the quality movement, the continuation of communication after the initial implementation phase is a strong indication to employees that you are still involved and committed.

4. The lack of implementation of recommendations made by employees during the quality initiatives will certainly demoralize them and turn a participative management philosophy into a burden. One of the most important parts of any quality initiative is to get employees to think as well as act and to use their minds and creativity to help in the improvement of the business. After all, the business is their lively hood as well that of the owner. Whether you approach the communication and feedback process formally or informally, you strike it's death knell when you don't implement recommendations or do not feed back reasons for not implementing them.

Too many business owners simply do not "walk the talk". They would like to improve their businesses and would accept million dollar ideas from employees if given (just like they were to acquire a business if it walked in the door and offered itself to the agency), their ego's will not let them pursue their employees as equal partners in the future of the agency. The process of quality management disturbs the owner's when it works and the employees begin thinking for themselves and generating ideas that did not stem from the owner. In larger agencies, with middle management, this group of employees becomes threatened because they see their jobs changing. The TQM philosophy of managers as facilitators instead of as boss' disturbs experienced middle managers because, when done properly they work for the employees rather than the reverse.

Consider carefully the implementation of quality initiatives within your organization. They are powerful tools for the growth and advancement of businesses as our market becomes more competitive with lower margins. However, it takes an unusual owner to accept philosophical changes in the way he runs his business. Read up on the subject. If you can not envelop the concept of total quality as a total commitment for permanent change to your organization, do not pursue it at all. This is one of those time when it is better to follow your heart, rather than your head and implement the quality initiatives only if you feel you can pursue them for the rest of your career.



Word count: 1278

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Contributed by:
Michael D. Walters, CLU

How Market Volatility & Uncle Sam Will Help You Sell Oodles of Index Annuities.

Back

Let me share a quick story…

I have a client who was introduced to me by her children, upon the death of her husband -- their father. They were all very concerned about her future financial well being.

Did she have enough money? Did she need a job? How should she be invested?

To make a long story short -- I consulted with the family and initiated a full financial plan including a diversified investment portfolio for her. This was a number of years ago, so as you can imagine, the market had been very, very good to her (translation… "I am a hero").

Now here is the twist. In June of 1998, she came to me extremely distraught. Unbeknownst to me, she had been fretting. She hadn't been sleeping and her days were monopolized by worry. How could this be? She had been getting double digit returns throughout her portfolio -- she had been singing my praises to all her friends and family. I was a hero (remember?)! What had happened?

The same sort of thing that's happening to your clients this very minute!

One of her sons had told her that the market was going to have a major correction, a crash. Her other son said that the market would always win in the long-run and therefore, she should not mess with success. Each son had the best interest of Mom at heart, but they honestly and sincerely believed two very different things. It doesn't matter who was right. The point is that Mom was now a basket case.

As all of this came pouring out during my conversation with her. I immediately understood the problem. As soon as I explained that there was a new financial vehicle available that made it possible for her to "participate in market gains, yet avoid all market losses" -- you could see the wave of relief run across her entire body.

I knew immediately, I was again the "hero".

You see, this client was fretting because she knew that if she left the market -- and it continued to go up -- she would lose out on future gains and be left kicking herself. But, she also knew that if she stayed in the market -- and it corrected, crashed or went down -- she would lose her past gains and again be left kicking herself.

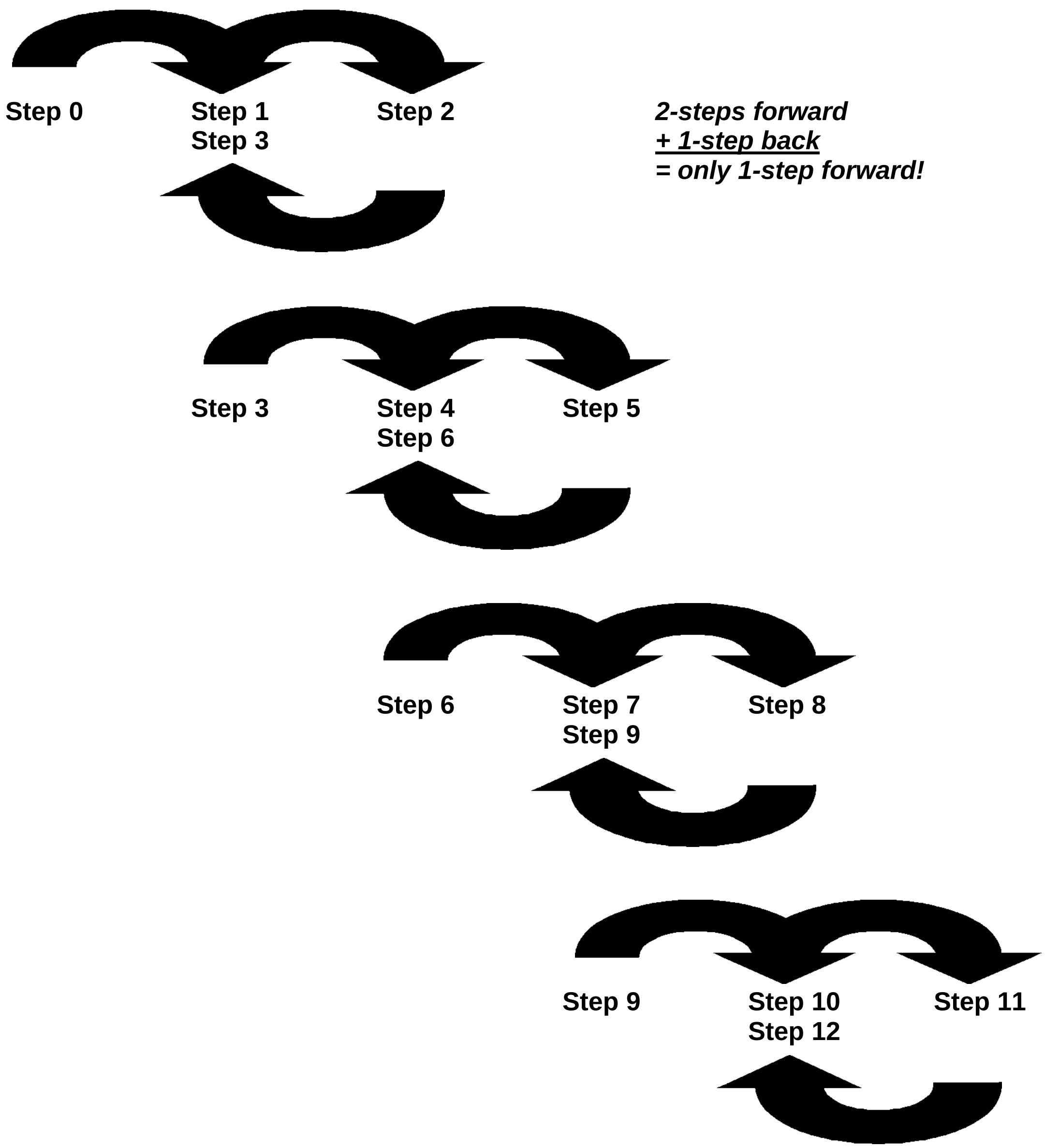
I gave her the best of both worlds! She can sleep again. Not to mention, the kids agreed this was the perfect solution.

Don't get me wrong! Given this story, let me preface the rest of the article by going on the record as stating "I'm huge fan of the market! I have securities license after securities license (Series 7, 24, 6, 63, 26 & 65). In fact, that is exactly why I am also a raving fan of index annuities." Think about the possibilities created by these relatively new financial tools… the ability to participate in market gains, yet avoid all market losses.

How Market Volatility Helps You Sell Index Annuities:

Historically speaking, the market beats all other investment alternatives; there is no arguing that fact. But the inherent problem with the market is that by definition an "investment" is a vehicle that may post either a gain or a loss… there is risk involved.

Over the last 100 years the market has had 69 positive years and 31 negative years (if you have a securities license check out some of the mutual fund ancillary sales material or Ibbotson Associates for graphic details). In other words, on average the market takes 2-steps forward for each 1-step backward. Sounds pretty good, huh? Two out of three ain't bad -- is it? Well let's look at this pictorially…



Work the math -- two steps forward, one step back -- and you'll find that after 12 steps you only end up a total of four steps ahead. Obviously, this not a numerically and/or historically accurate example, but the logic is strong. Imagine if this were an index annuity -- and you never had to take that backwards step (no negative years)… Now you would be eight steps ahead instead of only four! The value of this feature alone is mind-boggling.

How Uncle Sam Helps You Sell Index Annuities:

As you know, non-qualified mutual funds are required to issue 1099's for dividends. In fact, it is not uncommon that clients end up paying taxes when their mutual funds have actually declined in value (this "phantom tax" is not the easiest concept to explain to a client who had a negative return for the year). C.D.'s and other interest bearing accounts are even worse culprits.

With this in mind, I am about to share with you the most powerful story ever created to illustrate the advantage of tax-deferral…

First, to set the stage take a quick look at this market history:

Historical Returns	S&P 500 Composite	Dow Jones Industrial Average
10-Yr. Avg.	15.99%	14.97%
15-Yr. Avg.	15.15%	15.44%
20-Yr. Avg.	14.38%	14.06%

Keeping the math easy, Let's assume that money doubles every 5-years (this is aggressive, but nonetheless true at 14.87% per year). Now let's say a grandfather invests $1,000 for his granddaughter at her birth. When the granddaughter is 5-years old the account would double and be worth $2,000. At her 10th birthday it would be worth $4,000. Her 15th birthday means $8,000. And so on… If this continues until the granddaughter reaches age 50, she would have over $1 million! (a.k.a., "How $1,000 could make your grandchild a millionaire by age 50")

Pretty impressive isn't it? But, here is the real eye-popper -- If you were to assume a 28% tax bracket over this same period of time, instead of having $1,024,073 at age 50 -- the granddaughter would be left with only $161,672. That is a $862,401 difference! Sad, but true.

Like I said before, I love the securities business. But, whether you are securities licensed or not, if you do not implement index annuities into your sales process, I think you are going to be asking for trouble. Based upon suitability alone, you need to consider index annuities a commonplace tool.

The next time you conduct a client review, simply ask yourself these two questions:

1. Am I allowing my client to participate in market gains, yet avoid all market losses?
2. Am I allowing my client to take advantage of the full power of tax-deferral?

If the answer is "NO", I humbly suggest you must be able justify yourself or scramble to find a top-notch index annuity before your client decides to find a new financial advisor.

Michael D. Walters, CLU, is President of USA Financial, a leading financial product distributor and sales system pioneer since 1988. He's a simulcast Financial Radio Host; an author published monthly in financial services magazines; and a keynote professional speaker. Thousands of financial services professionals count on Mike's monthly audio tape series, monthly e-mail reports, market reports, audio libraries & manuals.

As a unique industry service you may receive a FREE Report (a $59 value) & Bonus Audio Tape (a $39 value) titled, "EXPOSED: The Real Truth on Caps, Fees & Rates Your Index Annuity Company Hopes You Never Find Out!" To request your free copy call the 24-hour automated response line at (800) 923-4636 ext. 306. Or, you can visit the USA Financial web-site at www.usa-financial.com to instantly download and print this report.

Identifying Prospects Who Won't Buy from You - Before You Waste Your Time -

Back

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Those of us who don't market at all jump at every opportunity to present insurance proposals through referrals or the infrequent inquiry to your office. This article is not directed to these type of agencies and these type of producers. This article is meant for active, marketing insurance agencies who develop sufficient leads to keep their producers busy. However, keeping busy doesn't pay the rent. Selling insurance is the goal.

The smartest agents train their producers to quickly identify those classifications of prospects who have no intention buying insurance from you. These prospects fall into various categories but are fairly easy to recognize if your cognizant of their personality.

1. Prospects who have no intention from you - this sounds ludicrous, however many producers fail to ask the critical question, "If we can provide you with an excellent proposal at a fair price, would you buy from us?" If you ask that question and the answer is either a flat no or evasion, pack you bags! You are there to provide another quote against the satisfactory insurance product.

2. The spy - within a short period of time you realize that your in the presence of a spy when the prospect is pumping you for information about insurance rather than you asking him questions about his situation and current coverages. The spy is interested in collecting information not buying insurance form you.

3. The Fisherman - the fisherman throws you bait to see if you will take the hook. The hook is negotiating a rock bottom price, sometimes to include a reduction of commissions. The bait is the image of much more substantial, related business if you give him a bargain price on his current coverage. The second lure is the promise of enhanced business from this customer as his business grows. We all hope that our smaller customers grow and require more insurance coverage as well. We also hope that if they are related to other businesses that we have the opportunity of insuring those other businesses because of our professionalism. However, negotiating price (and commissions) for the promise of things to come will put you up on that wall right next to the other "wide-mouth bass", stuffed and hung.

4. The Urgent - lets say you have been marketing to a prospect for a full cycle (since his last renewal), yet, you do not get the call to do a quote until the 11th hour. Many of us rush to impose upon our own staff and underwriters to generate this proposal quickly. How many of us ask ourself's why we are considered only at the last minute? Too often, the reason for an 11th hour quote is to compare against or put pressure on the current agent and company.. if your quote comes out high, no loss. If your quote is better than the current agents, that use to pressure the agent and carrier to lower their premiums. Either way, you are out of luck. This does not assume that there are not legitimate 11th hour quotes out there. However, ask open ended questions and find out why you are being invited at a late hour to issue a proposal.

5. The Know-It-All - he has been through this "insurance business" a thousand times. "You are all the same". The prospect contradicts everything that you suggest. If the sale can be made at all in this scenario, it will be a difficult one. And the chances are excellent that the customer will have a bad taste in his mouth regardless of the result. You will probably have the account for only one year as he goes through the pain and anguish of doing it all over again with a new slew of agents next year.

6. Dealing with non-decision makers - if you were dealing with people who are expected to digest your proposal and re-propose should decision makers, the chances of you making a sale diminish severely. To determine whether or not you are facing the insurance decision maker, ask him to describe the procedure for making insurance decisions in his company. if he indicates that decisions are made elsewhere than at his desk, try to make him your partner and develop the proposal with him that you can present to the appropriate decision maker.

7. The Socializer - you can recognize having met with a socializer because you will come away from every meeting feeling wonderful about the relationship you are establishing but you will never get a commitment to purchase insurance. The socializer feels important by your attention and wants to talk more than he wants to buy. You will recognize the socializer because regardless of how well you are getting along, every time you try to make a close he will have a road block or objection that requires more of your effort.

8. Finally, we have the character who will not reveal his current coverages or pricing to you in your development of a proposal for his company. The establishment of an insurance program should be neither a game nor a contest. If the prospect considers you professional - if he expects to buy insurance from you if you can give him an appropriate proposal - he should be a fount of information regarding his business and current coverages. The best way you can be of value to him is by taking what he already has and making it better rather than re-inventing the wheel.

I know that you would all rather be busy than bored. I know that you feel that any chance at a sale is better than none. However if you deal with the characters listed above, the chances of you making this sale are close to nil. Your time is better spent actively prospecting for better customers or with your family's or enjoying hobbies that at least bring pleasure into you life. There is no pleasure in batting zero for ten because you run up against none-buying prospects.

Internet Marketing Back

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How would you like to be the only agent in your town with a display ad in your local yellow pages?

How would you like to be preprogrammed on all telephones as a service for people who want insurance quotes?

Unfortunately I can assure you that the publishers of the local yellow pages will refuse to give you the only display ad for insurance. And, similarly, the phone company and telephone manufacturers simply will not pre-program all of their phones with your number as the "emergency" number to call for insurance quotes.

But the Internet has created both a new market and a new marketplace for commerce and industry of all types --- including insurance sales. And some Internet companies have done so with a hook that is hard to resist - exclusivity of territories.

As we encounter Internet opportunities for insurance agents we will review them in the pages of the Pipeline to at least give agents and other readers of the newsletter the ability to explore them before they find themselves too late to take advantage of arising technology.

4INTERNET.COM

Interactive Commerce Group (toll free 888-307-4638) is an internet company established in the mid-1980's. It's home base on the internet is 4INTERNET.COM and they deal in internet commerce in a number of industries - including insurance.

The purpose of the company is to drive new customers to their client's businesses using the Internet as the vehicle. They do this by offering free quotes in a variety of insurance categories and referring prospects who fill out quote worksheets to client agencies who are local to the prospects.

Advertising on the Internet and through other media, 4INTERNET.COM is a perfect example of internet commerce. In addition to constant advertising to attract attention of people (and businesses) interested in getting customers from the Internet, 4INTERNET.COM offers to create a full web-site tailored to the needs of the agency as a part of their service to their clients. This service alone could be worth thousands of dollars if purchased independently from web site designers. They also host the website and provide free E-mail service, saving even more money for their clients.

Those are the "bells and whistles" that can help you automatically become established on the Internet, even if you have no experience on the "net". But here's the meat:

The five categories currently available on 4INTERNET.COM is auto, homeowners, life, health, and business under the addresses of 4Autoinsurance.com, 4Homeowners.com, 4Lifeinsurance.com, 4Healthinsurance.com, and 4Businessinsurance.com

4INTERNET sells each line of insurance by 3 digit zip code with discounts for multiple lines of insurance and multiple zip codes selected. The best news is that each zip code purchased is EXCLUSIVE. All responses and inquiries in that zip code go to the agency that "owns" that territory. The program works well enough that 4INTERNET guarantees 75 leads per year as a minimum with financial penalties if you do not achieve at least 75 leads. While those leads are not guaranteed to convert to policies, their reported hit rate is between 33% and 35% -- much better than the average hit rate on telephone call solicitations (20%).

The prospect who gets to 4Internet has the opportunity to either locate the agency in their territory or they can complete and submit a short-form, generic quote application that is then e-mailed to the agent who "owns" the territory.

The cost of this service is $2,500 per insurance line per territory per year. Discounts exist for multiple territories and multiple lines of business. This pricing compares very favorably to yellow page advertising, but it doesn't mean that you stop using print media, as well. The number of people accessing the internet is increasing geometrically, not mathematically. But many people will still feel more comfortable with print media than with electronic media for another generation or two.

BENEFITS:
1. First and foremost is the capture of a 3 digit zip code territory for your use alone (and blocking any other agent from getting the same leads).
2. The tailor-made multi-page website with full e-mail capability, itself, is well worth the fee for the territory. Hosting the website is another expense avoided with this service.
3. The guarantee of a minimum of 75 leads is a great incentive that returns a part of your fee if 4INTERNET does not deliver.
4. The users of the Internet who ask for quotes appear to be more serious than the shoppers by phone. As a rule they are more educated and in higher income brackets than the average insurance shopper. The most likely candidates to shop by Internet are professionals and business owners in their 20's and 30's with families - YOUR PRIME PROSPECTS.

DRAWBACKS:
1. This is not brand new technology. While companies like 4Internet require substantial financial and talent capital to go into business, there are competing firms vying for the insurance customers and for client agencies. This means that while the territory is exclusive to you for 4Internet, other insurance marketers will also be available to the buying public.
2. There is no way for 4Internet (or you) to know if the leads that come to the agency clients are successful. We are e-mailing some of 4Internet's customers to ask that very question.
3. If you are not automated or have no internet experience, you will be forced into this new technology. It is ludicrous to have an internet presence and not be on the internet (although I am told that a number of agents get their referrals faxed to them).

Paraphrasing a quote from Inc. Magazine, There will be two types of companies in the 21st Century, those who are on the Internet and those who are out of business.

The Internet is experiencing what the telephone industry felt as it grew through the 20th Century. It was a curiosity. It was a hobby. It was an interesting interlude. Soon it will become as much a part of our lives as telephones, yellow pages, answering machines and fax machines. I urge you to learn and enjoy the power of the internet. If you enjoy it, you will also use it and you will begin to understand its power as a tool of commerce.

A few years ago we stumbled on a small business on the internet that was an on-line auction. It didn't own, buy or sell anything. But it permitted people to buy and sell things through its media. When we first found it, it was already getting 25,000 hits (contacts) a day. Today, Ebay has 942,949 items for sale in 1,089 categories, having sold 30 Million items since its inception with 112 Million bids. Today Ebay is experiencing 12 Million hits per day. It went public last month and reach a stock price of $150 this week.

There's no telling if 4Internet will enjoy this kind of success. The only thing we know for sure is that more people every day are using their computers and the internet for business and pleasure. If you are on the internet, capitalize on its power with your own website and advertising. If you are not yet on the carousel, jump on before it goes to fast too accommodate you.

C. Richard Weylman can help you move your business to the next level. As a professional speaker and consultant to the financial services industry he delivers messages that will help you wring more profit out of your Practice and reach more high net worth people. As a former Rolls Royce General Sales Manager and as co-developer of The Robb Report, he has spent a lifetime marketing to and working with high Net worth people. To discover the many resources he has to offer you and your organization, including his speaking topics, FREE e-mailed weekly marketing tips and online resource and audio library and much, much more, go to www.richardweylman.com or call 1-800-535-4332.

BACK

Leverage Your Resources to Increase Activity and Open Closed Doors

C. Richard Weylman, CSP

As sales professionals, most of you are delighted when the companies with whom you do business are leveraging themselves in the marketplace. They are pursuing new opportunities, continually improving themselves and their image, and generally making it much easier for you to do business in the marketplace. At the same time, for those of you who sell equity products, you're continually encouraging your clients to leverage their dollars by investing in the right products and/or companies.

The same principle holds true for you as well. To open closed doors and to increase activity in today's marketplace, you must leverage your resources. Resources are a combination of three things: people, processes, and profits. By leveraging each of these and stretching yourself a bit, you can increase your results dramatically. Let's address each of these to help you think how you're running your practice in 2000.

Leverage people by creating a board of advisors. A board of advisors is typically made up of clients and centers of influence in your target market. I would encourage you to have a board of advisors for each market that you're targeting. A board of advisors allows you to gain insight into the marketplace and, by meeting with them quarterly, you can gain enormous insight into what motivates people like them to make a buying decision in your favor. They can also give you advice as to the proper approach, the improper approach, the type of competition that you face, and perhaps most importantly, additional credibility working within a market.

Leverage people by cultivating your existing clients and prospects. By cultivating your clients and staying in touch with them 3 or 4 times a year, you have the opportunity for not only repeat sales, but to cross-sell other products and services.

Leverage your processes by selecting the right technology. The emphasis today is on high-tech, and rightly so. To leverage your high-tech, be certain that the outcome of your high-tech efforts is to increase your high-touch. People buy from people they know and people they trust. Be sure your technology choices increase your ability to become known to and trusted by your clients.

Leverage your processes by carefully selecting the people with whom you do joint work. Be certain that the individuals with whom you do joint work have the expertise necessary to enhance your value to your clients. Be sure that joint work relationships that you build allow you to offer a wide range of products and services to your clients so they actually see you as a resource. Joint work is a vital part of the industry and is becoming increasingly necessary if you want to manage all the financial assets of your clients. Just remember, a good name is better than riches.

Leverage your processes by having an ongoing marketing and prospecting system. In today's tough prospecting environment, a systematic approach will help you maximize the efforts that you put forth and the return that you receive. It will also ensure that your pipeline is continually full of high-quality prospects who know what you can do for them and want to do business with you. If you have a system, you have fewer prospecting and marketing problems, however, if you do not have a system, you typically have an ever-increasing number of prospecting and marketing problems.

Leverage your profits by investing in services. Ask yourself how many people could hire you today for $10 an hour. How about $15 an hour? Of course, none of you would seriously consider working for that amount of money. However, after you read this article, how many of you will go back to $10 and $15 an hour jobs that are administrative in nature? The truth is that I can't buy you for $10 or $15 an hour, but you're willing to sell yourself short for $10 or $15 an hour. Let me encourage you to invest in services. If you're a veteran, be sure your staff can handle the majority of the service work in your business so that you can focus on what you do best which is maximizing opportunities with decision-makers. If you're a new agent, pool your resources with 2 or 3 other new agents in the agency and hire someone to come in one day a week to handle your filing and paperwork. This will free you up to add more time to building your business and increasing activity.

Leverage your profits by investing in education. Attend seminars and other functions that educate you about the products and services that you sell. Be sure that you're well-versed so that you can give the right advice and see additional opportunities that arise because of your advice. Take the time to get educated about the people with whom you are working. Most people say "No, I don't want to buy from you" because they realize that you don't know enough about them. Read their trade magazines, go to their functions, get involved in their organizations so that you can educate yourself about the people.

Leverage your profits by investing in sales and marketing efforts. It's critically important today that you recognize that you need to spend more time with your prospects and less time in the office. As I've often said at my speaking engagements throughout the industry, your office is where you store things, the marketplace is where you sell things. I would also encourage you to invest in sales and marketing efforts so that you can be productive, not just busy. It's very easy to get busy in today's agency environment. Whether you're housed or detached, evaluate how you're spending your time. Are you doing the things that will help you to achieve your goals? Are you delegating everything except advice as Doug Hesse, CFP in Atlanta, Georgia has told me he is doing? Or are you so busy running your business you don't have time to grow it? Leverage your sales and marketing efforts by leveraging the resources available to you and thus get yourself in front of more high-quality people on a favorable basis.

Just as you're proud to work in organizations that leverage themselves, so too will your clients and prospects be proud to do business with you because you're demonstrating that you're not just a small business, but that you're a growing business. You're leveraging your resources.

Losing Their Way **Back**

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This week, Motorola, the electronics giant, announced that they had "lost their way". This innovative company who boasted that they were the largest (by far) manufacturer of cellular telephones lost that position to the young, upstart, Nokia. No one has ever questioned Motorola's innovative and creative atmosphere. However, somewhere in the 90's, Motorola lost its customer focus and became a process-driven company. The process that drove Motorola was the best process imaginable, the process of innovation. However, that innovation became lost in technology and the company moved away from what their customers wanted. As a result, Motorola cut 17,000 jobs last year and has gone through a period of corporate soul-searching led by their capable, third generation leader, Christopher Galvin.

Now, what on earth does Motorola have to do with the insurance agency business?

It is our contention that many "successful" insurance agencies have also "lost their way" and lost their customer focus over this never-ending competitive market. Price driven marketing and internal automation have been the concentration points to offset lower margins and to permit the agency to process better, faster and more efficiently. However, a concentration on automation has permitted many agency owners to distance themselves from the most troublesome question they face, "What does the customer want in this market?" And the constant price chopping has convinced them that price is all the customer wants.

Agency after agency that we visit boast about their "customer-orientation" and excellent customer service. However, in most cases, this means that they do exactly what the customer expects as a minimum requirement for managing his insurance products-- processing transactions quickly and relatively error-free. While that is obviously needed, anyone (direct writers, banks, internet companies) can process as well as (or better than) an agency can process. These "Excellent Customer Service" agencies continue to lose revenue base to the soft market and customer base to competition. The result of these losses is a morale problem right at the top of the organization. When the agency owners no longer believe in themselves, their organizations, and their customers, the decline of the business is difficult to stop.

The "Self-Fulfilling Prophecy" really works. It is, in fact, a form of Visualization. If you believe that your customers are disloyal, that your companies are out to get you, that your employees don't care about the work effort and about the agency, then these results will "actualize" and become true. If, on the other hand, you work under the presumption that the customer would like to do business with you and only seeks the reason to continue to do so, you will be inclined to work more patiently with the customers to find those reasons.

If you treat the companies as partners in a business relationship, you will realize that neither you nor they should expect to do business with each other if your products, services or goals are different. Agencies should not change partners at a whim, but, just as every other industry shifts relationships from time to time, so does the insurance industry. This does not mean that the carrier is "bad" or that the agency is "bad". It does mean that agents have to be proactive and sensitive to the changes in their carriers and react accordingly.

If you treat your employees as if they care about the success of your business as much as you do, you will establish a shared relationship with your employees and use them to help you find the solutions to your problems instead of simply assuming that they are the cause of them. Working with, instead of for, agency owners give employees a sense of respect and being respected. Our interviews with employees are very insightful. Most employees feel a need for pride in their jobs and in their organizations. Those employees that have lost their pride have already been tainted by accusations (actual or perceived) by their employers that they are not working up to their potentials. Most employees want to do a good job. If they are not performing as well as needed, they need help in determining the solutions, not accusations. Most damaging is the affect that a low morale owner has on his employees. Once the employees feel that an owner has given up on his business, they can no longer maintain their morale level and begin treating their role as a "clock-punching" job instead of as a fulfilling way of helping others and earning a living.

DEATH BY ASSUMPTION
Focus on the customer instead of on personal goals. Of course you want to make more money and have more free time. Of course, you want your business asset to grow. But those agents who spend their time, money and effort on customer relationships find that they achieve their own goals, as well. The agents that we encounter who have graduated out of customer contact and spend their time in more personal pursuits soon lose what customer focus they had and suffer the same problems that plagued Motorola.

Don't assume that the agency is a cash cow to be milked until it is no longer profitable, then sold. Once we penetrate the surface issues in a troubled agency, we get to this bedrock issue. The agent tells us that even if all of his problems are true, he can still make a good living operating as he has done and he expects the agency to maintain a strong value because of the "Urge to Merge" in our industry. There appear to be 100 buyers for every seller in the attempt to gain economies of scale. However, if the problems of the agency chase customers into the hands of the competition, what will be left to sell? Most sales are being predicated on retention of business and if that has been your problem it will deteriorate the value of your asset. And, after all, was it always your intention to sell out? If you were retaining your clients and growing, would you still have the same intention? Most agents would either continue in business or perpetuate internally to continue their business through the next generation.

Don't assume that the game is over between the independent agency system and the direct writers. DON'T GIVE UP - THE DIRECT WRITERS DON'T DO INSURANCE THAT WELL!! But they are nothing if not persistent and are willing to market heavily. Marketing works. Without the unique value-added functions that you can provide, the heavy marketing will continue to deteriorate the customer base every year. Even mediocre products sell with heavy marketing. However, if you get back into the game and market your agency and its differences, you can regain your market share in your own territory.

Don't assume that the banks and internet companies can provide the same services that can be provided by the independent agencies. An analysis of bank agencies prove that they provide neither more nor less products and services than the agencies that they purchased (or the core management who started the agency). Once financial institution management becomes involved, client sell one thing only, price. The are quote machines for auto and homeowners. They can provide no advice and the customers quickly become aware that they are alone. Stress this relationship issue when marketing against internet companies.

CUSTOMER FOCUS
Here are the three levels of customer focus. Pay attention to all three to regain the focus and to create the differentiation that all agents seek between themselves and the competition.

Level One -- What the customer expects Customer expectations are usually very basic. All customers want the lowest possible insurance costs, coverage for all normal exposures, and quick and efficient processing of their transactions. They all expect claims to be handled quickly and to their satisfaction. Can you meet these basic needs?

You may not be the lowest cost in the marketplace at all times, but most customers expect low cost as a part of their needs fulfillment, not as all of it. Give them the lowest cost and refuse claims or poorly process every request and you are likely to lose a customer. Communicate the fact that you can cross many carrier programs to provide competitive quotes and you have beaten the direct writers who can only quote their own company. Provide testimonials about your fast, friendly service and claims handling and both customers and prospects will likely stay with you.

Level Two -- What the customer would like.
Once the customers are convinced that their basic needs are met, they begin to move into the next level of expectation. At this level the customer wants to be considered as a VIP client with a feeling of importance relayed to the customer by respectful and friendly treatment by his agent. The customer wants to be "known" and recognized by the agency. Can your agency "know" every customer? The direct writers use random servicing. All representatives are equally able to assist customers and can access historical transactions on their systems. Many agencies using transactional filing also post notes to customer files on every contact. But if customers are assigned to one CSR (i.e. alpha splits) or to one team (i.e. program teams or large lines teams), the person or people to whom the customer speaks can actually know the client and treat him as a friend and respected customer. You can do this as an independent agent. The competition can not do this. If you communicate this difference to the clients, they will stay with you if respect and familiarity are important to them.

Level Three -- What would "thrill" the customer
Level three expectations are ones that the clients don't even know are available - until you tell them about them. For instance, some of our client agencies have begun giving large clients access to their own customer information on limited access dial-up facilities into the agency system. The customer can tell if payments were applied and how much is still outstanding on their accounts. Other agencies have arranged to have certificates printed in the clients' office to heighten the ease of service. In a few cases, clients can request their own certificates on line and, unless a problem exists, the certificate is printed on their local printers in moments. "Thrilling" the customer involves providing services that are pleasantly unexpected. Stories abound about agents attending to clients needs on weekends and evenings. These situations used to be common. They are no longer the rule - now they are the exception. But it doesn't matter if you don't communicate these unusual and extra services to the clients who are seeking reasons why they should stay with you or within the agency system. When you do something extraordinary, tell the clients. Like Will Rogers said, "It ain't boastin' if its true!"

Getting back to Motorola - This company's deviance off their success track will not spell disaster for the electronics giant. This is because their leader understands what caused the deviance and is concentrated on regaining the customer orientation that "thrilled" consumers and industry with innovative products that met and exceeded their expectations. It's easy to be the leader when there are few contenders in the game. However, Motorola faces a variety of competitors from within the electronics industry and from outside. All of those contenders are innovative and are gunning for Motorola's customer base. As the company again understands exactly what their customers expect (their base needs), what the customers want (their perceived desires), and what would create customer excitement (thrilling products and services that are attuned to the customers' future needs), they will regain their leadership position and move to the next level of the company's success.

Similarly, the few entrepreneurial insurance agents who are attuned to the needs of the customers, rather than their personal agendas can regain the positions of growth and profit that were common in the industry a few years ago. The key to tuning in to the needs of the customer is COMMUNICATIONS. Unfortunately, communications appears to be the first thing to shut down when things get bad.

COMMUNICATE WITH THE CUSTOMERS
Conduct individual meetings with your largest clients to ask them how they could use your agency to their best advantage. This is best done in an informal, social atmosphere. Most customers will begin with the obvious - shop their insurance for the lowest cost every year. Accept that need (it is everyone's Level One need). Brainstorm with the client to evolve Level Two and Level Three issues that would add value to your role with the customer and would cement relationships to avoid any need or temptation to shop

with any other agent or entity in the future.

Conduct group meetings with medium sized clients to derive the same information that you achieve through individual meetings with large clients. The agenda for these focus group meetings should be Controlling Insurance Costs and Protecting Your Assets. Provide refreshments and plan the meetings for no more than two hours. Issue formal, personal invitations. Don't expect to get a large response, but be aware that the clients who choose to come are representative of the others who did not. Have a list of open ended questions prepared targeted to identifying this client base's Level One, Two and Three issues and how you can help address them.

Communications doesn't begin and end with the customer. Whether times are good or bad, be open and communicative with your employees. They can help you - if you ask them. If you shut down, they will sense that problems exist and will, eventually, respond negatively. Similarly, meet on a regular (quarterly) basis with your carriers. Don't permit the "drop-in" visits by the marketing representatives. They are generally a waste of your time. Rather, you visit the branch office and meet with the group who works with your agency (underwriting, marketing, claims, managers). Your agenda with carriers is "How Are We Doing," "How Are You Doing," and "How Can We Make Our Relationship Better?"

Don't assume that the alternative distribution systems to the independent agencies must continue to rob your agency of its customers, its good will and its morale. If that track continues, it is because you are unable or unwilling to change to meet the challenge. For 200 years, independent insurance agencies have represented the carriers for risk selection and the clients for coverage needs and placement. No other competitor is responsive to both the supplier and the end customer. The independent agent is more knowledgeable, more caring, and has more capabilities than the other markets available to the insurance customers in the U.S. We simply have to remember what we are, become proactive in representing ourselves to our client base and stop rolling over when faced with single-dimension competitors. The Self-Fulfilling Prophecy and Visualization works both ways.

Market Research - The Key to Program Development Back

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Last month we defined the difference between Programs and Target Marketing. This month we will illustrate how market research methods can be used to identify, define and qualify programs.

It all starts by identifying different groups that would be viable customer bases and may have needs that are not properly fulfilled through the marketplace. Most agencies develop programs because they already have expertise in a specialized area in which they have written a fairly large number of accounts. The easiest way to find out what your customers needs, is to ask them. Whether you do it on an individual information call or through a focus group professionally established to elicit that information, do not expect to create a viable program in a vacuum.

On you question a few dozen clients in a common industry about the strong and weak points in their insurance programs, take the results to a larger industry group of which your clients are representative. Further surveys, focus groups and visits are necessary, assuring these businesses that your immediate goal is fact finding to provide a better product for their entire industry. Once you've identified a set of unfulfilled needs originated by your own customers and verified through non-customers, approach your carriers and determine which of them would be interested in helping you fulfill the needs. This must be done with some assurances and confidence that the carrier will not educate themselves as a result of your work effort and create the product on their own. Trust is of extreme importance in program design.

Once a company commits to working with you to develop a better product for the target audiences, your next step is to locate and sell the idea of a program to a target audience association or a large group of customers in that industry. If an association is available, their sponsorship is needed. This will not be accomplished in one or two visits. A marketing program to an association may take years of penetration to achieve the appropriate results. If an association is not available, advise a large number of companies within the target industry that you are developing a special program for them. A questionnaire asking if they would be interested in participating begins your directed marketing plan. This is on-going while the program is being developed.

It all comes together when the sponsor (or group of prospects) accept the program in concept while the carrier assists in the development of the product (or filings) that permit you to sell the program.

A number to ACG clients have determined that the development of Programs is within their Strategic Planning process. They have committed to implementing three or four programs each year with the expectation that only one every few years will be successful. However, they accept the fact that one can not expect to hit a home run by swinging at the ball once and retiring from the game if they miss. These clients will put in a great deal of time and effort with the expectation that the few programs that will succeed will become investments in the future rather than simple target markets.

Negotiating the Sale   Back

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For many years we have criticized the common practice of price quoting as the insurance agents primary sales method. Price is certainly important. But it's rarely the only issue facing insurance customers and, while it is the easiest issue to address , there are often more important triggers to buying decisions than price.

A sale is made at the conclusion of a successful negotiation. Buying a car is also a negotiation. Deciding with your wife on vacation plans is also a negotiation. As a matter a fact, everything we do in life is done through negotiations. More importantly, everything that you want is in the control of others. In order to fulfill your wants or needs, you must somehow get other people to accept or modify your desires.

The critical elements in every sale negotiation is the time element, the knowledge (or information) element and the power element. Besides these three elements the key to a successful sale is the meshing of the personality types of the buyer and seller. You may have the best product in the world at the lowest price but if the buyer hates you or if you dislike the buyer, you probably won't make the sale.

In the sales process, the customer will normally try to exert his POWER, require you to work under his TIME constraints, and LIMIT the information to the minimum required in order to accomplish his goal your goal, on the other hand, is to gain as much information about the client as possible, assure yourself sufficient time to go the job done comfortably and professionally and to balance the power between you and the buyer so that you both treat each other as professionals in a "win/win" scenario.

In order to achieve a win/ win scenario you must never permit your negotiations to narrow to just one issue (i.e. price). Of course, cost is always a prime consideration of every insurance buying customer. However, the chances are that he has not gone to market solely because of the cost. Your job is to uncover the other issues that have caused the buyer to seek or accept alternative proposals. Some buyers are actually looking for you to hit their "hot buttons" without them bringing them up. However unless we have crystal balls or extremely good luck, we are better off delving to uncover all potential issues before proposing solutions.

The second requirement of a win/win scenario is your understanding that different customers want different things. Too many insurance sales people have a single sales methodology that they try to fit in every situation. You must change your sales scenarios to fit the personality of the customer. Finally, price is important, but not all-important if you accept the premise that the only thing a customer is looking for is price, than we don't need a salesman do we? All we need to do is offer a quote machine like many term life insurance agents have done recently.

The three stages of negotiating a sale are 1) understanding your prospects desires, 2) gathering sufficient information to respond to the customers need, 3)solving the customers problem in a way comfortable to him.

Learning your prospects desires involves asking open ended questions and keeping your mouth shut-listen to your customer. Believe it or not the customer will tell you all of his problems and their solutions if you ask properly and listen rather than speak. Your goal in this section of the negotiation is simply to find out what he wants until you are satisfied that you now understand all of his desires (not just the most important one).

Many of us gather insurance data mechanically. The use of survey forms is a good idea but should only be the jumping off place, not the "Bible" of information. In the search for information you should think like an underwriter. If you have not gathered sufficient data to make an underwriter comfortable with the risk and the pricing, gather more data. Open ended questions work well here to identify what the incumbent and any competition has suggested as solutions to the customers problems. Write a lot-speak a little. The final part of the negotiation is a the delivery of your offer of solutions to the customers problems. The information that you have gathered should give you sufficient data to formulate a proposal and quote. However, the information that you have written about your customers desires (not his needs) should give you all of the ammunition you need to formulate your proposal in a user-friendly way to respond to your customers personal desires in a way acceptable to him.

If you follow these rules of negotiating a sale, and do so diligently, you will find your hit rate rising and your retention rate based on a relationship the you build with your customers rather than on price alone.

Paradigm Shifts in Management Back

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Most managers equate the term "Time Management" with prioritizing, schedules and lists. But these list keepers find that they remain under intense pressure and still seem to get little accomplished. Their lists and schedules simply reinforce their feelings of futility and captivity to their environment, their lament - "At least when I didn't have these lists I didn't know how far behind I was.
These lists and schedules are more like chains than aids."

Time Management can be a true mechanism for effectiveness and organization. But if Time Management is used as a mechanism ONLY, it can not succeed. Instead it will magnify the insufficient mind set of the manager. How do you know whether Time Management is only used in a mechanical way? If you or the other people employing Time Management methods complain or are resentful over the time it takes to create and manage their priorities, it isn't working. The mechanics of Time Management that you employ may be perfect but if you fail to maintain the engine or put fuel in the tank even a Rolls Royce will fail you.

The mechanical side of Time Management are the lists, priorities, diaries, schedules and other devices, both automated or manual, that keep you organized. But the human side of Time Management is its key to success. That human side of Time Management identifies what is to be accomplished and distinguishes between the important and the urgent.

What is really to be accomplished? Would you plan a three week vacation a day at a time? Would you feel comfortable planning only to travel 500 miles on day one and making reservations at a hotel? That night at the hotel you would break out the maps, tour guides and books to plan day two. Each day for the next three weeks you would continue to look one day at a time, satisfied that you've reached your destination each day. But your vacation will convert from seeking a three week respite from work to a marathon "travel and plan" grind that will likely leave you exhausted-and may not even bring you home at its conclusion. Planning your multi-week vacation, one week at a time is no better.

Now look at your scheduling priorities at work. If you are like most "fellow travelers" the best we can manage is to identify what needs to be done this week, and trying to manage our time to accomplish those intermediate goals. Sometimes we achieve those weekly goals, but too often the crisis of each day keep us from addressing even these short term efforts. Unfortunately, most of us don't even strive for these mediocre objectives. We manage our time like our lives, one day at a time. At the end of the day-week-month we shake our heads in frustration over what WAS NOT accomplished that needed to be done.

Our problem is that we took our eyes off our targets. Some of us never even identified the targets in the first place. What are those targets? They fall in two categories: Change objectives that require constant attention to accomplish (whether critical on a daily basis or not) all the constant, critical and important goals that must be addressed in order for us to succeed in business.

Change Objectives
Change objectives are the objectives of your tactical plan that are not already a part of your work life. Breaking into a new market is a change objective for an aggressive agency. Since the change objectives are different from your current actions , they must gain constant, high visibility and action in your work life

in order to accomplish them. Planning something new doesn't make it successful if you spend every day of the year reacting to crisis and fire-fighting. If you don't DO something on a regular basis toward that goal, it won't happen.

Critical Work Goals

The easiest example of critical work goals in an insurance agency is the renewal process. How many of us first think about the customer's renewal when he calls us a few days before expiration wondering where we stand on his policies? It's great if you've climbed out of the hole-but how many of us have to scurry at the last minute to qualify a risk or to revise rates. Is it always the company's fault? Or do we sometimes lose track of the importance of maintaining a regular relationship with existing clients, making the renewal "cycle" simply blend into our regular customer contacts?

The problem is that we've taken our eyes off the Important in order to address the Urgent.

Importance vs. Urgency

Wheel's "squeak" in our agencies everyday. Every squeaky wheel demands attention. But is every urgent item also important? Probably not. Of course those issues are important to the originators of the issues, but they may not be as important as the goals and objectives of the agency - or not even as important as the renewal of your largest accounts. But we normally attack the urgent - those squeaky wheels - and let the important issues languish. Those important issues, however, are time bombs. If not addressed they will eventually explode-at the most inopportune moment. Other important issues, usually tied to the change objectives of the agency, die quietly and, if they are truly important to you, they hurt you much more severely than many of the squeaky wheels would have.

Changing The Time Management Paradigm

What do you suppose would happen if, instead of PRIORITIZING OUR SCHEDULES, we SCHEDULED OUR PRIORITIES? Your priorities should always be those things that will have the greatest long term impact on you/and or your business. Most of those issues will NOT be urgent because long term value demands long term activity. If we selected five business issues that would profit the agency if pursued on a long term basis and schedule time for each every week - as if they were appointments - wouldn't we better manage those issues? You would rarely break an appointment with a client to address a sudden agency problem. We urge you to treat your important agency objectives as if they were VIP prospects. You will certainly visit them to mature your relationship as often as needed. At the end of each week schedule a block of time for the next week for each objective. For instance, take a one hour time slot to review a weeks worth of renewals who will expire in three months. This gives you a head start on your renewal planning. Keep these "appointments" as if they were with VIP clients or prospects. Never let a crisis interrupt unless you would cancel an appointment with your largest client under other circumstances.

If you change your mind set before executing your Time Management mechanisms, you will find that the Time Management machinery performs much closer to your specifications than they have in the past. Remember, DON'T PRIORITIZE YOUR SCHEDULE, SCHEDULE YOUR PRIORITIES!

Recently I granted about an hour and a half interview to Jennifer Frazier of Senior Market Advisor Magazine. She was putting together an article on "Successful Client Seminar Selling".

Due to our national scope and untouchable performance numbers, she selected me as one of her primary sources of information for the article (Thank you, Jennifer!).

The other primary information source for Jennifer was one Mr. Tom Vetrano. I do not happen to know Mr. Vetrano, but I should mention in advance, that I was shocked that he disagreed with me on a few key issues. However, at the very end of the article, he eventually divulges that his target market is "union employees" which immediately explains his contrary (and incorrect for the general public) point of view.

Anyway, since she did such a great job of picking my brain, I thought you might enjoy reading the article as it appeared in May's issue of Senior Market Advisor…

Playing the Crowd

Back

Practical tools you need to run a successful and cost-effective seminar.

By Jennifer Frazier
Senior Market Advisor Magazine
May 2001

"I was very average, if not below-average producer for 12 years," says Tom Vetrano, a financial advisor who provides retirement planning for a Tuscan of the Insurance Business, Vetrano, president of Vetrano Financial Services, has been doing seminar marketing for the last three. "(Seminar) marketing has literally changed my career."

Efficient and non-threatening to prospects, seminars can give you the opportunity to pre-qualify clients and bring them up to speed before they step into your office. Hosting seminars can also be one of the most inexpensive ways to procure quality leads.

But developing a seminar system that works is contingent on more than booking a space and placing an ad in the paper. More important than public speaking ability, even the panache to fill a room, the strong seminar marketer develops an understanding of his or her target market and creates a seminar that resonates within that particular group.

If you target, they will come

There are a number of ways to publicize your seminar, however, the technique you choose should correlate with what you want to accomplish. Print and broadcast advertising can reach mass quantities of people. Although this may sound like a good thing, if your seminar is geared toward a specific demographic, you risk diluting your target market. "I open the newspaper every day and see ads from stockbrokers about their bond seminar," Vetrano says. "That's a shotgun approach."

If your seminar is geared to a defined group, buy a list based on your market criteria, then either telemarket or mail a seminar invitation. This will produce responses from the individuals who are specifically interested in what you have to offer and have the financial resources that most interest you.

Mike Walters, president of USA Financial Marketing, a company that helps advisors find highly qualified senior clients through seminars, uses direct mail that requires potential attendees to call his office to reserve a seat.

"If you're using telemarketing to invite people to your seminar, you're going to have a much higher fall-off," Walters says. "A direct mail piece that requires an individual to take action to reserve a seat gets more results." After someone responds to his direct mail piece, Walter's office mails that prospect a flyer with a map, along with tickets to the seminar. "The fact that they're making the effort to reserve a space means they're serious about coming."

If you use direct mail, keep in mind that it's your only opportunity to offer potential clients something they'll find valuable. "That's where a lot of first-time people in the seminar really get side-tracked," says Walters. "They come up with some type of generic 'financial services' type of seminar. They really don't offer people a reason to come." Your direct mail piece must demonstrate the value of attending your seminar.

Vetrano's target market consists of blue-collar union workers who are within a year or two of retirement. These workers are still in
The process of understanding their upcoming pension benefits, so Vetrano positions his seminar as information-oriented.

"My seminar is used to educate potential clients on their company benefits, what they are to receive, their pension options," Vetrano says. "The seminar should be educational or fundamental. Seminars cannot be sales meeting; people are being told to everyday. They want to get some tangible benefit."

To provide his prospects with the opportunity to choose a convenient date, Vetrano schedules a series of seminars on consistent days (like the second Thursday of every month) and sends the schedule in a mailer. He also posts upcoming seminar dates in the union hall.

Walters' approach to filling the room is a little different than Vetrano's, to suit the needs of his senior clients. "Seniors are not looking for an education, they're looking for solutions," Walters says. "The piece must demonstrate what the attendee will gain. Give them a reason to attend." His mailer presents the seminar in a way that suggests he can help older clients solve their problems.

Walters also invites current clients to his seminars and makes a point to acknowledge them during his talk. Not only do these clients bring friends, boosting attendance, prospects who have a chance to mingle and see current clients feel more comfortable about Walters.

To serve or not to serve?

Walters maximizes attendance by serving meals at his seminars, after he finishes his talk. Dinners work best, lunches come in second and brunches are his third choice. "Senior seminars work much better when they are held as an event," Walters says. "The response rates are much higher in that (dinner) format. People enjoy the event, rather than feeling like they just got out of a classroom."

If you decide to serve a meal, consider your clientele when choosing a menu. "Generally speaking, sit-down, plated meals work best," Walters says. If your prospects are on canes, walkers or in wheelchairs, getting them up to a buffet table can be complicated.

If you're worried about expense, do some research. In many cases, when you serve food, the venue you choose will comp the room. "Even if you have to pay, the incremental increase to serving a meal adds to the event and the number of follow-up meetings you schedule," Walters says.

Because where you hold your seminar also plays a role in the clients you attract, understanding your target market again comes into play when you decide on a venue. "If you go to the greasy spoon, you will get people who are comfortable in a greasy spoon setting," says Walters. "If you spend some more money and go a little higher up, you experience a weed-out factor and get people who are potentially better prepared financially to be good clients."

Vetrano points out that he deals primarily with a blue-collar market. "It's not a cheese and wine market, he says. Vetrano's seminars usually take place in the union hall and although he likes to serve refreshments, he usually sticks to cookies and coffee.

"Make sure you understand your market, whoever the market may be." Vetrano says. "You could absolutely offend, not just turn off, but offend people if you present your information in a way that doesn't resonate with them. If (when speaking to union members) I did a presentation geared toward attorneys, it would turn my union people off, and I if I did my union presentation to a bunch of attorneys, they would kick me out."

Some marketers, like D. Justin Dunn, object to serving food entirely.

President of Dunn's financial Review based in Succasunna, N.J., Dunn send out direct mail and confirms appointments, but has made a conscious choice not to serve food.

"Serving food bring a whole different breed of people o the seminar," Dunn says. When people show up for his food-free workshop, he feels confident they will likely use his services. "I have to think these people have something better to do than go to my workshop, if they show up, I know they're serious."

To Keep in Mind:

Honing the details of your presentation is important, but advisor Tom Vetrano points out there are some fundamental ideas to keep in mind before, during and after your seminars.

Stay focused

Your slide presentation may not work, you may trip over a cord, people may get up and leave. Life is full of surprises, but you can't let that deter your efforts. Set an agenda and follow it as best you can, expecting to address mishaps along the way.

You write your own business, so do your own speech

Don't hire someone else to do your speech. People naturally gravitate toward the speaker, even if the presentation is less than smooth. Besides, you're trying to develop trust and use the seminar as a first meeting. After listening to someone else talk about financial matters for 30 minutes, why would your audience want to schedule a second meeting with a stranger?

Leave them begging for more

You're not trying to make a sale during the seminar, you're trying to educate and provide something of value. Some groups want information, others crave solutions. Determine your target needs and use the seminar to show them you're the one who can help them.

Relationship building

"It took me a year-and-a-half of relationship building before I sat down with my first client," Vetrano says. "You don't buy a seminar and think that you're done. It takes time to cultivate and develop a market. It's a trust issue." During the time before his first meeting, Vetrano supported functions like union golf tournaments while he developed an understanding of the union's pension plan. "You have to do anything you can do to build that foundation. Too many people go out and do a seminar without doing their homework."

Approach planning wholesale

Seminar selling, and financial planning in general, is not about hawking one particular product. It's about analyzing an individual's financial situation and providing a plan tailored to meet their needs and desires.

Your pitch

One of the most important things to remember, Walters stresses, is that the only thing you're selling at your seminar is a follow-up meeting.

"Position everything so you're telling them just enough to pique their interest, to agitate the information, to bring the situation to the surface," Walters says. "Give them enough information that they feel satisfied that it was well work the event, but want to set up a follow-up meeting to address more individual financial issues."

In the case of his union prospects, Vetrano describes their pension benefits and suggest some things they can do with their money once they retire. "These folks who have worked for 30 years, punched a clock for 30 years," he says. "I literally walk them through how their retirement process will occur."
Showing attendees that they have options, Vetrano offers peace of mind to what may seem like an overwhelming process. "They may be used to getting a paycheck every two weeks. I show them that I can set it up so they still get that check on schedule."

Product-based seminars

Walters and Vetrano prefer an all-encompassing financial planning approach. During their seminars, these advisors acknowledge that everyone in attendance represents a unique financial situation, and they demonstrate an ability to address individual problems.

This is contrary to the product-based seminars some advisors conduct. Vetrano and Walters both shun this strategy, a meeting where an agent addresses the benefits of a particular type of product (like long term care insurance or variable annuities). "The problem with (product-based seminars) is they are simply a commercial," Walters says. "Even if you don't mention a specific product or a specific carrier, the person in attendance is going to figure it out."

Interacting with your attendees
If your attendees genuinely like you, your chances of earning that follow-up appointment increase, but it's hard to make an impression on every attendee when presenting a room full of people. One way to reach out is by interacting with individuals, through question and answer sessions or general audience-speaker dialogue.

Although Walters acknowledges the importance of winning over the crowd, he avoids Q & A, and says eliminating individual queries has increased his follow-up ration.

"Don't do Q & A during the seminar," says Walters. "If you do, you will have an element of the crowd that feels they heard their question answered, so they don't need the follow-up meeting." Walters also points out that audience members might assume another attendee's situation is similar, and apply one of Walter's answers to themselves, when it doesn't suit their finances at all.

"Especially during the meal, people will try to pin you down, they might try to hold an appointment on the spot." Walters suggests easing prospects into scheduling a 15-minute review appointment to answer questions on an individual level.

Or, you can avoid the Q & A quandary altogether "By physically packing up and leaving, you're not only letting attendees enjoy their meal in a low-pressure environment, you've eliminated Q & A problems," Walters says. "Over dinner, these people can become talking brochures, selling themselves on the idea, especially if you have current clientele in attendance."

Vetrano takes a different view on Q & A. He not only participates in question and answer sessions, he encourages them. "I don't just do it at the end, I do it throughout with every slide in my presentation, I'm asking for input, questions, " says Vetrano. "Again, I'm not trying to sell them anything, I'm trying to educate them on their process."
Vetrano uses Q & A as a relationship-building tool. "The more folks that can hear what's going on, the better they understand it. I'm trying to build rapport, I'm trying to show that I'm not just a suit and a tie," Vetrano says. "When I do my seminars, I know I'm going to sit down with seven or eight of them. I'm not afraid of not getting 100 percent participation."

Earning the follow-up

The beauty of seminar selling is that he seminar is the equivalent, of a first appointment; you've already covered all the things you would normally have to discuss with a client. Plus, by signing up for an individual meeting, seminar attendees are demonstrating that hey already have faith in your services.

When prospects sign up for a follow-up appointment, "they've already been sold on you, they were sold at the seminar," says Walters. You can take advantage of this established trust and dive right into their individual financial needs. All of the ice breaking took place at the seminar.

The easier it is for attendees to schedule a follow-up, the more meetings you will reap. After you finish speaking, distribute cards that ask the attendees' names and phone numbers. Include boxes that can be checked, indicating whether or not they're interested in meeting on an individual basis. You can also offer them a line or tow to describe personal financial goals and concerns.

At Walters' seminars, the cards also function as raffle tickets, further encouraging attendees to fill one out. Using this method, Walters says he experiences a 60 percent follow-up-to-attendee ration.

"If you're scheduling follow-ups with better than 50 percent of the households represented, you're in the hunt," Walters says. "If you're getting less, there's something wrong with your presentation."

Vetrano stresses that although seminars can be successful sales device, providing exposure to many people at once, it's important to remember that seminars are not a means to an end. "The seminar is a tool. In this market, it's just part of everything else that I'm doing with the follow up," Vetrano says. "It gives me that format to meet as many of the folks I can and to week out who is interested and who is not."

One Size Fits All?

Seminar size matters, depending on your target market

Is bigger better? Or is small and cozy the way to go? Mike Walters and Tom Vetrano both achieve great success using seminar marketing techniques, but Vetrano prefers a small, more intimate setting while Walters likes to present to a crowd. The bottom line? Figure out what size seminar best suits your market.

The argument for BIG

Walters contends that larger, more infrequent seminars best suit his selling style. "I like short and fat, rather than tall and skinny," he says. "You get better economy of scale, too."

"With seminars, bigger is always better. There are people in the industry who would probably debate me on the issue, but we have been really successful with big seminars." When new prospects walk into a full house at one of Walter's seminars, they experience an immediate 'Wow' factor. "They instantly know before the presenter opens his or her mouth, that he person presenting the seminar must know what he or she is doing."

The argument for SMALL

Vetrano, who prefers more interactive seminars, thrives on smaller groups. "My largest group ever had probably 25 to 30 folks in attendance." He says. Because Vetrano's target market is composed of union members preparing for retirement, the focus of his seminar is information. He welcomes questions and tries to develop a dialogue with the audience, which is easy to do with a small group. "Ultimately what I'm trying to do is sit down one on one," Vetrano says. "My smallest attendance group was the most successful seminar I've ever had." By the end of the seminar he had scheduled follow-up appointments with every attendee.

Word count: 1265
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Positioning Yourself As The "Trusted Advisor" Rather Than The "Annoying Pest"

Back

Contributed by Michael D. Walters, CLU

In order to rake in the really big money that it is possible to earn as a financial services professional, you must be confident enough to abandon your "salesperson" persona. This does not mean that you should abandon good "salesmanship", just that stereotypical "house call" or "annoying pest" salesman image.

Positioning yourself as the "trusted advisor" will actually lead to much easier (and larger) sales. Effective positioning is the most powerful strategy or tactic available to you… Your success literally hinges upon your ability to properly position yourself. The most successful advisors are constantly evolving and continually building upon this positioning play.

Creating Demand for Your Appointment Times!

You obviously want to be successful, and your clients want you to be successful. Believe me, no client wants his or her financial future to be handled by an unsuccessful advisor. Armed with this common bit of knowledge, you must be able to conduct yourself as though you are successful and in high demand. **If you are not yet in high demand, then fabricate the demand for the short-term future through proper positioning and adaptation.**

If you don't currently have enough appointments to fill your week, then only book appointments on days that you can schedule completely. In other words, if you only have enough appointments to keep you busy for one or two days per week, then only schedule appointments on two selected days per week. Fill-up Monday solid before setting any Tuesday appointments. Then set all of Tuesday's appointments before flowing into Wednesday, and so on. Quit appearing to be desperate for appointments (even if you are). Quit letting your clients dictate your schedule – you are the professional – you need to control the availability of your own calendar. You may even want to consider protecting one or two days per week strictly for planning & support work. Many top producers set appointments on Monday – Wednesday… Leaving Thursday & Friday specifically available for internal planning and strategy.

Don't be afraid to schedule appointments weeks or even months into the future. Clients will respect the fact that you are in high demand and they in turn appreciate the time you have available to spend with them. Remember, the "take-away" concept of an unavailable or already spoken for appointment time is another powerful positioning tool.

Also, limit the length of time you allot for each appointment. There are very few appointments that should be set for more than an hour's time. Not that you don't have plenty to talk about, but your client can only absorb so much, plus you do not want to be perceived as having an entire morning available to spend with just one client. Always capitalize on the ability to schedule multiple future appointments at the completion of the first. "Mr. & Mrs. Jones, since we have identified these three key issues that we'll be needing to address in the near future, I recommend that we simply go ahead and have my assistant set the next three appointments spreading them apart by about every two weeks or so."

Furthermore, set appointments on the off-hour. This gives the perception of a very full, very precise schedule. Set appointments to begin at 1:10 p.m. instead of 1:00 p.m. or 9:10 a.m. instead of at 9:00 a.m.

The Ultimate Weapon of Choice for the "Trusted Advisor" is Client Seminars!

There is no better way to create demand for yourself than with client seminars!

Speaking to a large seminar group on a regular basis is probably the most effective, foolproof way to catapult yourself into the "trusted advisor" category – Not to mention, you'll leave your local competition in the dust. But, first you must understand the two most important, yet seldom discussed secrets about hosting seminars…

Secret #1: Holding small seminars can do more damage than good. If you get into the seminar game, don't hold meetings for 15, 20 or 30 people at time. You're audience will liken this experience to feeling like a lab rat. The attendees will not be able to shake their skittishness and the looming question in their mind, which is… "Why aren't there more people here – does everyone else know something about this speaker that I don't?"

On the other hand, **when conducting large seminars you experience the advantage of the "WOW" factor**. When the attendees walk into a room of 100 or more, they immediately feel the "comfort in numbers" phenomenon and their positive perception of you is immediately reinforced. Like it or not, many clients will judge your abilities and success based solely on the size of your seminar program. I've gained many a profitable client from the competition simply because I understand this simple fact of human nature.

Secret #2: Client seminars are the most economical means to obtaining large volume, high quality clientele. Many professionals become scared off by the "lump-sum" expense associated with seminars. However, when you break-down the total seminar investment and calculate it out on a cost-per-lead or cost-per-appointment basis, you'll find that it is most likely the highest return-on-investment lead you'll ever enjoy.

In fact, digging even deeper, you'll find that the seminar appointments are even more valuable because **the seminar itself serves as the first appointment**. Meaning that when you schedule your first appointment with a seminar attendee, it is really the equivalent of a second appointment when comparing to any other lead source as you have already spent an hour or two with these people during the course of the seminar – most of your first appointment prologue is already out of the way via the seminar presentation!

Anytime you speak in front of a large group you are instantly positioned as the expert. First of all, most people are deathly afraid of public speaking. Secondly, everyone assumes that you must be very good at what you do if you are willing to speak in front of a large group. Both of these items work to your favor as people will psychologically place you "up on the pedestal". Before you ever even open your mouth to begin your presentation in front of a large seminar room, people will have you pegged as the "trusted advisor". As long as you don't perform so badly as to take away from that effect, you almost can't go wrong.

Relating all of this back to the demand issue, you can find no quicker or highly valued source to create demand for your services than with client seminars. People have literally seen for themselves, as witnessed at your seminar, that you truly are in high-demand. Now everything else you do from a positioning standpoint (on a going forward basis) will simply solidify that you are the "trusted advisor" of choice. Later when you need to set a future appointment, they will already be trained to be very respectful of your time.

Once clients view you as their "trusted advisor" they will tend to automatically follow your advice. No longer will you be forced to "sell" a product, a carrier, or an interest rate – Your clients will simply understand that you have their best interests in mind and they will gladly trust your decisions and recommendations.

In conclusion, let me put all this into a real life example… I average 150+ reservations per seminar – If you run one seminar per month that equals 1,800 reservations per year. 80% of the reservations result in attendees and that equals 1,440 attendees. If two-thirds of those attendees represent individual households, that is 960 households. Assuming a 60% appointment ratio, that is 576 new appointments per year. Now apply your own closing ratios.

Michael D. Walters, CLU is the President of USA Financial Marketing and Chairman of USA Financial Securities. Both firms cater to independent financial professionals. He is also the Financial Radio Host of an hour-long weekly financial talk show simulcast on multiple stations. As a unique industry service you may call to receive a FREE Report & Audiotape (a $98 value) titled, ***"If you qualify… I'll Deliver 100-Senior Seminar Registrations (as often as you want them) With My 100% Money-Back Guarantee! (I average 150+)"*** *To request your free copy call the 24-hour automated response line at (800) 923-4636 ext. 309 or visit www.usa-financial.com.*

Programs vs. Target Markets

Back

Everybody wants to be in the Program business. But as I travel around the country I find that very few of us understand the difference between developing specific programs and target marketing, as we have done with our carriers for many years.

If you determine each year which products your carriers possess that could be sold through your agency and direct your sales efforts to those markets -- you are pursuing target marketing. You may learn how to sell to that target market as you learn the products delivered by the carrier, or you may already be a specialist in that market with many clients fitting the characteristics of the carriers product.

If, on the other hand, you design a product (with or without carrier assistance) that provides you the security of exclusivity and that creates a uniqueness for the customers of that product, you are in the program business.

Target marketing requires focus, concentration and hard work and yields revenue growth for the agency in those target markets that are properly penetrated. Programs require a different level of creativity and professionalism that establishes the agency as the "guru" of that product. While some programs are sold on a local or regional level through the originating agencies, many are distributed through carriers on a national level with the agency participating as the underwriter or the administrator. Even when the originating agency is not involved in the underwriting or administration, it is not unusual for true programs to bear an override commission to the originating agency.

If you are a target marketing agency, your success will be dictated by the honesty and creativity of your carriers product development. If you choose to take your fate in your own hands and develop you own program, you will spend must time, effort and money in their development but will share in a much larger scale on their successes.

Next month we will continue the series with an article on Market Research as the key to developing programs.

Programming Your Marketing Efforts **Back**

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We have all heard the buzz words -- Target Marketing, Niche Marketing and Telemarketing. Everyone is cajoled to take part in one or more of these miraculous answers to flagging sales.

Unfortunately, we are assured by a higher authority that miracles are reserved for needs greater than lagging sales efforts. The now infamous quote, "There ain't no such thing as a free lunch" certainly applies here as well. From what we've heard from our clients, throwing money at a marketing consultant or a telemarketing firm in the expectation of a steady flow of leads (all qualified, of course) will only bolster the sales revenues of the consultants and telemarketing firms.

So is there an answer to the nearly invisible sales programs in most independent agencies? Yes, there is. And that answer is the re-application of basic, common sense sales principles that made the independent agency system work in the first place.

1. Your best source of leads resides in your own file cabinets.

2. Sell what you know.

3. If you don't already know your prospects (and vice versa) - GET TO KNOW THEM AND GET THEM TO KNOW YOU. Familiarity breeds sales.

4. Build relationships, not just prospect data bases.

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1. Your best source of leads resides in your own file cabinets.

Most agents already know this instinctively. We spend too much time waiting for the referrals that we've grown to depend upon for new business. However, the referrals that came easily to our fathers are drying up because of the intense competition from our own ranks and from non-traditional sources. Insurance (like banking and the legal profession) in our parents' time was a 'gentlemen's profession. It was considered verging on unethical to pro-actively solicit business. Your knowledge and reputation were supposed to cause referrals of business from your clients. And that worked - until State Farm and Allstate started advertising their products. Now the knowledgable, gentleman insurance agent who provides great service and products at fair prices finds himself (or herself) losing business to aggressive sales efforts and pure price competition. Of course we become disenchanted and turn cynical! The clients we've helped so much leave us because someone else (who knows much less about the business than we) have solicited them with the only tool they have -- price.

Well, those among us who understand that sales is not a price issue alone must begin to utilize our skills, knowledge, and talent to penetrate the natural referrals that exist passively in our client base.

How?

First, redevelop your sales skills. Take courses or have someone like Agency Consulting Group, Inc. come in to teach your producers how to sell again.

Second, make a condition of new or renewal producer compensation for them to ask the customer for one referral (minimum) each year. That's right! You should be compensating your producers for two functions, selling the account and getting the account to refer them to at least one other prospect each year. After all, everyone in business has customers, suppliers, friendly competitors and others who could use the quality of service and product that you provide. Stealing the biblical quote, "ASK AND THOU SHALL RECEIVE." Ask first if you can use the customer as a reference for others who may purchase coverage from you. Once the customer says yes (why would anyone react negatively to that complement?) then ask him to tell you the names of other commercial accounts that could use excellent insurance coverage and exemplary service at a fair price?

2. Sell what you know

Who in their right mind would solicit Mobil Oil Corporation if the only thing they know about oil is where it goes in the car? Yet thousands of us locate prospects through shotgun marketing efforts in fields about which we know next to nothing. We then scamper to the underwriter for a quick lesson in risk management for that type of business and off we go to solicit the account for quoting. If the prospect even lets you in the door, it's to get alternative quotes to their incumbent agent (who probably knows both the account and the industry). Do we ever succeed in writing an account this way? Sure! We sell these account just frequently enough to keep us tilting at those windmills the other 98% of the time (when we have virtually no chance). Tilting at windmills killed Don Quixote. It is doing the same to thousands of agents, too.

Each of us builds a base of knowledge during our careers. Those agents in the business for more than ten years already have a good knowledge of certain types of businesses. Those are the prospects that you should be pursuing (as long as you have the markets to do so). Don't follow the markets current "hot buttons" if you do not know the industries. A half hour course by a company marketing representative (who also doesn't know the target business) won't suffice to compete against specialists who concentrate on those types of accounts. If you don't have the markets to sell the industries that you know, take the time to learn the industries in your Marketplace. Your Marketplace is defined as the marketing area in which you solicit business. If it is filled with retailers and service businesses, don't learn manufacturing or farm business -- there's no call for them in the area in which you sell insurance (even if the company is hot on those types of accounts this year). There are various sources to learn just about anything you want to know about a business including the public library, local colleges, and on-line services. Selling what you know inherently increases your hit rate.

3. If you don't already know your prospects (and vice versa) - GET TO KNOW THEM AND GET THEM TO KNOW YOU. Familiarity breeds sales.

Once you know which prospect type you are going to solicit, it is extremely important to identify every one of them in your marketing territory. Here is where list brokers and marketing consultants can earn their keep. Whether from the phone book or from a list broker, identify (by name) every prospect in the market segment you are targeting and set about to learn all you can about them. Market research firms have access to a wealth of knowledge about most businesses. But if they are out of your pocketbook's range, a trip to the library can replace the cost of market research with the expenditure of your time to gather similar information. The least information you want includes the business name, history, ownership, size (sales or even number of employees) of each firm in the target market.

Once you know who your prospects are and as much about them as you can, you must get the prospects to know as much about you as you do about them.

The best way we have seen to accomplish this is the basic, five step marketing program.

A. Create a brochure identifying you as a specialist in insuring his type of business. The accompanying letter should act to introduce you and the agency including the kudos and strengths that will start the prospect thinking of you as the expert insurance agent for his type of business. Also create a series of four follow-up mailers in the form of newsletters, follow-up letters, and "Need to Know" insurance issues for the target market. The entire five part marketing program should be created before the first letter is sent.

B. Send a sufficient number of 1st mailings each week that you will have time to follow up by telephone during the next week. Your questions are, 1) did you receive our letter?, and 2) is there any way we can help you now? If not, when does the prospects insurance coverage renew (to add to your data base)?

C. Schedule the letters in a logical sequence 10-12 weeks apart in order to keep a regular contact schedule with your prospects. You may very well be sending letters number two or three to some prospects before you have sent letter one to some of your prospect list. That's o.k. You can, in fact, only manage as many prospects as you can make and with whom you can keep contact.

4. Build relationships, not just prospect data bases.

Manage your five step program in such a way that you never lose track of a prospect until you have sold the account or until you have determined that the prospect is no longer worth pursuing. The greatest fault we've seen in marketing plans is that the agent resigns from the program if the prospect doesn't react positively at the first contact.

No one enjoys rejection. But most of the time the rejection we experience is only in our minds. The prospect is still neutral at worst. We haven't given him time to get to know us and to trust us. The conduct of the five step program, managed to keep the contacts constant, will give the producer and the prospect sufficient familiarity to build a trust relationship without which sales are difficult, at best.

Quality Isn't Free Back

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Philip Crosby wrote a timeless book in 1979 titled, "Quality Is Free". I highly recommend the book to you, but I disagree with his title. Quality isn't free. It is VERY EXPENSIVE. It costs a great deal of money and a great deal of time. It also costs the owners implementing a Quality Strategy more than most are willing to give in personal change and commitment. That's why most of the businesses in the U.S., both large and small, will decline in the next ten years compared to the innovative businesses of the Far East and the new Europe.

This may not concern the small and medium insurance service businesses who are the audience of this publication. However, the same Quality Strategies developed by Crosby, Deming, Drucker, Juran and a host of other "Quality" gurus are also being adopted by American insurance companies, both stock and direct writers. This had better be a greater concern for you small businessmen out there. You see, after a few false starts due to interminable internal politics and hidden agendas, the surviving companies will realize that the commitment to continuous quality improvement and a complete re-tooling of management philosophy from a total "Results Orientation" to a "Process Orientation" will be the only way they can maintain profits and grow into the future. If you, the insurance distribution system, are not prepared to lead the companies into the Quality Strategy era - if you are not prepared to at least follow them into it - you had better sell and get out of the way - you're going down! A new distribution system will grow to sell insurance products and services using 21st century quality methods as opposed to 19th and 20th century production methods.

This sounds like pretty tough talk. We, as consultants, constantly train ourselves into the tools and methods that will preserve and profit our clients into the future. Our frustrations exist because most of our clients can not cope with the development of Strategic Plans that include a complete re-tooling of two hundred years of business strategies.

* No, employees are not expendable, hired to accomplish a task. * No, customers do not stay with you or leave solely on price considerations.
* No, training and education are not discretionary expenses nor are they dictated by state requirements or the esteem of professional designations
* No, customer orientation is not simply lip service. You must practice what you preach in clear and highly visible terms.
* No, the companies are not the problem - they must become part of our solution.
* Your successes and your failures, like those of all private industry, are due to your own actions (and inactions). They are only influenced by outside situations insofar as you do not plan properly for them in your Strategic and Tactical Plans.
* No, you as the owner are not the 'Cause D'Etre' of your company. You were the initiator - the spark - that got the fire going. But that fire now has a life of its own. Very few firestarters have the ego to think that, once started, the fire would go out due to their absence. After the fire has started, you must assume the position of fire tender. Make sure that the fire has sufficient fuel and resources and it will burn bright through your tenure as manager and well beyond.

How do we go about Change with a capital 'C'? Change with a small 'c' is easy. We change constantly and always have the opportunity to change again. Change with a capital 'C' implies PLANNED, LONG TERM, TARGETED Change, that Change that can be identified by clear identification of what you want to do or be differently than now and a fixed dedication to get there. It is Change that, once committed, can not be reversed any more that the proverbial "Leap of Faith".

How do we start? First, read about Quality Management, TQM or the other buzz words used for the quality revolution. Call us for a bibliography of articles and books. Next, commission a study to determine how Change can turn your insurance business into a Quality Strategy business that will be viable for you and your successors whether or not you are still selling the same products or in the same way or in the same markets 25 years from now. The Change to Quality Strategy will be as viable then as now because it stresses PROCESS OVER RESULTS. The secret is that if the process is correct and the quality improvement is on-going, the results of growth and profit will follow - along with a host of other benefits to you, your employees, your customers and your suppliers. We are available to conduct the study, if you wish.

Two situations have resulted in the implementation of Quality Strategies in large, but not small companies; 1) the egos and shortsightedness of some owners, and 2) the cost.

We can do little to change the egos or the limited strategic sight of some owners. This problem may result in the demise of most of the insurance agencies in the U.S. (if not the demise of the independent agency system as we know it). The TQM gurus claim that only limited quality strategies can be implemented in industry in the U.S. because of the egos, training and background of the business owners. They claim that we who have been raised and trained in current business practices will find it impossible to fully transition to a new dimension in management. Our experience with small business owners over the last fifteen years concurs with that view. Too many of us have been raised to feel that the owner is "boss" whose word should be carried out without question. Even "participative mangers", who pride themselves for including employees in the planning and management practices feel that, in the end, they, as owners, must make the hard decisions.

In the world of TQM, the owners and managers are guides and consultants for the employees who are the decision-makers for the processes that permit them to do the best job possible for their customers. To the degree that you are able to assume that role, TQM can work for you. To the degree that you can not adapt to this role, your newer and younger competitors will be more productive for their customers.

The second issue that stops TQM from taking root in small businesses is its cost in dollars and time. In order to fully transition to quality management, corporations are spending millions of dollars and decades of transition time. Little can be done about the transition time.

A NEW GENERATION OF EMPLOYEES

Employees who do not want to be part of the quality management philosophy must be replaced. More will be replaced through retirement than through termination because these people are valuable assets and are doing a reasonably good job in the current Productivity Management companies. Few owners become so committed to Quality Management that they are willing to replace productive employees to gain the long term benefits of the quality revolution. Employees who are capable of learning a whole new approach to business, in which they decide the path that will yield the greatest benefit to their customers, must be extensively trained in the methods of teams. Unless you can spare your employees for weeks at a time to attend workshops and schools for quality management, this process will be time consuming.

A NEW GENERATION OF BUSINESS CONCEPTS AND MODELS

Juran calls them paradigms (pronounced PARADIMES). Examples include: Decisions made at the top - Company oriented to procedures - Quality Control Departments and jobs - Getting the product out is the most important thing.

These are some of the beliefs taught at our business schools and through on-the-job training in smaller businesses since the advent of the steam engine. Turning these concepts to Quality Strategies will take time. We, as owners, must convince ourselves and our employees that this system can work. Without doubt, our grandchildren will be as comfortable with the Paradigms of Quality like: Decisions are made by the workers involved - Company oriented to Process - Quality control is a part of every job - Follow the right process and the results will meet or exceed your expectations.

These changes will take time.

PROCESS CONVERSION TAKES TIME

The four steps in the Continuous Quality cycle are:
1.Clearly Identify the customer, his needs and his wants
2.Evaluate the current process to determine if it meets the needs and wants of the customer.
3.Improve the process
4.Evaluate the results - return to 1. above and re-start the cycle

We are living through a unique period of history. From a business standpoint, we can actually see and feel our own evolution. If you can orient yourself to an evolution in the way businesses operate, please read our future articles on Quality Strategies and the books in the Quality Bibliography (call us for a copy). If not, call us and we will help you seek a partnership with individuals or companies who will carry your organization, together with theirs, into the 21st Century.

Re-Defining Customer Service - To the Customer

Back

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In the course of our consultancy we occasionally have the opportunity to purchase automation equipment on behalf of our clients. While we often do so through agency management vendors and our own wholesalers and suppliers, we sometimes go right to retail outlets to take advantage of sales.

Recently we needed to purchase a quantity of printers and found that a large retail store had the best pricing through arrangements with the manufacturer. In the course of my visit to purchase this equipment I found that the retailer's concept of Customer Service and the customers concept of service seemed light years apart. It was relatively easy to compare the retailer to insurance agencies to determine whether or not we are making the same critical mistakes that are causing the computer retailers to assume the same reputation as used car dealers in the eyes of their customers.

The retailer was a large store with two categories of employees, salespeople and customer service representatives. The store was busy. There were many customers. Some were seeking advice on entire computer systems. Others were asking questions about single pieces of equipment. Still others were asking about software and how to play computer games. The salespeople on the floor were assigned to helping all of these customers.

The first problem occurred when the salespeople treated with customers according to who approached the salesperson first, not according to the value of the sale involved or the complexity of the question. While customers for complete networks of systems (hardware and software) waited for a salesperson, he was explaining the intricacies of a $50 video game to another customer.

I tried to hail three different salespeople during my first 30 minutes in the store, in each case trying to tell them that all I needed was someone to go into their warehouse area and pull a supply of printers for me. In each case, the salesperson told me that they would be back to me "in a minute" and that they were with a customer already. Obviously, none of the salespeople returned to me because as soon as they were freed, other customers imposed on their time.

The second problem occurred when I approached the Customer Service area and asked for their help. These employees were responsible for the registers and taking returns. They indicated that I would simply have to get a salesperson to go into the warehouse to pull the printers from stock. Then they would be happy to help me.

When I finally found the manager he was embarrassed and apologetic (to the extreme) and assigned a Customer Service employee to get the printers and complete the transaction. He indicated that the parent company had determined that the store's sales were not high enough to justify the number of salespeople hours on the floor and had cut staff.

The result of 1) cutting back salespeople and 2) not directing service staff to supplement the salespeople when customers needed help certainly did not increase new sales. Most of the customers were disgruntled and echoed my feelings that the only reason they were at this store was the discounted pricing. What do you think will happen to this store when the discounts stop or the competition increases their own discounts?

Now let's look at your insurance agency.

1. Do you treat all customers the same? How do you think your big ticket customers feel about that if their issues have to wait?

2. While each type of position in your office has their specialized responsibilities, have you told your staff -- often-- that when a customer needs something, each and every employee of your agency is a CSR.

3. While you may not have hundreds of customers entering your agency each day, the telephone calls result in the same type of workload. How many times are your employees satisfied taking messages for other employees. How many of these calls (= customers) could have been helped without that message and delay being imposed?

4. When your commissions are reduced and your margins decreased, are you more likely to respond by eliminating employees (or not hiring replacements for departed employees)? You may ask the remaining employees to work harder, but what impact does that scenario have on your customers and prospects? Will they have a harder time getting through and getting helped?

The continued success of your business depends on satisfying the customers. Just as cutting sales staff hours is a self-defeating defense in the computer retail business, decreasing service quality and time is similarly self-defeating for insurance agents. Your future success will be measured by getting new clients and building your revenue base, rather than by cutting your expenses to match your reduced income in these difficult times.

Re-Inventing Your Agency for the 21st Century

Back

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Well here we are - in a new century and in a new millennium (sort of - it actually begins NEXT year). How many insurance agencies will continue to try to operate 20th Century businesses in the 21st Century? How many more frustrated agents will take the next lucrative offer to meld their agencies into larger organizations?

The insurance agency system has changed dramatically during the 20th Century, and it will change much more dramatically in the 21st Century. The ability of insurance agency owners to convert from insurance salespeople with support staffs into entrepreneurial business owners will dictate whether an independent agency system will exist at the end of the 21st Century.

The conversion from the "journeyman" insurance agent into the insurance business-owner is, by far, the hardest transition ever required of the insurance agency system. Look around you. Agents, large and small, have chosen to sell, merge and associate with others rather than accept the challenges of 21st Century business practices. Those opportunities continue to offer themselves to every agency. The question to ask is not, "Can I make a lot of money by selling?", but, "Do I have a better reason to sell or to continue my business and internally perpetuate it?"

First, let's clear up a fallacy -- the agency "system" is not a system, at all. It is a homogeneous grouping of insurance professionals who happen to be independent insurance agents. No association or union makes any demands or has any power or influence over these independent insurance agents. They are true capitalists, doing business for their own best interest. Even those agents who claim to be altruistically in the business of serving customers would perform far less service if the commissions and fees for those services were eliminated.

But self-interest is not bad. Unless it is immoral, self-interest is a perfectly acceptable motivation. That is why the "URGE TO MERGE" is an appropriate response for many agents who have no reason to further perpetuate their agencies. The offers are myriad and lucrative. Some are so lucrative that they move into the category of "offers you cannot refuse". If an agent seeks financial independence and a healthy retirement and has no reasons to internally perpetuate his business, sale or merger must be considered in light of the returns received.

On the other hand, agents who have children or employees who expected to perpetuate the agency should give them the opportunity to continue the business as an independent entity for at least another generation. These agents should avoid the temptation of banks and other ready acquirers in favor of the perpetuation of their businesses as independent entities. They should permit the next generation to also take the risks and the advantages of business ownership.

The worst-case scenario involves current agency owners who are unable to change with the times and the market. Instead of turning over the reins to a younger generation who are more likely to flex with the times, they assume that their own myopic view of the insurance business is accurate - that the business is degenerating and that they are doing the younger generation a favor by selling the business to someone else. That conversion from journeyman to business entrepreneur may better suit the younger generation than it does the existing owners of insurance agencies. Rather than selling out, it may be time to sell down and let the next generation stretch their wings.

The human condition appears to value one's personal experience much more than experience learned from others. None of us were around at the beginning of the 20th Century to view insurance agencies operating then. History tells us that very little changed in the agency business until the advent of combined insurance policies in the middle of this century, and those changes were insurance changes, not process or market driven changes.

The advent of direct writers and of automation has caused an ever-accelerating change in the agency system during the last fifty years. Yet while agency operations have grown tremendously more complex due to automation and the requirements of the insurance companies, the keys to the changes in our business revolves around speed, efficiency and competitiveness in the marketplace. Many insurance products have become commodities. While they may not be truly understood by the populace using them, products like auto insurance are considered interchangeable by most insureds. The financial institutions, the direct writers, the internet companies and other non-traditional insurance providers are marketing differences to customers that have little to do with the insurance product. No one claims that their auto insurance is better than the next company's. Instead, they claim to "cut out the middleman" (that's you) in order to trim insurance costs. Or they claim to be available 24 hours/day for customer service.

Or they claim to tell the customer which company has the best price if it is not theirs (that's the "Miracle on 34th St." ploy in which Macy's sends customers to Gimbels and evokes the customers' good will even more). Or they claim to be everywhere that a customer can be in the event of a loss.

These marketing strategies are all valid, and the independent agencies can use them, as well, if their mindset is changed.

<u>* Are you easy to do business with?</u>
If so, tell your customers and marketplace -- no one else will!
If not, RE-INVENT your service strategy to become the easiest business with whom your target customers can do insurance business. This involves thinking "outside the box". The "box" describes the way your business currently operates. Being easy to do business with implies that the customer can always access a person who can help them solve their immediate problem. The focus is not on what the customer must do in order to accommodate agency procedures, the focus is on satisfying the customer, quickly and efficiently.

<u>* Do you make insurance buying easy?</u>
If so, anyone seeking a quote will have one before they leave your office or before they hang up the phone. If not, RE-INVENT your marketing process. Would you go to a store (more than once) if you had to wait for help or if you had to come back to get a price on an item? Why would customers come back to an agency if those were the responses when asked for a quote? Face the facts - prospects are interested in competitive pricing until and unless they are provided other benefits of doing business with you. You must address the pricing issue first since that is often the customer's first priority.

<u>* Do you seek to accomplish your clients' objectives?</u>
If so, you and your staff are trained to find out what those objectives are before beginning the sales or quote process. If not, RE-INVENT your sales training to listen to the customers and to ask leading questions to identify the objectives before launching into the sales pitch.

<u>* Do you quote or do you educate?</u>
We already know that most personal and commercial prospects and customers are primarily interested in price, and, unless they are given additional important points to consider, price is all they rely on for their insurance decisions. If you have viable, real benefits to customers doing business with you as an independent agent, you likely have a closing rate above 40%. If not, RE-INVENT your sales strategies. Create solid, believable benefits statements for every line of insurance that you sell. Once you have assured the prospect that the cost will be imminently competitive, sell benefits until you have at least three benefits that the customer acknowledges would make you the logical choice as his/her agent.

Agents who sell benefits will close customers, even if the price is somewhat higher than that of the competition.

* Are you "all things to all people" or do you serve a distinct population and know the profile of your clients?

The days of the generalist are waning fast. Large agencies are establishing Select Accounts Departments to deal with small commercial accounts in a more efficient manner to permit them to become profitable. Small and specialty agencies are actually selling off unprofitable customer blocks to permit them the time to concentrate on the customers who "pay the rent". If you already specialize in commercial lines and target significant market segments in personal lines, you find it easier to advertise and market to your target audience because they are homogeneous. If not, RE-INVENT your organization to cater to the customers who provide your profit, and either reorganize unprofitable departments to become more efficient or eliminate them in favor of profit centers.

The insurance agencies that survive the 21st Century will certainly look different than their 20th Century predecessors. That is neither bad nor good - just different, but they will be led by 21st Century business owners who are more focused on the conduct of the business than on the insurance products themselves. Yes, they will still be professional, knowledgeable insurance agents. But they will also be target marketers, Internet providers, direct marketers and joint-venture capitalists. A minority of existing agency owners will be able to make the transition. The majority will turn their businesses over to a younger generation who will be comfortable with insurance processing and marketing speed and technology that will be expected and demanded from the insurance buying public in the future. Your decision is whether or not you or your successors can operate in the "future-world" of insurance that is quickly approaching us. If not, the decision of perpetuation is already made. If you are willing to re-invent your agency (or permit your next generation to do so), the time is NOW to begin. When you cast your next Strategic Plan, do so from a zero base and "create" the agency you expect will succeed in the next five to ten years.

Relationship Selling   Back

Long before the words "Relationship Selling" were popularized, successful agents were doing exactly that, developing relationships and selling insurance by virtue of the relationships built with clients. As commission rates declined from 20%-30% down to near 10%, agencies found that they had to attract many more customers to support their businesses and their owners' lifestyles. Mass marketing methods made the sales process much less personal and evolved the business of insurance agencies away from relationship selling toward merchandising of the products of insurance.

PERSONAL LINES

The reason that the personal lines has evolved into a mass marketed, commodity product is that commission rates in most states have made it impossible to support the creation of a personal relationship between an agent and his customer. You simply can not afford to visit a client's home to discuss his homeowners insurance. However, relationships are still being created and fostered in the personal lines insurance business. It is now up to the independent agents to re-learn the art of creating relationships in the same way that USAA has created them - by phone and with consistently strong service levels.

No, you can't sit around the kitchen table anymore. But neither does GEICO and that company along with USAA share some of the highest retention rates and customer loyalty in the industry. Why? The first and foremost reason is that clients of these companies FEEL that the companies care for them The CSR's are well (and consistently) trained in customer relations and customer contact methods. When was the last time that your CSRs were trained in customer contact methods? Have you EVER monitored a customer call and provided feedback to the CSR?

But the independent agent still has an "Ace in the Hole" if it chooses to use it. By virtue of the way the direct writers operate, their CSRs can not form personal relationships with their customers. Calls are rotated and it is unlikely that the customers will get to know a single CSR. Your employees are stable and local to your customers. They can form relationships with those customers and help cement the relationship between customer and agency IF they are trained and motivated to do so. This takes the place of the "kitchen table" relationships established by previous generations of agents doing personal lines business.

COMMERCIAL LINES

At this time of year, every agent is scurrying about trying to establish sales programs to attract new customers to the agency. But, as we preached in 1996, 1995, 1990 and 1980, THERE'S UN-MINED GOLD ALREADY IN YOUR FILE CABINETS (or computers, if you are transactionally filed). At one time, the additional revenues in your files was comprised of single policy accounts that have other insurance lines, but not at your agency. Many agents have spent years closing those gaps and soliciting their own clients for all lines of insurance. However, many more agents still disregard the establishment or re-establishment of relationships with their own customers.

Agents must stop having customers and begin having clients.

A customer buys an insurance policy from you. A client has all of his insurance needs satisfied by your agency. Most customers would become clients, if we offered them those services. This involves contacts with the policyholders not related to his renewal, billing or claim. Positive contacts by your producers to their commercial policyholders permit them to act as the clients' insurance counselor instead of simply a problem solver when the client can't get needs met within the agency. The evolution of a counselor relationship permits the client to think of your agency whenever an insurance related question arises. And, isn't that exactly what we're looking for?

A second source of GOLD in your files has been used by years by our brothers and sisters in the Life Insurance industry. The successful life insurance agents are trained from birth (in the industry) to ask every client for referrals to other prospects. It's not an imposition - It's not uncomfortable - It's not a 'hat-in-hand' approach - it is a standard part of their normal client contact. Why don't we do the same thing in the P&C industry? Every client, personal and commercial, should be asked for a referral once each year. Unless they are hermits, they all know many other individuals and business owners who could benefit from your services. The only reason that they haven't referred them to you before is because you haven't asked and the subject never came up in their casual conversations. Since we can't trust casual conversations, the best way to use these referral sources is to create a system in which we ask for the referral ourselves.

If you feel uncomfortable doing this, ask yourself why? Are you afraid that your service isn't good enough to warrant a referral from your clients? If so, you either have a self-image problem or you need to address your service weaknesses. Assuming that you are no worse than (and probably better than most) other agents, the discomfort is probably because you feel that you are imposing on your client. Look at the circumstances a little differently. If you were giving away $20 bills and you were only permitted to give one to a person, would you have a problem asking your client for names of others deserving of your gifts? Of course not! You know that you are providing something of value that is a benefit to anyone receiving it. Why not consider your services in the same light? Are you not well qualified in your field? Don't you know that many businesses are insured with firms who are not as capable as yours? If these businesses realized that they were not getting all of the insurance guidance that they deserved, wouldn't they be foolish not to avail themselves of your services? After all, it won't cost them more than they are paying now and they would get more value for their money, right? Under those circumstances, wouldn't you be doing your clients a favor by offering your services to their friends, as well?

Frankly, this is the mindset that all salespeople must have in order to be successful. We at Agency Consulting Group, Inc. enjoy asking our clients for referrals. Our clients certainly know how much value we bring to their agencies. Our mission is to bring those benefits to as many independent agents as possible. The best way to do so is to establish new relationships through existing relationships. We suggest that you establish an internal program for your commercial accounts department this year to penetrate at least 25% of your commercial accounts for referrals. Keep track of this Objective within your Tactical Plan and offer a reward for both the referring client (a gift as a token of your appreciation) and the producer (an extra $100 bill for converting the referral into a new client) for the additional effort. Print a list of all commercial customers, divide them into monthly subgroups and target a contact with that customer on the attainment of a referral. This could be your greatest source of new business in any given year.

Re-thinking Your Marketing Approach **Back**

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We recently completed a strategic planning session for a multi-location agency whose profits were good but whose growth was lagging. When the time came to launch new business objectives and dovetail them with their marketing plans, the agency's owners presented lackadaisical marketing efforts that were similar in most ways to prior years marketing plans. A number of years ago those marketing plans worked well. They were fresh. Agency staff was excited about them. The contacts generated from those marketing plans were new and a great deal of activity occurred as a result of the marketing efforts. However, since the marketing plans had worked, agency management was determined to continue the course and repeat similar marketing programs year after year. After a few years the marketing efforts sagged as did the new business resulting from them. The agency ran short of prospects and simply altered the target markets and left the same marketing programs in tact. The results were dismal.

During our recent strategic planning cycle I asked the managers why they were repeating the same marketing plans even though they had grown stale and were failing to generate the new business necessary for the agency. They responded with a series of excuses including lack of markets, questionable pricing, ill trained employees, etc. I explained that the Chinese definition of insanity is to continue to pursue a course that has not worked and expect different results. They did not understand my point. Their compensation levels had risen to comfortable positions and profits had not yet diminished to critical levels. They preferred to do that which was comfortable as opposed to challenging themselves in new directions to regain the levels of success that brought the good compensation and strong profits in the first place.

The lesson to be learned from this agency's experience is that there is no "Magic Marketing Method" that will make your insurance sales soar. No, TELEMARKETING is not THE answer. It is just one tool available to you (that may work well under certain circumstances and poorly under others).

1. Re-analyze the marketing programs that you have in place. Have they worked in the past? Do they continue to yield the desired result in the creation of new prospects and new business? If not, challenge yourself and your staff to change your marketing strategy and perspective. Your goal is to regain a level of excitement and levels of success in your marketing efforts.

2. Start every marketing program at the basics:
A. Is it "shotgun" to attract prospects by image advertising?
B. Is it "rifled" to attract targeted prospects in specific markets?
C. Does the program have a goal, a method to achieve that goal and measurement tools to test the success of the program?
D. Have you budgeted specific cost estimates of the program?

3. Does your staff understand the goal, the methods and the rewards that they and you achieve when the program is successful?

Specific Marketing Plans have goals:
1. Generate New Business
2. Vitalize the sales activity of the agency
3. Excite the employees. Excited employees manage a new business program much more aggressively and successfully than non-motivated employees.

If your present marketing efforts are in a rut, your options are to change to climb out of the rut -- or -- continue to spin your wheels and dig that rut deeper. Just remember, a deep rut is simply a grave that's open on both ends. If you dig yourself deep enough, your competitors will gladly fill in the ends of your rut. If you need help establishing or changing your marketing plans, please call us.

Strategic Planning **Back**

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WHY DO IT AND WHAT IS IT?
The PROCESS of Strategic Planning may be as (or more) important than the Plan itself. Strategic Planning permits an organization to synergize the thoughts of its owners with those of the managers, producers and employees. As owners, we have significant ideas of how we'd like our agencies to operate and how we expect them to grow and prosper. However, ideas without plans are called dreams. And dreams rarely come true without significant efforts to make them happen. Planning permits us to solidify those dreams, reality test them with the very people upon whom we rely to make the dreams a reality.

Why is the process so important?

The process described below involves your key employees in the long term future of your agency. It moves the participants through a series of steps that permits them to understand your goals, internalize them and add and change them with creative ideas of their own. The process progresses from the 'big picture' through changes we have to make in our operations and methods to direct objectives necessary to make the dreams into reality. And the process goes beyond that point, too. When I was responsible for Strategic Planning in several insurance companies I found that the common weakness in their elaborate (and expensive) plans was that once the Plan was created, it was bound and shelved to be used as a measuring device only (and as a hammer to punish managers not achieving goals) . How often will managers get excited about planning if they see the Plan as a punitive device?

In order to make the planning process an integral part of an agency's daily operation, we added Quarterly Action Planning to describe creative solutions to permit achievement of Objectives and Monthly Benchmarks to permit objective measurement of each objective on an individual and departmental basis. Even Objectives are too large to use to manage daily activities. Action Plans and Benchmarks translate the objective into a "how to" and "what to do" on a monthly and quarterly basis.

The most important part of the planning process is the learning and communications process, itself. If yours is a typical agency in the U.S. (large, medium or small), one of your greatest weaknesses is a lack of communications. No single individual is at fault. As busy as every agency is in these difficult times, lack of communications is a shared problem from the owners to the line employees in every department. Once in a while a "check-up from the neck up" is a wonderful idea. The Strategic Planning cycle is one such opportunity.

Discussing the last year's results and how they were achieved will open some eyes (if we judiciously avoid finger pointing and blame). The issue is what was accomplished, what was missed and the ingredients that lead to the result achieved. Why those results were achieved and who deserved the credit or debit is a costly and injurious line of discussion. The analysis of current and past results is only valuable as the basis for what you would like to continue, change or implement in the future. The discussion creating the agency's Vision and Mission creates and reinforces the agency's base principles and philosophies. The strategies that are adopted to change the way the agency operates must be grounded in what has helped and what has hindered the agency's efforts to grow to date. The objectives must be totally integrated in the agency's mission and strategies. If not, the agency will find itself following a path that, even if successful in the short run, will not accomplish its long term goals.

The First Steps

By this time of the year, you should be into your strategic planning cycle. If not, there's still time to trigger a plan that will be operational in 1997. We urge you to take specific steps toward the creation of this operating tool for a variety of reasons. First, you must understand that writing something down solidifies your thought process. Second, involving others in your Plan permits the synergy of shared thoughts. Yes, it IS your business. But your managers, producers and employees count on the future of your business to support them and their families - just as you do for yours. And your employees can add a dimension to your thought process. After all, you hired them and maintain them on staff because they each add some strength to your organization.

Why not use those strengths (and more) to add to your Plan and implementation?

The third reason for following a set process is that of inclusion. When people are involved in a Plan and help create it, they understand both the reasons and the results expected. We have all been involved in forms of autocratic decision-making. The result of dictatorial planning is being told what to do without understanding why. Consider that while you may be the owner, your success depends on whether or not your employees carry out your Plan. Without following the process, many Plans simply languish from indifference and neglect by a staff who don't understand why they are being asked to do something different. If you TELL the staff what must be done, be prepared to manage every step of the process yourself.

The steps of Strategic Planning are as follows:

1. Mission Statement & Vision Statement - The Vision is how you want to be viewed as an organization. The Mission is your business statement that defines the position you intend to occupy in five years. The Vision Statement is one that you would be able to send to prospects, clients and companies telling them who you are and what your company is about. The Mission Statement is an internal document that describes your business goals.
2. Strategies are built from the action items of the Vision and Mission and describe things that have to be done differently than in the past to assure attainment of the Mission and Vision.
3. Objectives are the lowest level of the strategy goals that need to be activated in the next year.
4. Action Plans define how to accomplish each objective, quarter by quarter. Believe it or not, this is the key to the entire Plan and its most difficult ingredient.
5. Benchmarks are monthly landmarks against which each objective is measured. If the benchmark is achieved, the Action Plan is working. If not, the Action Plan must be refined and fine-tuned.

VISION STATEMENT
Most businesses who have developed Strategic Plans have created either a Mission Statement or a Vision Statement. Few have done both. A Mission Statement defines the business goals for your organization in a stated period. A Vision Statement defines the organization's principles and image expectations of itself in the same period. These two statements must be mutually dependent and should define the organization for customers, companies, and employees. An example of a Vision Statement is: Providing a full range of insurance products with integrity, honesty and trust to all of our clients at a fair price with uncompromising attention to service is the driving principle of XYZ Agency. Our primary focus is to satisfy our clients' insurance needs. Our expertise and high quality of service enables us to develop long term relationships with clients and maintain their loyalty. The employees of XYZ Agency are paramount to our success and our success, itself, is the measure of our adherence to our driving principle.

If the Mission Statement defines the business goals by which the agency measures its success, the Vision Statement becomes the organization's constitution, defining how it expects to act and develop. This statement will fail your organization if it contains 'PR' words and hype that are not integrated into the way your agency operates every day. This is the company's bible - reminding employees, owners, clients and suppliers of what it expects from itself in order to claim success. The business goals of the Mission Statement are not enough to make an organization successful.

MISSION STATEMENT
By the year 2001, XYZ Agency, Inc. will be a $3.5 Million revenue insurance agency offering a full range of insurance and financial service products to each of its customers. By fully utilizing its automation capabilities and hiring and maintaining the most effective insurance professionals available, XYZ will achieve a productivity factor that will permit a 20% pre-tax profit to its owners. Innovative growth strategies and well-controlled loss ratios will cement strong partnership relationships ($3 Million minimum premium) between XYZ and its five leading carriers.

The Mission Statement defines the agency's desired business goals for the next five years. The creation of the Mission, like the agency's Vision before it, should be free-wheeling and open discussions between the owners and the key employees of the agency. The goal is to understand where the owners want to be and what the employees can visualize the agency achieving because, in truth, you can only achieve that which you can perceive. If the owners can't decide the future among themselves, the Mission is guaranteed to be either a failure or an exercise in ego strength. If one owner is stronger than another, his (her) vision of the future will most likely occur. If you have only one owner, this process is simpler. If the owner's vision is unrealistically high it will only be reached if the agency staff has the fortitude to make enough sweeping changes to alter the path of the organization. If the owner is too conservative (more often the case), the agency will be limited to the owner's vision because he will not be willing or able to support changes that will move the agency further than he has been pre-disposed to accept.

Strategy Development

Strategies are developed for each action statement of the Vision and Mission Statement that requires changes in the way the agency does business to accomplish. The Vision and Mission Statements should be "blue sky", free thinking processes to congeal the desires and expectations of the participants into cogent, written forms. There should be no validation or analysis permitted at these sessions. However, the action phrases of each of the written statements must subsequently be analyzed to determine if the agency's present course is sufficient to reach that statement. For instance, the first action statement in the Vision Statement is, "Providing a full range of insurance products¼" If the agency is already involved in personal lines, commercial lines, life and health products and if no one can identify product lines that are yet untapped for the agency's customer marketplace, then no strategy is needed to accomplish this part of the statement. However, it is proper to define each action statement, whether a strategy is needed for it or not. So we will have a definition page in our document that includes this action phrase with the definition, "XYZ Agency recognizes that the client marketplace that it serves requires personal lines, commercial lines, life, health and other financial based protection products to remain a full service insurance agency. It will strive to maintain competitive products in each line of business that reflects prevalent needs in its marketplace."

Since the agency chose to identify itself with the words Integrity, Honesty and Trust, it must also define what those words mean to the agency. All definitions in the Strategy session should be created within the group atmosphere. Those that require the agency to perform differently than it has in the past require the creation of strategies, as well. The definition session is an excellent tool to identify areas that require strategies to accomplish the position of the Mission or Vision Statements.

Two examples of Strategies:
1. The Vision requires "¼high quality of service¼" If the agency recognizes that its service levels are not yet good enough to earn this statement, it must create a strategy like - XYZ will return all calls within four working hours of receipt and will complete 90% of transactions, error free, within three working days of the client's request.
2. The Mission requires $3.5 Million of revenues to accomplish its five year goal. The appropriate strategy could be, "XYZ will accelerate its growth each year through the attainment of producers, acquisition of agencies, and the development of innovative marketing techniques to achieve growth levels of 7%, 10%, 12%, 15% and 18% in the next five years." The Strategy Session solidifies the action phrases of the Mission and Vision by first defining them and then identifying how the participants agree they could be achieved.

Reality Testing

We all recognize that at different times and under different circumstances we can either be overly conservative in our thought process or overly liberal. It's easy to be a dreamer when things are going right and its easy to be a prophet of 'doom and gloom' when business is not going well. Beginning with the Strategy Session and continuing throughout the rest of the Planning Session, we must ask the group to reality test each Strategy, Objective, Action Plan and Benchmark with the question, "Is it realistic to expect this of our team?" While you must worry about the realities of today's marketplace on the annual objectives and quarterly action plans, you are not under those constraints in the discussion of strategies that will be five years in their implementation. Your greatest concern should be whether the team is capable of achieving the result, not whether the marketplace will permit you to do so in the long run. When reality testing your next year's Objectives and Action Plans, you must consider the insurance marketplace in which you reside. Growing in personal auto is ludicrous if no company in your area intends to write personal auto next year (unless you decide to enter the non-standard marketplace in order to provide a solution to your customers' needs outside of the "norm" of the independent agency).

Long Range Goals and Next Year's Annual Objectives

A set of long range goals should be attached to each Strategy that identify the success positions that you must accomplish in each of the next five years in order to reach the position of the Mission and Vision Statements on time. We normally start from the end point five years from now and work our way backwards. The reality testing process will determine if those goals are simply too aggressive to be accomplished by the current team. An action item in the Vision or Mission could have one or more Strategies and each Strategy could have one or more sets of long term goals. The lowest level of each Goal Set becomes an Objective for next year. Each Objective must be "owned" by an individual in the Planning Group. That individual may or may not be a participant in that Objective. However, the Objective Owner assumes the responsibility of tracking the results of that Objective through the year and reporting at the monthly management meetings. Usually, the Objective Owner is the department head or key operative in the implementation of an objective.

Please note that working backwards from the Vision and Mission to identify your objectives virtually stops you from creating objectives that are not connected with your Vision and Mission. If anyone tries to identify an objective that does not seem to connect to any Strategy, analyze whether we left out a key element in our Mission or Vision Statements, or if the Objective really has nothing to do with how we identify our success in the future. Don't implement objectives that are not grounded in your organization's Vision or Mission.

If one of our Strategies is to return all calls within four hours in order to achieve the high quality of service that we espouse in our Vision Statement, we may set long term goals that end in 2001 at that four hour return time, but start in 1997 with returning calls within one business day and decreasing that target by one hour in each of the next five years. Don't worry about the "woulda, coulda, shoulda, oughta" concept. You know, that's the one where the owner says in a frustrated way, "We oughta be doing that right now!" If you can't return calls in three days now, don't expect to change that working atmosphere by edict tomorrow. It won't last. The Objective is just that -- the short term goal that you would like to accomplish (at a minimum). The key to attainment (or over-attainment) of the objective is in the Action Plan, not in the Objective, itself. If the Action Plan permits the staff to return calls faster, they will not stop at one business day because that's all that's required. Everyone's goal is to become what your Vision Statement espouses. Set your Objectives as a set of logical progressions from where you are now to where you would like to be in five years in realistic, objective, measurable and achievable segments.

Quarterly Action Plans

Let me state this once again. THE KEY TO THE SUCCESS OF THE ENTIRE STRATEGIC PLAN LIES IN THE SUCCESSFUL IDENTIFICATION AND IMPLEMENTATION OF YOUR QUARTERLY ACTION PLANS. Action Planning is also the hardest part of the planning process because it requires the most active thought. The dreams and wishes that are committed to paper in the Vision and Mission Statements involve understanding the expectations of all of the participants and the synergy of those ideas into WHAT CAN BE. The Strategies define WHAT NEED TO CHANGE. The long term goal setting define HOW MUCH NEEDS TO CHANGE EACH YEAR in order to get to the desired end point. The Annual Objectives are simply the lowest level of those long term goals. The Action Plans are different. They will stretch your imagination to determine exactly what must be done each quarter of next year in order to accomplish the annual objective. And that activity is not a numerical result desired (that's left to the Benchmarks). The Action Plan is the creation of the activities that the department or individual must perform in each quarter in order to accomplish the Objective for the year. Most of the time this involves different actions than is customary and usual in the agency. The individual, team or planning group must help each

Objective Owner identify a set of possible action plans that would accomplish his/her objective if performed properly. It is up to the Objective Owner to choose the Action Plans that will most likely accomplish the desired objective. Many Objectives will carry the same Action Plan for each of the four quarters of the year. However, truly creative Objectives will need different Action Plans each quarter in order to accomplish the needed goal. Also, some Objectives require progressive steps in their implementation (i.e. the Objective of moving to a new location). Each quarter demands different Action Plans for those Objectives.

Monthly Benchmarks

Monthly Benchmarks are the Objective Owner's way of keeping score. Action Plans are triggered in order to achieve annual objectives. The Action Plans are defined activities. In order to determine whether those activities are working the Objective Owner must identify the objective, realistic, measurable points that should be attained in each month of the year. Numerical objectives easily lend themselves to Monthly Benchmarking. For instance, if new business is expected to flow evenly during the year, the logical benchmark for your new business objective is one-twelfth of the annual objective. However, many objectives are not numerical. The Objective Owner's goal is to identify at what stage of success the objective will be in each month of the year if the Action Plans are working properly.

Budgeting

Most insurance agencies in the United States still don't budget. This is a mistake. Like the Benchmarks of your Objectives, a budget tells you on a monthly basis whether or not you are achieving the revenue and expense projections that you expected and that will yield your required year-end results. The agents who simply keep track of cash to determine whether they are generating sufficient cash to pay the bills are using their agencies to simply make a living. Their own compensation is just one of the bills (and usually the one that suffers of the cash flow is insufficient). What a way to run a business!

Most of an agency's expenses are relatively fixed. An analysis of prior trends in most expense lines will give you sufficient data to project monthly and annual expense budgets for those lines. The preliminary budget should be created by the Financial Manager (or the owner when he is the 'Jack of All Trades') ahead of the Strategic Planning Session projecting both revenues and expenses in accordance with the historical trends of the agency adjusted for known changes for next year.

During the Planning Session, the Financial Manager will hear Objectives develop that will change the budgeted revenue expectations. The Objective Owners will identify Action Plans that will develop additional expenses in order to accomplish the desired Objectives. Those, too, must change the budget. At the conclusion of the Planning process, the Financial Manager should have an annual budget identifying all revenue and expenses expected. The budget should be projected by month in order to report the results of the month and year-to-date against budget at the Monthly Management Meeting.

Monthly Management Meeting

The Plans of most companies fail because they are considered planning documents, not working guidelines for the year. The way to avoid that stigma in your organization is to use the Planning

Document as your management tool during the year. As early as practicable in each month after January, you should have a Monthly Management Meeting including all of the people who have Objectives in the Plan. Each Objective Owner should report his/her Objective Benchmark and whether or not it was achieved. No rationale at all is necessary if the Benchmark is missed by 10% (in either direction). However, deviations outside of that 10% must be explained and, if necessary, the Objective Owner should 'fine tune' the Action Plan if it is not working well enough to accomplish the desired result. Caution - don't fine tune an action plan if the problem was that the action plan was simply not implemented. If the Plan becomes the agency's working document there should be no excuse for simply not doing it.

One of the benefits of the Management Meeting is that it is self-policing. No one likes to state their failure to accomplish an Objective that they created and to which they committed as their part of the overall success of the organization. If this happens, please remember that the Management Meeting is not a forum to criticize. Adopt the principle of Public Acclaim and Private Criticism within your organization. Many a creative and comprehensive a Plan has gone down in flames because of public criticism and a punitive response by ownership to honesty by the Objective Owners.

The planning process can be creative and exciting for an agency's owners and for its employees. It will be a morale booster if the employees see the owners and managers getting behind progressive activities to make the organization better. Most employees would like nothing better than to be proud of their company and their job. Much of the dissatisfaction in the workplace today results, not from a lack of hard work and commitment, but from a lack of understanding and communications between owners and employees. The Strategic Planning process that we have explained here can bring an agency together and can regain the enjoyment and excitement in an organization.

Please call us if you would like help organizing your Strategic Planning process. We have assisted agencies with as few as five employees and as many as 250 develop an on-going Strategic Planning cycle.

Marketing Tip: Success Story Marketing Back

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NOTHING BREEDS SALES SUCCESS LIKE A SUCCESS STORY - CLOSE TO HOME!

Last week I got a notice from my real estate broker that he had just sold another house in my neighborhood. Then I realized that I was assuming that this agent was MY agent. In fact, I purchased my house from this agent over 20 years ago. But I had no other contact (or reason for contact) with her since then. Why did I consider her MY real estate agent? Because every month or two I get one of these little notices, complete with a picture of the sold house and its address with a big SOLD stamp diagonally across the picture. Every time I get one of these marketing pieces I wonder what the sale price was. But so far, I'm not curious enough to call the real estate agent because I know that's akin to an invitation to sell my house.

But the marketing effort, conducted every time a house sells in my neighborhood, has really been effective.

First, I consider this agent MY agent, even though many agents sell homes in the area. Second, she consistently shows me success stories. When I am ready to sell my home, my guess is that I'll be calling her!

This Success Story marketing program works well in the real estate business (commercial as well as personal). It also works in the insurance business.

In personal lines, you could solicit a new client's approval to use them as a reference for their neighbors. You'd be surprised at the high percentage of people who are flattered by the request. "Would you mind if we used you as a reference about our products and services to your neighbors?" This gives you permission to send a notice throughout the neighborhood about the "Newest Satisfied Customer of XYZ Insurance Services, Inc." (with or without a picture of the home - better with). But this form of Success Story marketing is certainly not limited to homeowners!

Especially successful in target marketing, Success Story marketing magnifies your position as a specialist in the designated target each time you succeed in writing an account. If you are already well-placed in the market (writing a strong number of accounts), you should integrate an updated list of clients in every proposal or solicitation to target market prospects. Notices of "Another Satisfied Client Joins the ABC Program" are then sent as follow-ups to every prospect in the group each time a new account is sold. Nothing breeds sales success like a success story - close to home.

Tactics for Sales Success **Back**

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1. Express confidence , but be careful that you do not appear arrogant to your prospects. Confidence is a sales magnet. Arrogance, on the other hand is a sales repellant. If you can a void using the pronoun, "I", in a conversation with your prospect, you will find that your confidence comes across genuinely - without a hint of arrogance.

2. Don't sell to strangers. Buying any intangible like insurance is frightening enough. We in the insurance business have not built a great reputation. Your customers know that there are insurance professionals in the world but they do not know that you are one of them until they have had a chance to work with you and your organization. Making friends is an important part of the sales function. Many producers will prospect the client for many months or years, getting to know them - and making friends. Find common grounds and get to know your prospects if you want to maximize your sales efforts.

3. Do not judge a book by its cover. Some of us will still pre-judge a prospect by the way he looks, speaks or acts. The more experienced producers realize that the depth of prospects insurance needs and the depth of his pocketbook do not necessarily correlate to his appearances.

4. DON'T SELL PRICE. This is the greatest problem for insurance agents in the industry today. Customers that you get by dangling the lowest price this year will leave you for a lower price next year or when your price increases. Worse yet, the producer who knows that his products are not the lowest priced in the market tends to oversell.

The problem in correcting this issue is that the insurance agency system has a large number of "producers" and a relatively small number of "sales people". In order to solve this problem, one must evolve a list of reasons why a customer should do business with you. This could include the longevity, staying power and stability of your carriers versus the lower price carriers. It could involve the level of service that a customer should expect from your agency. It should include the level of knowledge of the producer about the client and about his type of business in order to provide the greatest help in satisfying the customer's needs in the future. After all, no customer feels comfortable if he feels that you are learning his business and industry as you are interviewing him about his insurance. They would like to be insured by someone who already knows about his company and the insurance situations that his industry faces. The professional salesman (and an insurance professional) will be able to compile such a list. Most "producers" in our industry will throw up their hands complaining that the price is always the final issue with the customers. If this were, we would be hard pressed to explain the hundreds of successful salespeople in our industry whose agencies grow each through the retention of their existing accounts and the addition of new accounts (even when their prices are not the lowest in the marketplace).

5. Poor presentation skills kill sales. You may have a string of initials next to your name representing your skills as an insurance professional, but that doesn't mean that you can present a proposal to a client. If you have been in the insurance industry for any length of time without taking the Dale Carnegie Course or joining Toastmasters, do so as soon as possible. If you have been through the exercises that teach you proper presentation skills, either tape yourself or take another sales person to a sales call with you to listen to your current presentation skills. All of us will find certain characteristics of which we are not even cognizant will decrease the opportunities to make a sale with certain clients. An audio tape, a critical audience, or a video tape will help us recognize and correct these deficiencies.

6. In order to enhance your sales potential, prepare and ask open ended questions to your prospect that require them to evaluate new information (rather than simply compare their policies to yours). The questions you ask should be directed toward your "power points" - those features and services that you have identified as being the strongest points in your agency.

7. Make sure you find out what the client needs BEFORE you try to sell your product. This sounds very simplistic, but you'd be surprised how many producers simply ask the client for access to his expiring policies with which to formulate a proposal. These lazy producers are assuming that the needs identified by the client's current agent are all-encompassing and correct. The answer to this problem is to have a survey tool that you have pre-designed to make sure that you have identified all of the customers needs regardless of how his insurance program is currently established.

8. The "I" concentration of selling the benefits of you, your agency and your products can be a fatal mistake in the sales process. You will obviously present the benefits of doing business with you to your customer. However, do so with examples of how your services, those of your agency and those of your products have helped other clients. Your prospect doesn't want to hear what you can do. He wants to hear how you can help him.

9. God gave us two ears and one mouth so that we could listen twice as much as we talk. However, insurance producers tend to talk too much and listen too little. When you speak, do so by asking questions that will permit your customer command of the conversation . Your part of the conversation should be to ask the right questions to permit your customer to tell you exactly what he wants and how you can help him.

10. There is no excuse for being unprepared for customers' objections. Honestly now, how many new objections do you hear from customers after you have been in the business for more than a few years. Your first 100 prospects will raise 99% of the sales objections that you will hear throughout your entire career. Then why are so many of us flustered and unable to respond to objections that you will hear throughout your entire career. Then why are so many of us flustered and unable to respond to objections with positive sales statements that puts the customer back on the road to purchasing from us? The reason is generally laziness. One of the exercises that you should practice with at least one individual (if not with your entire sales team) is the repetition of the top ten or fifteen objections that you may hear from prospects with a variety of responses to overcome that objection. The brainstorming of a group particularly helpful in responding to objections. The producer will use the appropriate response to a situation (if he has practiced).

11. NEVER-NEVER-NEVER criticize your competitors. Criticizing your competitors, whether openly or through innuendo does not make the competitor look bad - it makes you look bad. Don't fall to the temptation of criticizing even if your customer begins the process. always sell the benefits of doing business with you, no the drawbacks of doing business with others.

12. Selling by promising more than you know that you can deliver is critical long-term mistake. Overselling ruins reputations and reputations are what builds or destroys the referral systems that we count on for future sales and repeat sales.

13. A minimum of 50% of lost sales occur as the result of a lack of proper follow up. We all hear customers tell us that they have to think about your proposal and that they will "get back to us" or that we should call them. When faced with this delay, the best course of action is to ask the customer when they will be prepared to make a decision. Assure the customer that you will put the date on your calendar and ask him to add it to his, as well. In this way, your telephone call on that date will not come as a surprise. If he doesn't give you a date, suggest one to him and mark your calendar accordingly. not following through with the prospect tells him a) you're not interested in him, b) you're not organized to even proceed through the course of a sale, or c) your product was not good enough to sponsor your follow up.

14. Expecting your prospects to return your calls is something like cheering your favorite professional sports team to win the game. Sometimes they win the game, but its the result of their reasons and efforts, not the result of your cheering. Instead of asking your prospect to call you back (or leaving a message), ask when the most convenient time for you to call again will occur and schedule that call yourself.

15. Disorganization and lack of time management is a killer to sales efficiency. Instead of letting your time control you, use Pareto's Principle (the 80/20 rule) to set your priorities in accordance with the most important things you have to do rather than with either urgent things or with unimportant busy work imposed upon you by others.

16 Network for success. Don't count on glitzy, new sales and marketing programs to make your sales for you. Your greatest sales opportunities continue to be to network with existing clients and existing prospects. Each client should give you at least one new client each year if you use your networking skills properly.

17. Successful producers don't have time to blame others for problems around them. Either your problems are uncontrollable, or they are "your" problems. If the problems are uncontrollable, worry or blame multiples their destructive power. Your entire conscious and unconscious mind will be preoccupied with those problems. Any controllable problems are controllable. It doesn't make sense to blame yourself -- fix the problem.

18. Bragging is different than celebrating success. You brag before you put the money in the bank. You celebrate afterwards. Celebrate your successes as the successes of the organization, not your own. As any other successful game, sales is a team event. You can't win it by yourself and you only hurt yourself terribly by assuming the mantle of victory alone.

Ten Commandments of Customer Service **Back**

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1. Do things right - every time.
Of course everyone tries to process items correctly. Why do we need to be so absolute in this commandment? When Agency Consulting Group, Inc. analyzes an agency's operations, we inevitably find that simple errors in the process comes at an extreme cost in time, money and customer satisfaction. One mistake made today may cost the time and effort of a CSR, accounting department and producer three months from now to sort out and correct. The answer is to develop a zero tolerance for errors.

Will mistakes be made? Of course. However, the agency must make every effort to remedy system or training issues permitting mistakes. A zero tolerance for errors protects the client by providing the fastest and most efficient service and saves the agency countless hours of analysis and correction. This commandment is not meant to require checking of all transactions. However, quality control audits should be a part of each manager's responsibilities and a sampling of transactions taken once each month (randomly) on every employee will easily highlight where errors are being made because of lack of training.

2. Customer problems are our opportunities to provide the highest grade of service possible and to create "Customers for Life". The complaint about disloyal customers moving for a few dollars in premium becomes moot when the agency has shown its added value and service differentiation. The best opportunity to reflect that value is when a customer has a problem. This commandment is intended to stress that we must actively SEEK customer problems and attack them in a way that will thrill the customer with our response. Complaints are not bad - they are the opportunities on which heroic service is built.

3. Create Service Legends
A customer service representative drops off an ID card to a client at a local auto dealership...an agent goes on-site to an active claim to support the client...an agency employee, sensitive to the needs and restrictions of a new mother, arranges to have forms for signature delivered instead of requiring the client to drive to the agency --- these are all examples of some of the "thrilling" things that some agents have done to make life a little easier for customers. Clients only talk about their insurance agent when they are complaining - or-when something has happened that is so out of the ordinary and unexpected that they feel they must share the experience. Every agent should provide an incentive bonus pool that awards serious dollars to an employee who has "thrilled" a customer during the prior period. If none can be documented, the money goes unspent. If there are bonus dollars left in this budget at the end of the year, the agency can consider itself a failure. We didn't "thrill" enough customers.

4. No one ever complained about being treated too nicely.
With the notable exception of abusive clients, every agency staff member must treat every customer exactly as the employee dreams being treated by a service company. "Do unto others..." is truly applicable. If many of us were to hear ourselves "telling" a customer what he will "have" to do we would be abhorred by our demeanor. We are in our roles at their whim and discretion. But, in the heat of the working day, we may not even see ourselves treating customers as we would never want to be treated ourselves. Even when your customer is stressed, your job is to treat him as nicely as you would your own grandmother. The answer is to police each other in service teams. If any of the staff hears customers

being treated in a way that may be interpreted as badly, it is their responsibility to bring this to the attention of the person making that mistake.

5. Continuous Improvement is more a functions of the questions we ask than the answers we provide. The best agents are grateful for their strengths, but are never satisfied with them. They (and all of their employees) constantly seek better ways. If they can get transactional filing to work, fine. Now, they investigate optical scanning as the next step toward excellent service. Our continuous question must be, "How can we make this better?" Since there is no perfect system, we can never leave well enough alone.

6. The customer's perception IS reality. If he thinks we blew it, we blew it!
Do you ever find yourself arguing with a customer about his incorrect perception of the situation? If so, you have put yourself into a "LOSE/LOSE" scenario. If he wins, you lose. And if you win, you lose anyway because the customer does not like losing. The best way to attack this type of problem is to apologize and ask how you can make it right (even if you did nothing wrong in the first place). This action yields the battle to the customer, but does so in a way that permits him to forgive you and to explain how the situation can be remedied (which often involves re-explaining the actual events in different terms).

7. Guarantee your service - UNCONDITIONALLY. If it's not right, apologize, fix it, and prevent it from happening again. (If we could pay for it without violating the law, that would be great, too!) I believe you guarantee your work anyway - it's called E&O Insurance. Denying a mistake for fear of lawsuit usually gains you a lawsuit anyway and loses you the customer, (including the stories he will tell about you for the next 10 years) as well. On the other hand, taking blame when its due, assuaging your customer's concerns and fixing it may "thrill" your customer (see 3. Above)

8. Work should be fun.
I guarantee that employees who enjoy their work will perform better, be more productive, be more creative and be more efficient. No, that doesn't mean that you never have a bad moment (or a bad day). But you can certainly differentiate between employees who enjoy their job and those who drag into work, can't wait to leave and whose best friend is the clock on the wall for breaks and lunch hours. Some employees are simply in the wrong place. They realized too late that they don't enjoy customer contact. They are stuck in their career. However, why should YOU be stuck in their career? Your only mistake was to hire them with that type of attitude. "Career-adjustment" may be a negative term, but some employees who have left by that means have eventually thanked the agency owner for the crisis that moved them from a job they hated to another that they better enjoyed. Other employees need some motivational efforts including a break from the routine every once in a while (i.e. "Surprise, you have tomorrow off!), little contests that put some fun back into work, and department or agency-wide events once each month that relieve tension and give employees something to which to look forward (picnics, pot-luck lunches, speakers, etc.) We even know one agency who brought in a physical therapist for mid-day massages for anyone desiring one.

9. Be proud of your agency - but never satisfied.
This ties in with Continuous Improvement but more refers to the agent's attitude with himself (or herself), the staff, the agency, the industry, etc. "Stinkin' Thinkin'" has brought down more agents than bad business ever did.

Whether you have the best agency in the country, the best agency in the city, or the best agency on the block, be proud of what you and your staff has accomplished, not upset with your deficiencies. Don't put on rose-colored glasses and call a jack-ass, a thoroughbred. But almost every agency we have encountered had many strengths that deserved pride. Most overlooked their strengths because they concentrated on their weaknesses. Unfortunately, the self-fulfilling prophecy is real. If you think of yourself and your agency as a failure, you become one (even if you are outwardly successful).

10. To your customers - YOU are the agency and the agency is the company.
Never "them and us" the customer, referring to other people, departments or management of the agency. Understand that YOU ARE the agency to the person on the other end of the line. Blaming claims,

customer service, accounting or management for a deficiency or problem puts YOU in a weakened position with respect to the customer.

Similarly, you (the agency) ARE the company to your customers. Even though the company, not the agency, has caused delays and made mistakes, you can not pass the buck in the eyes of the customer whose transaction is delayed or wrong. In many cases, they will think (but rarely say) that if you have to fight the company for something as simple as accuracy and timeliness, maybe they have the wrong company AND the wrong agent. After all, it was you who placed the customer with that company because the company was the best for them!

Feel free to adopt all or some of these Commandments to use as your own. Things written tend to be more real than things desired. We recommend that you use these or draft your own Commandments and publish them to your employees and to your customers. In that way, they can all see how you intend the agency to operate (whether or not it is already there).

Do You Want Fries With That? The Art of Cross-Selling Back

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Have you ever escaped McDonalds without being asked of you wanted fries or a drink? Why do you think they do that?

Perhaps they're concerned with their patrons nutritional needs? More likely, management realized that they can make more money by helping their customers identify additional needs and then satisfying them.

Do your prospects and customers have additional needs that you could be satisfying? Are you frustrated that your staff does not identify or try to satisfy those needs often enough?

We know that McDonalds does not have the most motivated work force in the industry. Most of their employees are teens first entering the job market. Then how can they effectively out cross-sell your team of experienced insurance pros?

The answer is in the level of management commitment exercised at McDonalds compared to most insurance businesses. At McDonalds, if the manager does not train and manage his staff to cross-sell, he or she is replaced. Any employee who feels that "selling" other products is not an integral part of his service job is permitted to "career adjust" elsewhere.

How often have we heard service employees state that they feel uncomfortable offering other products to customers? That cross selling is like sales, you might get rejected by the customer? That they are too busy with computer input and paperwork to offer customer other products.

How do you react to this? With a shrug, feeling that you need more clerical help. And how often, after you get more help, do you find that the paperwork expanded to fully occupy the new employee's time, leaving no "spare" time to cross sell?

Now a few answers - simple to state, but difficult to implement. If you do implement them, however, you will begin to mine the gold in your files.

1. Make cross selling an integral part of the service as well as sales job descriptions. Give it a level of evaluation importance equal or greater than any other job function. Explain to your employees, once and for all, that every employee in the agency is a sales person.

2. Require cross selling reports indicating the number of customer contacts experienced, how many were approached with cross selling opportunities and their results. Use the results of the reports to reward successful employees and to counsel and retrain unsuccessful cross sellers.

3. Make it clear - and follow through on your commitment - that anyone who can't or won't pursue cross selling opportunities will have to be replaced.

4. Play an active role in the development on cross selling plans. For instance:

Sell Homeowners to Auto customers and vice versa

Sell life to personal lines customers who have multiple policies already.

Sell personal lines to commercial lines customers.

Sell personal lines to employees of commercial lines customers.

Just like McDonald's you must help the customer identify his or her other insurance or financial service needs. If you do so as successfully as McDonalds you can make a great deal more money without adding a great many more customers.

The Change Process Back

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Over the last 20 years, we have attended to the growth needs of many insurance agencies and have observed many success stories. A large agency desiring severe growth, expansion and inter-generational perpetuation planned its way into tripling its size within 10 years. Two medium sized competitors decided that they could better profit from joining forces. They planned their way through a merger, professionalization of management and steady growth and profit for fifteen years. The original owners have since retired in favor of internal perpetuation and the new owners continue to plan for growth, profit and continued perpetuation. Many small "mom & pop shops" have perpetuated to children who recognized the changing industry and have created Plans, management systems, and organizations geared for growth. These small businesses have grown toward and through the "Magic Million" revenue mark guaranteeing their survival through this generation of owners.

But for every success story we have encountered dozens of failures. In each case we analyze what we may have done to help or hinder the agency's success. We also look to the owners, managers, and staffs to determine what was done differently between those agencies who have succeeded and those who have failed. Here is what we found:

THE EDUCATION PROCESS
Almost every agent we have ever encountered was busy. Most were spinning their wheels and generating work efforts that were well below their financial need and capacity. For example, most insurance agents need to sell insurance. Today's competitive marketplace doesn't permit agents the luxury of waiting for prospects to call them. Yet many agents we encounter spend most or all of their time in the office managing paper and waiting for people to call them for insurance.

We have tried to educate agents to the difference between being busy and being productive. When agents have implemented this education, they have found themselves growing, making more money and enjoying themselves in their careers. However, too many agents are convinced that a) the way they learned the business from their predecessors is the only key to success, b) the way they manage their business worked in the past and should work in the future (if not, it is the "fault" of the economy, carriers, or industry changes), or c) they have "paid their dues" a long time ago and a resurgence of activity is too much effort for the expected result.

THE PLANNING PROCESS
The Planning Process is a disciplined and difficult procedure guaranteed to succeed if conducted properly. GUARANTEED?? Yes. Without a single exception, every agency we have observed who have planned and have consistently implemented the Plan succeed (most well beyond their expectations). The agencies who abandon their Plans when the activities necessary to achieve the goals become difficult or need changed, flounder.

Question -"If planning succeeds so consistently, why doesn't everyone do it?"
Answer - "Because it's HARD!"

Most agents are, by nature, entrepreneurs. That means that they have vision and the desire to succeed. But there is a big difference between a visionary and an implementer. A visionary sees the possibilities. An implementer makes those possibilities happen. Many visionaries will create Strategic Plans, but only the implementers will follow the path created by the Plan, doing what is necessary to make the objectives happen (even if it means changing the Plan to help achieve the results).

THE PROCESS OF CHANGE - COMMITMENT VS. CONTRIBUTION -
"The chicken and the pig pass a restaurant at breakfast-time. The chicken turns to the pig and suggest that they stop in for a bite to eat. The sign in the restaurant window says BACON AND EGGS, FRESH EVERY MORNING. The pig refuses to go in. When the chicken asks why, the pig says, "Breakfast here is a contribution for you - for me it's a total commitment that I'm not ready to make!"

Some people will 'try' change. They will contribute to it (usually in terms of money) but will not fully commit in fear of failure. If the change works, they will become committed to it (only as long as it works). If the first attempt at change fails, they will go back to what was comfortable. They do not believe that the historical course will necessarily lead them to disaster. Without the belief in the necessity of change, you can not fully commit to it. It's always more comfortable to think that if a change doesn't work you can always go back to the way you've done it in the past. We may think that it ameliorates the business risks. IT DOES NOT.

Change in our industry is inevitable. The Direct Writers activities from the early fifties through today should convince us. The conversion of commercial lines from individually written accounts to national programs is another indicator. The incursion of banks into the insurance business has actually been in process for 20 years. The never-ending soft market is a development that can not be casually dismissed.

If you recognize these changes as a part of a never-ending and on-going process you can view change as an integral part of the insurance business, no less than occasionally selling new business and losing some existing business. A belief in change and implementing actions to change with conditions must be a commitment akin to religious fervor.

If the bridge 100 miles beyond you was destroyed, you would certainly seek other avenues to reach your destination. If one of those avenues was found to be a dead end, would you consider re-establishing your original route toward that gaping chasm? Of course not. You would try another avenue, hoping that it would be a better choice to avoid the bridge and still reach your destination. Regardless of how many detours and false starts, if you were determined to reach your goal, you would continue to try different routes, learning from each and trying to avoid the pitfalls in subsequent attempts.

Why, then, are our desires to change our businesses to achieve long term success treated differently? False starts are as common in business plans of insurance agents as they are in all other businesses. If we believe that our path leads to that chasm, why would any agency continue to do business the way they have done in the past? Why would they continue to follow the same business practices even though they see both growth and profits diminish each year?

Long term success ALWAYS means financial success for the business' owners. It can also mean growth and profit for the business. It can mean handing down a more valuable asset to the next generation. It can mean developing a valued asset for sale when retirement arrives. And it means that retirement is planned to permit time to follow other dreams - not getting out before the business fails completely. It can mean building a business whose scope and importance live beyond its creators. Those are the visions of success that dance through owners' minds as they plan for changes in their businesses.

In too many situations, 3 months, 6 months or one year later, the changes made in a Plan have either been abandoned or were never started. Roadblocks were established that were too difficult to overcome so the agency (and the owners) retreated to the familiar main road that they were traveling when the decision to change was made. Do they believe that the bridge is really out? Or do they hope that, somehow, their business opportunities (and our proverbial bridge) will automatically re-build themselves?

Those agents who have changed and succeeded can attest to the fact that the bridge is, in fact, down. They have created other paths and built their own bridges to cross the chasm. They didn't succeed by retreating to comfortable ground when their paths were blocked. Instead, they tried different business directions until they found their own paths to success. Happily we have been able to lend our assistance in the selection of the right directions for many agencies and hope to do so often in the future.

We are dismayed by the number of fine, strong agencies who fail to pursue change because, while they have been told that the bridge was out, have found that their road is still smooth and easy. "Wy rock the boat when we are still making money?" they ask. Growth is diminishing or has disappeared. Profit is decreasing. Yet, as long as they don't personally see the chasm they will fear it and stay on their original path. When the chasm appears before them they will have no choice but to join another, more successful organization who has prepared for the chasm and has built their own bridge. This is not disastrous because, the agency will still traverse the chasm (albeit as a part of a larger business) but it will mark the end of independence. The original owners rarely find having senior partners (or bosses) acceptable and the merger marks the beginning of the end.

Would you rather be the acquirer, or the acquired - the Change Agent, or the employee? I suggest that those agents who have been sitting on the fence consider the difference between insurance agencies in the 1940's, 1970's and 1990's. The changes in the industry have been immense. If you intend to be in the business as an owner in 10 years (or expect to internally perpetuate your agency) and still personally do business today like you did in the Eighties, consider committing to change and becoming a Change Agent. This involves creating and implementing a Strategic Plan and following the advice of Stephen Covey (The Seven Habits of Highly Effective People) - Be Proactive, Begin With The End in Mind, and Put First Things First.

Putting First Things First involves the principles of personal management. Once you know the important things in your life (business and personal), do them before launching into the normal trivialities that face us daily.

Begin With The End In Mind refers to identifying the truly important goals in your business and personal life, write them down and concentrate on them consistently. You will find yourself generating the activities that will permit you to reach those goals if you are clear about what those goals really are for you.

And, most of all, Being Proactive means DO SOMETHING! To many of us are thinkers and worriers and too few of us are doers. Become a doer - a CHANGE AGENT who makes things happen, instead of a reactor to changes around you.

The Changing Auto Insurance World **Back**

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COPE OR DIE

The auto insurance marketplace has been "interesting" for quite some time. The direct writers have been the major influence to date and the financial institutions have started making inroads through their recent acquisitions and agency development.

For quite some time we have tried to influence insurance agencies to do SOMETHING - ANYTHING to use their substantial power in the marketplace to fight for market share. In most arenas our voices fell on deaf ears. In regions heavily penetrated by the non-independent agency competition, agents have just folded their cards. They have sold their books of auto business to insurance company service centers, (they just don't know it yet) or are trying to maintain their business in the traditional, reactive ways. They count on their clients continuing to use their services through loyalty or through inertia. They pay ridiculous amounts to telephone books, to attract every problem driver who needs insurance as their marketing program. And they sit by their phones waiting for referrals.

On the other hand, some regions are not heavily penetrated by the direct writers yet. Agents in those areas practice the Ostrich Marketing Method - hiding their head in the sand and making believe that they are immune to the changes in the marketplace.

A few agencies have created marketing and advertising campaigns and are still growing their business even in the face of the direct writers and banks.

This article, however, is being published to alert the agency system about the newest incursions into their markets, and to remind them that they must either fight to keep and grow their personal lines markets - or understand the consequences and react accordingly.

In October the news broke about burgeoning relationships between auto manufacturers and insurance companies. If anyone is left who has not yet been made aware, BMW is partnering with Chubb, Ford has partnered with Hartford, and Volvo has partnered with Liberty Mutual. I assure you that the others are not far behind.

In each case, the relationships will permit the auto dealer to provide insurance as they sell cars, in some cases through insurance company direct links and in other cases as agents for the companies. Individual dealers have been partnering with independent agencies for years. Their success was evidently not lost on either the manufacturers who protect their interest as loss payees, and to the carriers who feel that they can sell direct with sales intervention by the dealer. These moves continue a trend that became prevalent with the advent and growth of Internet companies selling auto insurance (as well as other lines).

Auto insurance has quickly turned from a complex, individualized protection program into a commodity. The direct writers, the stock companies' service and sales centers, the Internet, and the auto manufacturers have proven that "Everyman" can now quote and purchase his own insurance policies without benefit of an agent.

Does this mean that the independent agents who have paid their rent with personal lines commissions should sell their books of business and concentrate on other lines?

For some, the answer is YES.

If you hold a fatalist attitude and are not willing to market against the competition, then, by all means, sell your books of business while the value is still there.

On the other hand, none of the competition is immune to a finely honed sales and marketing effort. Each has weaknesses that can be exposed just as the direct writers and Internet companies have aimed at ours.

For many years, the soft spot for all direct writers are that they only have their own product to sell. One size definitely does not fit all. Advertising and marketing by local independent agents should repeat that theme incessantly, until the public understands that multiple carriers and products are strengths of the independent agencies.

Another soft spot for direct writers is that the same companies who must make money for their stockholders, by paying as little as possible on claims, are also representing themselves as being on the customer's side, even though the customer is often the claimant. Obviously there has been enough press about the abuses of claims practices by direct writers to fill a book. Independent agents should use this information in their advertising. Who's "on your side" at the direct writing company when the claim is denied or payment minimized?

For years we have championed active, aggressive marketing by independent agents against direct writers. The upstart Internet marketers have quickly adopted those strategies - against both the direct writers and the independent agents. The direct writers have advertised that they are open 24 hours while the independent agent close, leaving the clients in a lurch. The Internet companies are not only open 24 hours (selling against the independent agencies), but the customer never has to talk to a salesman (selling against the telephone concentration of the direct writers).

Yet none of these tactics are problem-free. All can be attacked successfully by local, concentrated marketing to capture and control the market segment central to the independent agent. The local agent does not have to match the direct writer's national advertising blitz. He only has to reach the prospects and clients within his own marketing territory.

1. The direct writer is available 24 hours a day for quoting. Sure! But how many people call for quotes at 3:00 AM? And what difference does it make if the caller is not a perfectly clean risk? Few direct writers have a take all comers attitude and their pricing tiers below the clean risk are often (purposely) unattractive. Active personal lines generating agencies have begun offering evening hours for sales opportunities, either by phone or through office hours. This method, aggressively communicated, defuses the 24-hour quote lines. Marketing the expertise to identify the best market (out of the many available to the independent agent) for any level of driving record is another plus that will keep your phones ringing - if you communicate this to the public.

2. "Your agent works for you - THEIRS works for the company" works well as an advertising and marketing campaign to illustrate the value of an agent whose efforts are expended on behalf of the customer.

3. Yes, you can get a quote from dozens of companies on one of the quote machines on the Internet. But try to ask it a question! Marketing against the dehumanizing effect of the Internet has been used successfully by independent agents.

4. Searching for the lowest quote assumes that all coverage is the same and that all companies are the same. If that were the case, everyone would be driving the cheapest cars in the market. A perception of differentiation of product and service must be used within marketing and advertising in order to defuse the auto-quote devices that will generate a price, but not the right coverage or service for the client.

Yes the effects of the direct writers have been substantial - we have let them market against the independent agency system unchallenged and unchecked. The effects of the Internet will be even more severe. A recent report announced that Allstate is cutting 4,000 jobs as it undertakes a major restructuring that will give the customers the option of buying insurance policies over the phone or via the Internet. This move will eliminate the need for buyers to go through Allstate's 15,200 agents. The plan calls for the "transfer" of 6,500 full time agents to "freelance" contracts.

We are no longer in a stable marketplace. The customer base is in play. If you are willing to market to keep and get your share of your personal lines marketplace, it can be done. If not, search for opportunities to diversify your agency efforts and to divest yourselves of your personal lines books of business before they diminish to an unprofitable size.

The Goal Back

We come into contact with hundreds of businesses each year. One of our initial questions to each business is "What Is Your Goal?" The answer continues to amaze us.

You see, it's a trick question. We already know the answer. Those agents who also know the answer are already successful, or are well on their way to success, notwithstanding the way that the insurance industry is changing.

Unfortunately, more often than not, we get answers like, "Our goal is to service our clients," or "Our goal is to be the best agency in the area." These agents may be successful, however it is likely, that their profits are marginal. And they are likely to remain in a rather dismal, demoralizing position until and unless they get the message about the real GOAL.

THE GOAL IS TO MAKE MONEY !

No, this is not a cynical answer -- and it is certainly not a given, not with the ways we have seen agencies operate around the country. The goal is often at the forefront of our minds when we are hungry and the mortgage payment is riding on whether or not we can maintain our existing accounts and sell new ones. But what has happened as the business grew? We depend more on others and blame others when things go wrong. We generate enough income to live comfortably. In Maslow's Hierarchy of Needs we have moved from the lowest rung, subsistence living, to a higher plane. However, the more esoteric our goals become, the further from reality we are. You see, THE GOAL has never changed -- just our motivation for achieving THE GOAL.

If you lose sight of THE GOAL in your efforts to build an organization, satisfy the clients (carriers as well as customers), achieve more personal free time, become more influential, or do good for the sake of bettering humanity, you lose both the ability to MAKE MONEY and to achieve these secondary objectives. You need only look at the wealthiest families in the United States to realize that their largesse supplements their primary need to make money, not replace it.

"Service" is not all we have to sell. Automation and procedure are tools, not goals. Even personnel and their skills are only useful to you insofar as they help you achieve THE GOAL.

So how do you know that you are achieving THE GOAL?

Now I get to use that hated "M" word -- Measure!!

What do you measure??

Start by measuring the results expected - Profit and Cashflow. If you earn your desired profit with a continuously growing positive cashflow, you are achieving THE GOAL, aren't you?

Next measure the three primary ingredients of THE GOAL, Sales, Sales Expenses and Operating Expenses. No, this isn't your budget or financial reports.

1. Sales

This is ringing the cash register, agency style. Every policy sold, new and renewal, must be counted as though they are your heartbeats (because they are!). Measure sales in the number of accounts and policies sold and revenue generated (annualized - Your budgets and financial statements will take care of the booked dollars) against the Objectives that you have established (in your strategic plan) that would achieve THE GOAL, and against last year (to determine if your are progressing).

2. Sales Expense
This is rarely measured and controlled in a pro-active way.

How are you generating sales (new and renewal)? Are you spending enough money in the right places to promote the agency's sales efforts? Do you telemarket, target market, advertise, cross-sell, media market? If not, why not? If your answer is you don't have enough money, the logical question is whether you have developed a marketing and sales campaign to generate sales -- or do you wait for sales to come to you?

Sales Expenses for this calculation include compensation for sales, T&E, Auto and, especially, Advertising and Promotions.

3. Operating (and Administrative) Expense
Again, this is not your budget work.

Operating Expense is all of the money you have to spend to turn your Sales Expense into Sales. Yes, service is included in this category. Yes, people are included in this category. Without a high grade of service and high quality people, what would happen to your Renewal Sales?

But the measurement of THE GOAL is how your operating expense and sales expense relates DIRECTLY TO SALES. This is not as difficult a concept as it sounds. Try this out --

What was the ratio of your sale expense to your sales (new business and renewals) last month? How about year-to-date?

What was the ratio of all of your other expenses against sales for the same periods?

Here's the key -- The more you spend on the sales process and the less you spend on all other expenses (not the other way around) while still achieving THE GOAL (profit and positive cashflow), the better off your organization. In many agencies, this is the reverse of the trend. Growing amounts are spent on Operations (including labor) while diminishing amounts are spent on the generation of sales. This is eventually self-defeating causing lower productivity under any guidelines.

Relate the amounts you are willing to spend on support functions (anything not causing insurance to be directly sold -- new and renewals) to the amounts of money generated from sales. If sales diminish then your people are unproductively busy.

Please understand the concept of being Unproductively Busy. If your agency is not profitable, or if you suffer months of negative cash flow, your Revenue per Employee, Compensation per Employee and Spread, the recognized productivity factors measured in many agencies, are invalid. Your people may be very busy, but they are not productively so, since THE GOAL is not being achieved.

Re-think your GOAL and your measurement methods. Call us to assist you in re-developing the focus in your agency that will lead to the achievement of THE GOAL. Don't let your external influences lead you away from the fact that if you don't make money and if you don't achieve continuous positive cash flow, the degree of service you provide matters very little.

The Insurance Price Wars **Back**

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DEFEATING PRICE CHOPPERS THROUGH EFFECTIVE ADVERTISING

The market is soft, hard or weird depending upon the geographic marketplace in which your business resides. We have noticed that the companies are once again providing substantial price leeway on selected product lines in order to gain a market share. However, "Price Chopping" is always expensive to the agents - sometimes a double whammy. The company may offer to trim premiums to get or save an account, thereby lowering the net commissions available to the producer and graciously offers to trim the commission rate as well. That queer animal "Boobus Agentus" still believes that accepting a lower commission rate on a lower premium base is "better than nothing." Those agents either feel that their services are worth next to nothing or, like a famous west coast auto dealer, they claim they can "lose a little on every sale but makes it up in volume."

The smart agent recognizes his cost of doing business and the value of the services he can provide to his clients. He refuses to take commission cuts and will begin advertising the Value of Quality aspects of his business. Since most of the current rash of advertising extols the message, "Let us quote your insurance - we can write it cheaper," the Value of Quality agent stresses the "You Get What You Pay For" theory. The exhibit below illustrates an advertising piece we created for a client and this seems to work exceptionally well, to both maintain current clients and attract new ones. Try using a similar approach and let us know how you fare.

The Myth & Mystique of Customer Loyalty   Back

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Studies indicate that in 1950, customer loyalty was at 66%. By 1995, customer loyalty had decreased to 12%. We believe that the insurance industry has tracked this trend. But what does customer loyalty mean? How was it originally achieved? How was it lost?

Customer loyalty has been the tendency of customers to remain and continue to do business with existing vendors of products and services. The primary reason that customers were loyal to any business was trust. When prices increased, the customer assumed that the vendor was looking after his best interest and would not have increased his prices had it not been absolutely necessary. Trust implied that the business was competent, loyal to its customers, and returned the customers' loyalty through an almost family-like treatment.

For 200 years, insurance companies (and insurance agencies) were among the most trusted institutions in the United States. After all, the purpose of their existence was to PROTECT their customers. There were no derogatory comments about profitability because it was assumed (and required) that these companies be conservative and profitable in order to generate the surpluses necessary to guarantee claims and support their investors. Agents were considered the ultimate professionals in the insurance business. Their jobs were to analyze individual client's risk and provide them with insurance coverage to protect them.

What has changed?

1. Distrust of the insurance industry - the public now assumes that the insurance industry "cooks" their books and raise rates primarily to increase profits and long term asset value. 2. Insurance agents have also suffered a substantial image change. Historically agents were viewed as intelligent, hard working, technically competent, conservative and successful business people. Now many people view agents similarly to car salespeople - the product is needed, but the salesperson may not be competent or trustworthy.
3. Competition - In the past, clients would seek insurance agents with problems needing to be solved. The direct writers and more aggressive agents now seek clients in geographic areas or market niches who they feel they can serve with specialty programs or products. Direct marketing and telemarketing have permanently jaded the insurance buying public. Our offers are now just another piece of junk mail or another irritating phone call.
4. Pricing - not too long ago, before this marketplace and the treatment of insurance as a commodity, the insurance agent identified the risks to be insured and the insurance company identified the cost of the coverage. Packaging of personal and commercial lines and the pricing wars that seem interminable (as long as the investment market remains strong) have caused the clients to assume that every price is negotiable and that they can always get it cheaper elsewhere. The agents and companies, themselves, have fed this monster by reducing current premiums whenever competition has offered a lower price. But aside from the wise businessman negotiating lower insurance costs, consider how this action affects customer loyalty!

Your agent presents you with a price for your renewal. Since your friends have told you to shop around, you call another agent who provides a price 10% lower than the renewal premium for similar (you think) coverage. You go back to your agent because you have been "loyal" to each other and tell him of the difference in cost. He goes back to his office and calls you to tell you that he can match the lower price. Now, what do you think of your agent? Do you feel that he has rendered you a service and has attacked the company rating structure on your behalf? Or do you feel that he could have given you the lower price in the first place? And, by the way, how long has he been keeping the price above what it should have been?

Under this circumstance, the client may like the agent, but the trust factor is decreased and the potential for shopping the insurance program in the future has risen dramatically.

So considering the fact that much of the customer loyalty enjoyed in the past by insurance agents and companies has disappeared, what are we to do? Is building customer loyalty important? Is it even necessary? Can loyalty be built as an agent? Or must we convert to brand loyalty (the company or product)? How does customer loyalty affect sales and retention?

LOYALTY VS. INERTIA

Our continuing research into retention rates of insurance agencies indicates that high service insurance agencies still retain well over 90% of their customers each year. The on-going soft market may cause commission retention of less than 90%, but our concentration remains on how well agents keep their customers. The cause of this high retention rate is a combination of customer satisfaction combined with an ever-increasing level of inertia. Customers believe that their insurance products (and insurance agents) are commodities and interchangeable. However, they find that dealing with a new agent or company is threatening. Will the new agent be as competent as the old one? Can he live up to his promises? After all, the old agent hasn't done anything wrong and moving all of the insurance policies would be troublesome.

Inertia grows with the number of policies that an agent writes for a client. The more policies, the less likely that the client will even shop their coverage. If you haven't explored every customer for every coverage for which you have competence and markets, do so to protect your retention.

LOYALTY IN THE SALES PROCESS

Customer Satisfaction Surveys indicate that insurance clients need to know that their agents are protecting their best interests in order to maintain a level of loyalty. That protection is not reflected by the work that the agent does unseen by the customer. From the customer's standpoint, loyalty is built by real-time on-going contacts. Many agents have designed marketing plans to attack customers of direct writers and other agents who do not regularly communicate with their clients. The most advanced agents have created contact programs for their own clients that puts an agency staff member in contact with clients on a regular basis. Studies indicate that the prime number of contacts for most clients is four per year. The best contact is a personal visit. A phone call (specifically to the client) is also valuable. A personal note is better than a form letter. A newsletter keeps the agency name in front of the client, but is not considered a valuable contact point from the standpoint of creating and keeping loyalty. If you are not in regular contact with your customers, you are making withdrawals from your loyalty account with them.

BRAND LOYALTY

Insurance companies continue to (and must) advertise their brands to maintain customer loyalty. They are playing on familiarity to count in the customer's buying decisions. The American public is deeply steeped in brand marketing - and it works. Billions of dollars have been spent to tell people that "You're in good hands...", or that "Like a good neighbor,...". Allstate and State Farm agents have benefited tremendously from national advertising. Unfortunately, most national and regional stock companies don't understand the long term investment required to build and maintain brand loyalty. Advertising once each year on the Super Bowl is not the same as daily advertising over the airwaves for customer familiarity. Until or unless they understand this, they will continue to spend their advertising money foolishly.

Agency brand advertising is also possible on a local level or to a specific target segment and it also works well. However, while on a smaller scale than company advertising, agency brand advertising must be comprehensive in order to work. If you sell to a target market advertise regularly to that market. It helps your sales efforts if the prospect is familiar with your name. Loyalty is built on familiarity.

LOYALTY VS. COMMODITY MARKETING

When we shop for cans of peas, we may look for the lowest price. But many of us also look for a familiar name, one that implies high quality. If price were the only consideration, every can of peas on the shelf would be the same price. The fact that some people pay a premium for one can of peas over another is a symbol that brand loyalty can be developed - even for a true commodity product.

In the insurance industry, most personal lines and some commercial lines are now considered commodities by the industry and by the general public. The loyalty of your customers depend on their image of your agency's service levels and of the insurance company with whom they are insured. As long as nothing goes wrong, if your trust level is high, your customers will be loyal to you. However, if the trust relationship with your agency (service problems, real or perceived) or with the company has deteriorated, loyalty dips and inertia is the only holding influence. If, in that period, another agent or company solicits your customer, the customer will be inclined to treat their auto or package policy like the proverbial can of peas. If it didn't "taste" very good during the last renewal period, he might "try" another brand for the next year.

The answer to this commodity problem is to make sure that your customers are familiar and friendly to you. Over-communications will keep more customers than will price. Customers feel guilty about shopping their insurance if their agents (or agency staff) are their friends. If you wish to regain high loyalty and retention levels in your commodity products, make sure that your agency and your customers communicate frequently.

The statement that both customers and companies are no longer loyal to their agents is half-true. The loyalty of customers has certainly decreased. However, that decrease is the result of the actions of the industry that made it appear less trustworthy.

Companies who have long term relationships with agents also appear less loyal. But they, too, have experienced a deteriorating relationship with agents who promise growth and don't deliver and who ask for more exceptions than not. An insurance company is a corporation, as are most agencies. Companies can not be loyal to each other. People are loyal to each other. When an agent retires, the company who was close to him may not be close to his successor. When a friendly company employee is replaced, the relationship may change if the new company person is more conservative, not as cooperative, or not as knowledgeable as the old one.

However, the loyalty factor with both customers and companies can be increased. Write down a series of annual objectives for your agency that specifically answers the question, "How can I become more trustworthy to my clients and to my companies?" Being a good agent isn't enough. First, even the poor agents THINK that they are trustworthy. Proactive measures must be taken to publicize the fact that the agency deserves the trust implied by the "loyalty factor." The commitment of objectives to writing make the efforts toward these goals much more achievable.

The Quality Scorecard   Back

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Agency Consulting Group, Inc. is a charter member of the Quality Insurance Congress. QIC is a commercial P&C insurance association made up of broker/agents, carrier/reinsurers, TPAs and risk managers. The purpose of this association is to get every constituent of our industry focused on IMPROVEMENT. Without industry wide improvement efforts, the industry will continue to be susceptible to alternative markets, alternative distribution channels and competition from non-insurance entities. It is time the industry has taken charge of its future by proactively addressing long standing industry business problems. This is what The QIC is sponsoring.

The 1999 Quality Scorecard, a product of QIC and RIMS, conducted by the Katie School of Insurance at Illinois State University has just been published. Executive Summaries are available from The QIC, 2525 Perimeter Place Dr., Suite 120, Nashville, TN, 37214, 800-445-3433 (website http://www.theqic.org)

We would like to share the results of the Scorecard as they apply to brokers and agents.

THE GOOD NEWS - is that brokers/agents ranked higher than carriers or TPAs in the three major categories, Performance, Satisfaction, and Loyalty.

THE BAD NEWS - is that the scores for agents were still rather mediocre (74% Performance Rating, 70% Satisfaction Rating, and 74% Loyalty Rating).

WHAT DOES THIS MEAN? - These results indicate that, while better than the evaluations of carriers and TPAs, agents need to better understand what drives customers to high satisfaction levels and to change our ways of doing business to meet the requirements of our clients.

THE COMPONENTS:
1. The MOST important driver for customer satisfaction is the ability of agents to "build internal and external partnerships". The components of this satisfaction driver are:

a. Negotiating and assisting in negotiations with carriers,
b. Identifying and managing conflicts of interest,
c. Being a part of a team developing client solutions
d. Developing a long-term partnership with the client
e. Dealing with one uniform company
The overall rating for this driver was 76%

2. Trust and Reliability was ranked as second most important driver by the customers. This category involved;

a. high ethical standards,
b. provides trustworthy advice and counsel,
c. CONSISTENTLY fulfills commitments and promises, and
d. Provides full disclosure

3. The third most important issue to the customer was Two Way Communications. This involved;

a. Actively listening and understanding the customer's business,

b. Communicating effectively,
c. Meets with the customer to review coverage and policies, and
d. KEEPING THE CUSTOMER INFORMED

4. Another driver ranked as important to the customer was Identifying Needs and Creating Solutions. Included as components of this driver were;

a. Accurately evaluating exposures,
b. Responding to the customer's needs,
c. Offering both insurance and non-insurance options,
d. Providing innovative solutions,
e. Providing solutions that match the needs, and
f. Offering effective risk management solutions.

Equally important to the results of this study is what the customers did NOT think critically important to their satisfaction. "Developing and Providing Expertise" and "Operational Efficiency and Competitiveness" did not rank high with most customers in the creation of performance, satisfaction and loyalty to their agent or broker.

In its simplest terms, customers are more reliant on the relationship issues with their agent or broker than they are in the insurance issues. For the most part the customer ASSUMES competence, expertise and operating efficiency from their agent. If any of these components is not there, you have not met the client's "Must Haves" and will lose the account. However, whether or not those base components are present, if you have not built a strong partnership, trust and communications relationship with the client, he will remain less than satisfied with you and will be open to competitive quotes and offers from other agents and brokers.

Now you know how the clients feel in general terms. What are you going to do about it?
_____ Nothing - this is interesting but it doesn't apply to me
_____ I will identify my top clients and invest in relationship building exercises supporting the already excellent products and service we provide.
_____ I will incorporate the key issues found in these studies into my Strategic Plan to attract new clients by tuning into their satisfaction drivers, instead of strictly appealing to the price issues (as do all the rest of the "lemmings" in our industry).
_____ I will contact and join The QIC (nominal annual dues) to become a part of the solution instead of remaining a part of the problem.

THE CHOICE IS YOURS.

The Retention Dimension **Back**

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Over the past fifteen years we have noticed that high performance agencies inevitably maintain customer retention rates of 95% or more regardless of the market conditions, regardless of the insurance economy and regardless of competition. And these high retention levels at these successful, profitable agencies are not accidental.

First, let's define retention. Retention is the result on the feature being measured - over time - eliminating the impact of new business. The simplest explanation of retention is through the following formula:

((Current Year-to-date)- (New Business))
(Prior Year-to-date Total)

This definition works on Premium, Commission, Customers and Policies and a difference in retention between Premium and Commission or between Customers and Policies raises 'Red Flags' that require further study. The application of this formula judges the value of Premium and Commission including the effects of rates, growth or shrinkage in existing clients' sizes, audits and negotiated renewals. On the Policy level, the retention formula can be colored by conversion from monoline policies to package policies. However, Customer retention is pure (except for the rare instance of a merger of two customers). Using this formula on customer retention identifies your Churn (the average number of customers you must replace each year due to lost business).

The most effective agencies in the U.S. spend a great deal of time, effort (and money) to reduce the Churn to a minimum. They do this for two reasons:

- In almost every situation, it is easier and less expensive to keep a customer than to get a new one.
- The value of a customer in pro-forma dollars grows geometrically, rather than mathematically (this means that, actuarially, the longer a customer stays, the longer he is expected to stay into the future).

Most agencies are too busy 'cutting the trees' to 'survey the forest'. They feel that they are so busy servicing, administering and selling that they lack the time to calculate the acquisition cost of a customer. But consider that the average closing rates of proposals to new business is 33%, that it takes an average of three to four sales calls (some dead ends, others requiring follow-up calls) to achieve a proposal and that (excluding referrals) it takes from five to ten prospects to mature a sales call. With these statistics in mind, the average of $1,900 of total agency cost for each medium-to-large commercial account sale may be astonishing, but is not unbelievable. These calculations include lost opportunity costs associated with the wasted activities in the pursuit of the 90 contacts needed to convert one good size account.

If your customer retention rate is already above 95%, your goal is to decrease the sales ratios by selective marketing and sales training. But if you have customer retention levels below 90%, putting your time, effort and money into new business is like pouring wine into a barrel whose bung is missing.

The second reality understood by high performance agencies has to do with the long term value of a customer. A new customer, similar to a single policy customer, is at greater risk of loss to the agency than a long term customer. After all, a customer you just solicited and sold was solicited by other agents, as well (including his old agent). You selling the account doesn't, in itself, generate loyalty to you.

However, an account with you for ten years has found strengths in your relationship that will cause it to stay with you longer (as long as you treat the customer 'right').

And high performance agents actually calculate the long term value of a client. If a client is an existing and viable business (as opposed to a start-up), it is not unusual for that business to remain intact for ten or more years. The 'Ten Year Mark' becomes the target of high performance agencies for successful account retention. If the account remains less than ten years it has not met expectations and an analysis of the loss is done. Ten years is the desired retention term. Accounts with the agency longer than ten years are providing bonuses to the agency. So the high performance agent multiplies the annual commission income of each account by ten to ascertain its long term value to the agency.

The reason they look at long term value of clients is to rationalize the need and desire to place time, effort and resources in communications programs to assure that existing customers are contacted a sufficient number of times in appropriate ways by whatever level of employee necessary to keep them happy and satisfied with the agency.

The communications programs differs by client but are closely monitored and costed out. By comparing the long term value of the customers against the cost of the communications programs, you will quickly realize what you can afford to do for each customer in question. However, the application of this process always results in substantially intensified retention programs. The short term goals are set in terms of increased percentage retention. The long term goals calculate the value of each fraction of a percent of retention as a proforma dollar amount to the agency. The result of this effort is more satisfied accounts, higher retention and more profit.

The Secret of Success **Back**

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When I was young I was taught that the key to success was to work harder. But hard work alone didn't suffice. I saw some hard working people fail.

I was then told to work faster - productivity was the key to success. So we automated and worked faster. But there was always more work to be done than could be done and speed didn't coincide with success either. A number of businesses sped their way to the poor house!

Finally, I was taught to work smarter in order to succeed. So I bought planners and time management software and read countless books on the subject in order to make me feel successful. I ended up using the time managers for a while, switching from one tool to another and continuing to frustrate myself. Many of my friends, also touted as time managers, were continuing to fail in business. They went through the motions and seemed to get a lot done - but the important things in their businesses and lives continued to go undone until crises occurred.

I realized that EFFICIANCY IS NOT EQUIVALENT TO SUCCESS - in business or in life.

It appears that the failures in life come from three causes:

a) Failing to do the right thing when your instinct tells you what it is,
b) Failing to do what is most IMPORTANT (not most urgent) at any time, and
c) Failing to depend on others and work interactively

DOING THE RIGHT THING
We live by "rights" and "wrongs"-whether we want to or not. Principles are immutable. You can live outside of principles, but the principles, themselves, never change. Fulfilling a promise is a "right". Breaking a promise is a "wrong". How do we know the difference? For most of us raised in the Judaeo/Christian society, your conscience will always tell you! If you feel a twang of conscience or need to rationalize a decision it is wrong. Most things that are rationalized are usually a "wrong". And "right" and "wrong" don't coincide with easy and hard. Sometimes doing the right thing is both rational and easy. Other times it is difficult and doesn't seem to make sense, but it is right nonetheless and you instinctively know it. For instance, firing an employee can be a "right" or a "wrong" decision. This is an action that no one enjoys. But if you know that both you, your organization, your customers and, eventually, the employee will be better off through a termination, it is a "right" decision. If, on the other hand, you find yourself looking for excuses to terminate even though the employee makes a positive impact on the customers and organization, you may still carry out the termination, but you simply won't feel good about it. You have done something wrong. Obviously, it is very hard to do the "right" thing all of the time. Humans have prejudices and self-interest. Sometimes the "right" thing is expensive and you can save time and/or money by short-cutting or doing something different. Sometimes you will do something that you know is not right in order to please yourself or others (i.e. playing a round of golf because you "deserve it" instead of completing a project that you promised a client). You will certainly enjoy the rewards you give yourself, whether deserved or not. But you will still know that what you did was not "right". The more you yield to your conscience and do the "right" thing, the better you will feel about yourself and the more successful you will become.

DOING WHAT IS MOST IMPORTANT - ALL OF THE TIME

Stephen Covey calls this Quadrant II thinking where Quadrant I represents crises and urgent matters that are important, Quadrant III is non-urgent, but important items, and Quadrant IV is the truly trivial, neither important nor urgent. Quadrant II represents the truly important things in our lives that are the keys to our success even though they are not necessarily pressing us to accomplish them quickly.

Obviously, those items that are critically important must be handled and handled quickly. But how did they get to be crises? A few things arise as crises and will always have to be reacted to quickly. But many of our crises get that way because we don't pay attention to important issues long enough for them to become "wild-fires". Why don't we pay attention to them before they flare up into major problems? Because we don't have the time!! And why don't we have the time? We would all like to think that our priorities become crises because we have to much to do. In reality, our crises occur because we pay attention to urgent matters (the Squeaky Wheel Syndrome) even though most are not the most important things that we have to do at the time.

Can you disregard every so-called "urgent" item that demands your time? Probably not. But we must be honest with ourselves and evaluate our efforts on the basis of their long term importance instead of in terms of their urgency, ease of completion or our desire to do what we like instead of what we must.

One of the keys to this measure of success is the discernment of the difference between urgency and importance. When a customer "demands" a service immediately, is he always right? Is that demand always the most important thing on your CSR's desk? What should the response be?

No, the customer is not always right. Many customers have become educated in the Squeaky Wheel Syndrome (you know, the squeaky wheel always gets greased first!). So, they feel that in order to get anything done, they must demand immediate action. The customer can also never identify the priorities on your CSR's desk (nor should they). The customer feels that he is important and that his insurance need should be addressed immediately.

Only you and your staff can properly identify and address the "Importance Rating" of the customers' requests. It starts with the agency owner and managers. You must identify the prioritization of the agency with respect to normal workflow transactions. An example of agency prioritization is:

"A" Priorities	"B" Priorities	"C" Priorities
New Business Quotes	Money endorsements	All Else
Renewals under 30 days away	Renewals under 60 days away	
Audits	"C" Priorities over 2 weeks old	
Claims		
Certificates		
"B" Priorities over 1 week old		

While the agency owners and managers determine the general priorities, the staff, themselves, must assume the responsibility for exercising their judgment to determine the IMPORTANCE of the work they have on their desks and the incoming work. They will always have more than one "A" priority available to them at any time. They must determine which item is most IMPORTANT (not necessarily the most urgent) in the long run and should work on the important items first.

This transition from crisis to importance-related work effort is a major change for most employees. Crisis management has become a norm, instead of an exception in recent years. Facing a long, difficult project, however important is daunting and many of us will do anything to avoid it. Crises that can be attacked and handled to completion are actually comforting. They make us feel that we get a lot done. Yet whenever we feel tired at the end of the day, saying to ourselves, "I worked hard all day, but haven't gotten anything done," it is an indication that we spent our time on inconsequential busy-work. In retrospect, we all understand that some items are much more important than others. The IMPORTANCE factor transcends the ease or difficulty of work and the short or long time requirement of projects. Some important items are hard to do and take a long time to accomplish.

Yet, in the long run, they are much more important than working on immediate crises of questionable priority or working on easy transactions that take little time but are trivial compared to the high priority, important items that await us.

DEPENDING ON OTHERS - WORKING INTERDEPENDENTLY

"I know it's not my job, but if I want it done right, I have to do it myself."
"It would take me longer to explain how to do it than it would to do it myself."

How many times have we used these and other expressions that, for all practical purposes, have made us agents, raters, marketers, csrs, clerks, file clerks, receptionists, and maintenance people? You know that you resent the fact that you end up performing tasks that are properly the jobs of other employees. But you also know that you are your own worst enemy. Rather than give authority, responsibility and trust to your employees, you assume the martyr's robe and do it all yourself. One of the reasons that this happens is that you do know how to accomplish all of the tasks that need to be done better than you know how to manage others to accomplish these tasks. Rather than negotiating, managing, and controlling the actions of others, we feel more comfortable, just doing it ourselves.

When your employees see you adopting their functions as well as your own, they may feel relieved of the workload or frustrated that you don't trust them enough to do their jobs. Either way, they won't try to stop you more than once or twice before "permitting" you to do their jobs - after all, it is your business. Unfortunately, most times, they are better at their jobs than you. So, not only do you multiply your efforts, but you don't accomplish the tasks as well as they could.

The key to this level of success is to transition yourself from an individual performer to a successful manager. Most of us understand that we can accomplish much more by leveraging our efforts through our employees, but relatively few of us are comfortable enough that we control the projects and jobs that we delegate to use that leverage.

1. Give your employees the RESPONSIBILITY to accomplish the tasks and projects in their job description. Make sure that they realize that their success depends on their accomplishment of those functions and projects.
2. Give your employees the AUTHORITY that goes along with the responsibility to get the job done. Nothing is more frustrating than being told to do something, but having to go to the boss with every detail before they can be implemented.
3. TRUST your employees - that's why they work for you. If you feel you have the best employees available, trust them to do their jobs. If you don't have the best that you need, retrain them. If employees either can't be retrained, of if you simply don't trust them, replace them. Otherwise you perpetuate your problem and theirs.

Whether employees or co-workers, no one can be a "Lone Ranger" and do all of the tasks necessary to become and remain a successful insurance agent. We must work through others. Those who view this as a benefit and positive part of the job will be able to work interdependently. Those who view this as a drawback and a negative part of growing larger will not be able to grow profitably. They will find that the larger they become, the more overwhelming the workload on themselves.

What is the secret of success? Doing the right things, working on the important things at all times and working with and through others defines the term SELF-MANAGEMENT. Those of us who can sublimate our egos, maintain the integrity to perform our jobs with integrity and treat others as we would like to be treated will find that success will come easier. Certainly, there will still be failures, but there will be much less self-doubt associated with the occasional failure. You will feel comfortable that you are doing the best you can at all times. That attitude will overcome any failures and will result in the kind of success that many of us see but few manage to achieve.

The Service Ceiling **Back**

* What Causes It
* How to Recognize It
* How to Break Through It

We have a small Middle-Eastern restaurant in our neighborhood that is family operated, serves delicious food and is reasonably priced. Most important, their creed has been to cater to the customer from their opening day. The owner was proud of that creed and moved from table to table to be certain that all of the customers needs and desires were met. Every so often he "thrilled" us with an extra glass of wine or a free desert.

Obviously we returned frequently - and so did many others. Within a year, he expanded. He now needed three waiters where one (a relative) sufficed before. He began getting crowded at lunch and dinner, so he started offering 'take-out'.

We now rarely go to the restaurant because it is always so crowded. And, recently, after again waiting an inordinate amount of time for a called-in order, we told him that as much as we liked him and the food, we would have to go elsewhere in the future.

Change 'restaurant' to 'insurance agency' in this example. Does it ring any bells?

Our restaurant owner, like many agents, hit the Service Ceiling. The Service Ceiling is the point at which your customer needs and desires exceed your ability to perform to your own level of satisfaction or to theirs.

The restaurateur, like most agents who have hit the Service Ceiling, knew that things were changing even as he became more successful. First, as his staff grew, he felt that he was losing some control. Management was easy when it was all family and communications, while sometime volatile, was always open. He trusted his intuition, so he hired people too casually and they sometimes took advantage of him. He was too nice, so he delayed "pulling the trigger" on employees who didn't fit. This caused deterioration in the service in which he so prided himself. The kitchen (i.e. back office) was busier with the increased traffic but his wife, the cook, was uncomfortable giving control to others or doing things differently, so the speed of delivery of the product slowed. Finally, the menu rarely changed, so the choices available to customers were limited.

By the time we spoke to the restaurant owner, he looked and felt guilty because he knew things were not the way he wanted them and he didn't know how to change. The money was still good so, while he was sorry to lose us, his remarks were in the form of reasons and excuses for the deterioration instead of introspection about the future if he maintained this course.

All insurance agencies face Service Ceiling's as they grow. Agencies hitting the SC find their growth slowing, complaints growing and/or long term customers leaving (presumably because insurance is cheaper elsewhere). Most agency owners get an uncomfortable feeling that they are losing control and that service levels are slipping. Too many do not trust their intuition and continue the course because they have never made more money. At this point these agents do not yet realize that financial success is not equivalent to being a successful businessperson. In fact, most truly successful agents who we have encountered admit that they know how to make more money. However, if they pursue their business in a way that is self-satisfying and makes them proud, their financial condition continues to improve anyway.

Many agents experience the Service Ceiling by the time they reach the $500,000 revenue level when staffing beyond family members occur. The traditional management ceilings occur at the $1 Million, $2 Million and $3 Million revenue levels. At those levels management styles must change to accommodate the business size and further growth.

What Causes Service Ceiling?
--The inability of the owner to change from the principal implementer of great service to the manager of great service. Insurance knowledge, combined with empathy and sales skills permit most agents to become successful. It takes years to gain the technical, sales and social skills to be recognized as an 'excellent' agent. Most understand that it is the attention paid to the customer, more than the price or even the product, that made them successful. Yet few take any time to study or learn management techniques when they realize that the sheer volume of business requires increased service staff. So staff is hired, usually based on experience and/or recommendations. Sometimes, in desperation, staff is hired because they are "better than nothing".

Unfortunately, when staffing service positions, you often don't get what you pay for. Sometimes the result is less knowledge than needed for the job. Once identified, that problem is easily solved through re-training or replacement. More insidious are the myriad of employees who lack the people skills to represent your company the way you desire. These people often are unrecognized for years with only a few negative remarks made by other employees or customers. The customers may not approach you regarding tactless employees or those who change your service creed from "we'll take care of it right away" to "as soon as I can" or "we can't do that". Your customers know you for the excellent agent you are and are reluctant to get someone in trouble or are embarrassed. The eventual result is the departure of the customers, usually with the cost excuse. If long-term customers leave you simply for price they are sending you a message - you have little, if any, added value in your organization. Any program with a comparable or lower price is acceptable to customers who see no added value to your services.

If a lack of management skills is the cause of Service Ceiling and the loss of customers is the indicator that Service Ceiling has been reached, what can be done to break through this artificial barrier to growth?

1. A major attitude adjustment must be made from the top of the organization, down. The owners must reiterate and re-commit to the service philosophies that made them successful in the first place - in writing. Write a Service Pledge. Avoid cliches like "best", "high quality", or "fast" unless you are prepared to define them in measurable terms.
2. Develop written service goals - with your staff - that will progress you toward your Service Pledge. These goals must be realistic, objective, measurable, and achievable within one year. Including your staff in this process permits them to "buy into" goals that they help create. It also gives the reprobates on your staff fair warning to either change their attitudes or prepare their resumes. Initially, some staff members won't believe that the Service Plan will be implemented. The proof is
3. To measure results against objectives. This implements the management phase of the service change. Measurements include productivity reports (if speed is one of your goals) measuring transaction time from customer contact to completion. Another measurement is customer interviews and surveys in which you ask questions like, "How has our service changed in the last 'X' months?" Service Ceiling ores from 1 (gotten worse) to 5 (much better).

The results of this change will shock the organization into activity and any activity is better than none when you've hit the Service Ceiling. If you are also breaking the $1 Million, $2 Million or $3 Million revenue ceilings, you must add education and professional management to your agenda. At the $1 Million level you need different people managing sales, service and finance and you must begin Strategic Planning. At the $2 Million level you must graduate to a professional manager (Chief Operating Officer) who manages the company and implements the Plan while the owners sell insurance. At the $3 Million level a working Board of Directors is appropriate along with divisional profit centers. The revenue ceilings are covered fully in a separate article, Breaking through the Glass Ceiling.

The "Seven Habits" Applied to Insurance Agencies   Back

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In 1989 Stephen R. Covey authored his best seller, The Seven Habits of Highly Effective People, followed in 1990 with Principle Centered Leadership and in 1995 with First Things First. These works should be a part of every manager's library. The Seven Habits are not new or revolutionary. Rather, they are clarifications and reiterations of rock solid principles in a format that is easily understandable (if still hard to accomplish). But if the seven habits described are followed, long term personal and business success are assured.

That is a pretty strong statement, isn't it? But if we put up a sign that read "Gold Here! Dig approximately 250 feet to reach it! Free shovels," most people would not take us up on the offer. Why? Because they are not certain that they will achieve the goal if they perform the task. The task involves hard work that has no short cut. And they lack FAITH!

Like the example, the "Seven Habits" are not easy to accomplish and they also requires a high level of faith because, while they can be accepted as the right things to do, they are also very foreign to contrary habits that many of us have built through all of our adult lifetimes. Even if our existing habits are counterproductive, they are comfortable because we saw our predecessors and mentors manage their personal and business lives through them. We know that losing weight, getting regular exercise and stopping smoking will extend our lives. Why don't we all simply change our habits? Obviously, it's not as easy as that. There have to be pay-backs that we truly believe will occur if we change. That's where faith comes in. No, we can't guarantee that cessation of smoking, controlling diet and exercise will keep you from getting hit by a truck and dying prematurely. Nor can we guarantee that applying the "Seven Habits" to your life will make you instantly or consistently successful in everything that you try. But each one of us has a conscience - a mental controller - that tells us when we are doing something right and when we are doing something wrong. That's the good feeling that you get when you know that what you did was right, regardless of the outcome. That's also the guilt pang that you feel when you do something that you know isn't right. That conscience is rarely wrong. And application of the "Seven Habits" will always feel 'right'. That tells us that, win or lose, short term or long, Covey's synopsis of the principles that should rule your work and personal lives are the right things to do.

PERSONAL PRINCIPLES
Covey first suggests that we must address ourselves from the inside-out before dealing with others. These internal principles strengthen us as individuals as well as agency owners and managers.

BE PROACTIVE
How often have we heard agents bemoaning their situations by pointing out the faults in everyone and everything (except in themselves). It's the companies - It's the economy - It's the regulators - It's the disloyal customers - It's the weather conditions - It's the direct writers - It's the banks - It's the unmotivated employees that are the causes of all of my problems. I just react to those influences trying to stay in business.

But if these reasons are real and not excuses, why are there successful insurance agents and agencies out there growing and profiting even in these times?

The answer is that some agents are reactive while others choose to respond to the same stimuli in proactive ways. If you find yourself reacting to reduced revenues caused by soft markets and reduced commissions by cutting back on marketing and sales costs and reducing staff, how can you expect to ever grow again? We have never seen a company shrink to greatness - have you?

However, some agents create Strategic Plans to attack the problem in different ways. Competitive pricing that causes reduction in earned commissions means that new sales initiatives need to be created to replace lost income. Does this imply some risk? Certainly! But there is absolutely no risk involved in shrinking to adjust for decreasing income - it's simply a slower way to oblivion because most agencies no longer have a buffer of earnings that can keep them afloat for years awaiting that hoped for hard market.

BEGIN WITH THE END IN MIND

Napoleon Hill was not the first person who said, "Whatever man can perceive and believe, he can achieve." The bible also states, "If you will it, it is no dream." Covey restates this principle by speaking of two creations, the first mental, followed by the physical. In the business world, what you want to accomplish defines the leadership necessary to create the mental goals. How you accomplish those goals is the management function of the physical efforts needed to achieve your desired end points. Pointing again to the Strategic Planning model, the agency's Mission and Vision are the 'mental' goals that define what needs to be done to achieve business success. The Strategies and Annual Objectives are your second creations, the physical activities necessary to accomplish the larger goals.

Many agents forego the planning process in favor of directed activities that, they hope, will result in profit and growth. However, they have not determined their own definition of success. Nor have they created a yardstick against which they can measure their results. These agents define being busy with being productive. These agents have set out to travel without a specific goal or a road map. Their definition of success is measured by their odometer. "Are we moving forward," they ask? But they don't know what direction they are going and don't even take the time to put gas in the car. Eventually, they will run out of fuel and have to determine whether where they ended up was a satisfactory end point. Normally, it isn't.

Covey's principle of beginning with the end in mind reflects the need for both a personal and business Mission Statement to solidify one's definition of success in the long term.

PUTTING FIRST THINGS FIRST

Covey's third habit can be reduced to the principle of doing the most important things first. Much of our time as agents is spent taking care of either routine matters or of crises. In the long run, neither is productive. Yes, routine matters must be done. And we can't avoid some crises. But, Covey points out that the most productive use of our time is to accomplish those tasks that are not urgent, but important. Planning, not reacting, is important. Prevention, not repair, is important. Building relationships, not counseling to determine why they aren't working is important.

Of course, some important things are urgent as well. However, many of our customers and employees try to manipulate us with the "squeaky wheel" syndrome. If they squeak often enough and loud enough, they figure that we'll have to take care of them. For some people, this is the only way they feel they can get anything done. But many of those crises, while urgent, are not as important as some other issues - like marketing our largest account to avoid undue competition, or evaluating and thanking our strong performers for their continued support. In reality, however, many of these important tasks in our business (and in our personal) lives languish while we spend our day fighting fires that are caused by others to get us to react to them.

This principle tells us to evaluate our choices and do what's important, not necessarily what's easiest or most urgent .

PUBLIC PRINCIPLES

Only after we conquer ourselves can we be expected to maximize our interaction with others. Following the implementation of the first three Habits, Covey discloses the three Habits that will make your interactions with others much more valuable and effective for you and for those with whom you have business or personal contact.

WIN/WIN
You can not be trusted by others until you can prove yourself trustworthy. Your integrity (the value you place on yourself) is the building block of your character. An abundance mentality is the feeling that there is enough for everyone - that life is not a win/lose proposition. Balancing your own feelings and convictions with courage and consideration of the feelings of others is the key to maturity. And these three characteristics, Integrity, Abundance Mentality and Maturity permits you to consider all relationships in a Win/Win scenario. If anyone loses, the solution is not acceptable. Once your employees, clients, companies, family and friends understand that you can be trusted to seek Win/Win solutions, they will be much more likely to cooperate with you. The key to this principle is to follow the guideline that a Win/Win scenario is the only acceptable one. Win/Win or Don't Play are acceptable alternatives.

SEEK FIRST TO UNDERSTAND BEFORE BEING UNDERSTOOD
This is the habit of communications. Too many of us spend all of our time explaining ourselves to others so that they can understand US! We rarely take the time to listen with the purpose of understanding the other guy's point of view before setting him straight and telling him how it REALLY IS! In fact, the other guy is trying just as hard to get his point across and he's not listening to you, either. Do you know what you have when two such communicators get together? A war!

Covey extols us to listen empathetically, not selectively. Your goal is not just to hear the other point of view. Your goal is to understand that point of view well enough to radiate it back to the speaker. When he acknowledges that you understand him (and not before), you can state your point of view, seeking his empathetic attention so that he can understand you, as well.

If we learn this habit, alone, we could double our effectiveness as business-people. What would happen if you really understood your clients' (and prospects) points of view before trying to sell them on yours? Do you think that you might be able to better respond to their needs?

SYNERGIZE
In compromise each side gives up a little in order to solve a problem. This, by definition, is a Lose/Lose scenario since each participant is being asked to give something up. In a compromise, 1 + 1 = 1 1/2. Synergy takes the Win/Win and Communication principles and applies them to business and personal life so that 1 + 1 = a minimum of 3. Since neither side is expected to give up anything and since we are really understanding each others points of view, a synergistic answer will always challenge the participants to creatively solve a problem in ways heretofore not explored. Brainstorming a solution to a difficult coverage question or challenging ourselves to grow in new ways are synergistic exercises that take the place of dictatorial styles of management in which the "boss" evaluates his choices and makes a decision, up to which everyone is expected to live..

SHARPENING THE SAW
Covey's final principle is a constant commitment to balance our lives. We've all seen people burn out on work. Many of us have heard of well-to-do people who commit suicide because they indulged in too much of a good thing and lost the meaning of their lives. Our industry is rife with workaholics who work 24 hours a day, then play at golf as if it, too, was work. Covey asks us to stop and investigate our lives on a weekly basis to determine if we are preserving and enhancing our greatest asset, ourselves. He suggests that we challenge ourselves to balance our spiritual, physical, mental and social/emotional selves each week. This exercise permits us to continue to pursue the other six habits to becoming the most effective people possible.

We strongly recommend that you purchase Covey's books, beginning with the "7 Habits¼" If you pursue this set of principles, your lives will never be the same again.

C. Richard Weylman can help you move your business to the next level. As a professional speaker and consultant to the financial services industry he delivers messages that will help you wring more profit out of your Practice and reach more high net worth people. As a former Rolls Royce General Sales Manager and as co-developer of The Robb Report, he has spent a lifetime marketing to and working with high Net worth people. To discover the many resources he has to offer you and your organization, including his speaking topics, FREE e-mailed weekly marketing tips and online resource and audio library and much, much more, go to www.richardweylman.com or call 1-800-535-4332.

BACK

The Value of a Reputation

By C. Richard Weylman, CSP

People today buy from people they know and feel they can trust. Trust is more than a feeling. It's based upon a factual and logical conclusion that the individual with whom one is dealing has the best interests of all parties in mind and would do nothing to injure one party for the good of another. Thus trust becomes an interwoven part of a reputation. A reputation is earned over years of ethical, honest behavior where one is demonstrating trustworthiness, fairness and integrity at all times.

The population, however, has grown very cynical and more skeptical of the motives of all individuals who approach them for any reason. Advertising that has over-promised and under-delivered, products of inferior quality, prospecting that is driven only by product, and the need for a sale as opposed to building ongoing mutually-profitable relationships have all contributed to this skeptical, cynical attitude in the mind of the buyer. The financial services industry has perhaps suffered even more than other industries from this cynical, skeptical attitude. This is an outcome of the incessant industry bashing that has occurred by government and special interest groups, as well as, of course, the negative press that the industry has endured for several years. In addition, fines that have been levied for the conduct of a few miscreants have also contributed and made the path upon which the industry is proceeding very difficult for everyone involved.

For this reason you must guard your own reputation zealously. There is no room for situational ethics, lapses of attention to detail, or "I had no choice but to do it" behavior. A reputation is a precious thing. It is a measure of who you are and what people can expect of you. Nearly 2,500 years ago King Solomon said, "A good name is better than riches." Clearly a good reputation was valuable even then.

Your reputation is linked to your character—the kind of person you are when no one else is around. Whether your reputation is lost or stolen, it cannot be easily retrieved. People are not inclined to give second chances or fresh or different second opinions.

When we first started our educational firm in 1983, we had an individual in our database whose name was spelled unusually. Unfortunately, his name was loaded into our database twice—with two different improper spellings. He received a letter from me not long after we met and his name was misspelled. He fired off a letter to me indicating that he wanted the mistake changed immediately, which we did. However, now knowing that it was in the database twice, when I sent him my second letter apologizing for the mistake, his name was again misspelled. Imagine his response when he came back to us with a very terse reply, "Don't ever contact me again. Obviously you cannot pay attention to detail."

I could not imagine what had happened, and after we researched it, we discovered the problem. Of course, I could have told him it was an honest mistake, and he probably would have said, “I can appreciate that.” But there was no mistake that we had dropped the ball and not guarded our reputation by double-checking and proofing the letter to make sure it was correct.

Some people would say this was an over-reaction on his part, but I’ve discovered over a period of time that it’s not always the big things that make the difference, it’s often the little things that sully a reputation. The lesson we learned from all of this is it has strengthened our resolve to constantly be on guard and double-check not only our data, but also the details, to ensure that we do the right thing. You see, your reputation can be lost or stolen not just by the big things, but by the little things as well. However, one cannot live in fear of every mistake being the end of a career or a relationship. To the contrary, a solid reputation in the marketplace will create an atmosphere of trust and, when appropriate, forgiveness.

To develop a reputation for honesty, integrity and fairness, I encourage you to practice these principles in your practice:

Principle 1: Align yourself with trustworthy people. In every organization and every society there are individuals that stand out for their honest, ethical behavior—individuals whose word is their bond. Identify these individuals and spend time with them. Develop these individuals as the friends, mentors and managers with whom you will work. Adapt and adopt the behavior that they model on a daily basis. Ask yourself what it is that drives them. Ask them how they make the decisions they make and why they make them. Learn from the opportunities you have to rub shoulders with these individuals so that you can begin to re-evaluate your own value systems and your own foundation to be certain that you’re on firm footing.

Principle 2: Have a code of ethics. A great deal has been said about a code of ethics, however, very little is often placed into practice. The reason appears to be that too often a code of ethics is exactly that. It’s some code that’s mounted on a wall in an office or written in a notebook. A code of ethics is simply a creed or statement that will help you make decisions. If, for example, your code of ethics included such things as “Doing the right things right with my clients’ interests first” this would help govern any behavior where the client is perhaps demanding to buy a particular product that doesn’t fit their portfolio and you know it’s not in their best interest. Your code of ethics will give you the confidence and the passion to explain to your clients if they are moving in the wrong direction. It will also allow you to be comfortable when you have to walk away from a situation when you know that proceeding forward is not only the wrong thing to do for yourself, but also the wrong thing to do for your client and the company with whom you associate. A code of ethics need not be a long dissertation, but simply a short group of words that you have brought together that articulate how you’re going to make decisions and the rules that will govern you. A code of ethics acts as a wall to contain and to shape your behavior and decisions and to give you a guide to follow. The common cry, “I don’t know what to do,” is often created because a code of ethics is not in place to guide one’s behavior and thus do the right thing. The result is that often the expedient thing is done instead.

Principle 3: Know your purpose. What is the overwhelming, burning passion that drives you to continue in the industry? Is it a simple desire to serve other individuals? Or is it something more complex such as the purpose that drives me to work in the financial services industry? My mother died when I was five, my dad when I was six. They had done no financial planning of any kind and so my brother and sister and I were split up and lived in foster homes all over New York. I resolved that, once I began this educational firm, one of my target markets would be the financial services industry because I have a passion to inspire and educate brokers and others to see more people and assist them in every way to get their financial affairs in order. What is it that drives you? What is your passion? With which types of people do you really enjoy working and want to build future business around? Where do you see opportunity to serve the marketplace and the people in it? If your purpose for being in the industry is simply to make money, I believe that you will find that it leaves a sense of emptiness within you, because money becomes a very small measure of one's worth. Purpose not only helps shape your decisions, it helps shape the path you will take and will enable you to make the right choices and the right decisions to move ahead.

Principle 4: Practice self-discipline versus self-indulgence. In a time when society's motto and creed appears to be, "Go with the flow," you would be well served to stop and adjust your thinking and ask yourself, "How am I proceeding?" Are you indulging yourself based upon how you feel, or are you disciplining yourself based upon your ultimate destination? To help you define whether you're working from a self-indulgence or self-discipline perspective, consider the following:

Self-indulgence says, "Think about how you feel, then take action or no action and worry about the consequences later."
Self-discipline says, "Think about the consequences and then decide which action is appropriate and, having taken the appropriate action, you feel great afterwards."

I read an interesting study recently of successful women in the marketplace. They were asked what it was that helped them to be successful. Their overwhelming response was that they were aware of the consequences of their behavior prior to making a final decision about the process they were going to implement. Self-discipline and self-indulgence not only deal with the issue of making decisions. Self-discipline needs to come into play to limit your depression and to recognize that life has its ups and downs. By having made a decision to guide your life by a sense of self-discipline versus self-indulgence, you will not only limit your depressions, you will bounce back more quickly and won't make bad decisions that injure your reputation during your down times.

Principle 5: Focus on thankfulness versus entitlement. Sometimes, because of the nature of the business, a feeling of entitlement can invade your attitude. This is particularly true as one becomes more credible within a market. Nothing can destroy a reputation faster than conveying an attitude that you deserve it. Avoid coming across to others as if they owe you a favor or they owe it to you to see you. To develop and keep an attitude of thankfulness, focus on being thankful for the opportunity and business that you are receiving. Being thankful keeps you in the right frame of mind and thus earns you respect in the eyes of the buyer. An ancient proverb tells us that before honor comes humility. It's the thank-you notes that you send and the sincere appreciation that you show to all concerned that become the bricks and mortar of your reputation. People begin to perceive you as an individual who's truly there to serve and not just to sell—who is interested in binding together with them in a spirit of cooperation, fellowship, and a relationship that's mutually-rewarding.

A reputation is a fragile thing. It must be protected at all costs by realizing that as the ancient writings tell us, "As a person thinketh in his heart, so is he." Examine your heart and determine your motives to ensure that you are building your reputation as an honest, ethical individual with whom people will want to do business. Guard your reputation zealously and be constantly on the lookout for the myriad of opportunities to enhance your reputation by focusing on other people versus yourself.

The Vision of Success   Back

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Why do so many agencies stabilize, then languish at revenue levels between 500,000 and 1 Million while a successful few grow through the 1Million barrier and become larger, successful companies?

For the last twenty years we have had the opportunity to consult with over 1000 agencies from a few hundred thousand in revenue to $20 Million revenue. While our assignments to these agencies have been extremely varied, we have been able to observe the characteristics of both "successful" agents and those not very successful. After 20 years we can tell whether an agent/owner is (or can be) successful in business within one hour of our initial meeting.

The two common components of success are VISION and IMPLEMENTATIONAL FORTITUDE.

VISION
We met an agent 20 years ago who was a second generation owner of a $600,000 revenue agency outside of a medium-size city. Within one hour of meeting him he told us that his goal was to own two aircraft and train his staff sufficiently so that he could enter politics. As a young man he had a vision firmly fixed in his mind.

Every month we visit agents throughout the U.S. whose primary vision include 1) keeping their business from eroding, 2) growing to keep their carriers happy, 3) controlling (managing) their staff to make them service the way the agent would like, 4) making more money, and 5) maintaining a strong value to permit them to use the value of the agency in the owners' retirement.

Do you see the difference between the concentrated vision of the first example and the scattered vision of the second?

Of course the agent in the first example had the same issues and concerns of the hundreds of agents cited in the second example. Bu those issues were bumps in the road, not detours. The success-oriented agent always had his course charted toward his vision, managing the issues as they arose.

On the other hand, the majority of agents fail or fear to create or follow their visions of success. They permit every business issue (the loss of a market, financial reversals, personnel issues) to re-direct the course of the agency. The result is, inevitably, a vision of the impending death of the agency system and the need to get out sooner, rather than later, with as much money as possible.

IMPLEMENTATIONAL FORTITUDE
Implementational Fortitude is the difference between a businessman and an insurance salesman - between a dreamer and a doer - between a success and a failure. It is the discipline to create your own goals - in writing, publicize them so everyone knows where you intend to go, and follow the course with an almost fanatical determination, solving all roadblocks instead of permitting them to hinder or re-route your plan.

CREATING YOUR GOALS
This can be the Vision or Mission Statement of your Strategic Plan. Dreaming the dreams simply makes you a dreamer. Writing them down creates a commitment. Publishing it adds more commitment to your vision. It also adds the risk of embarrassment and criticism (from others and self-criticism) if your actions

don't take you toward your vision. Following the course defines the day-by-day, month-by-month and year-by-year management of your business toward the achievement of your vision. Every objective and action basks in the harsh light of one question, "Will this help me to achieve my vision?" If the answer is yes (without strenuous rationalizations), it is adopted. If the answer is no, it is discarded in favor of goals meeting the "Vision Test".

The agent represented in our example hired us to facilitate his Strategic Plan. He knew where he wanted to be but his training as an insurance agent did not prepare him to manage his business toward his vision. Today, after a successful career in state politics, the agent has resumed his management of his $3 Million agency with branches in two adjoining states (justifying his two airplanes) and his specialty in aircraft insurance (permitting a number of producers who are also pilots). During the last 20 years this agency suffered from the same market conditions as all other agents. Their commission rates are generally lower, competition is keen and carriers are still demanding. Despite all of the hurdles, however, the vision remained solid and the agency's tactical decisions were always tempered by the "Vision Test".

Do you have a vision? Everyone had one, but most have forgotten them (or relegated them to the 'pipe dream' category). Do you have a Plan? Have you written it? Do other know your goals? Do you pursue your goals or do you let the market conditions determine your course for you?

GET PRO-ACTIVE!! You are never too young or too old to re-vitalize your business.

GET OFF YOUR ASSETS!!! Begin taking educated and calculated risks. If you don't know enough to pursue this course, find an advisor to teach you. Otherwise, large agency or small, you will end up a statistic in the shrinking agency force.

Time Management Back

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Parkinson's Law:
Work expands to fill the time available for its completion.

Diamond's Addendum:
Work expands to fill the time available for its completion PLUS 10% !

As managers we often control-direct-dictate how others use their time. Unfortunately we can not control-direct-dictate our own time nearly as well. And most of us won't improve our time management for one simple reason - we don't want to enough to change our habits.

Consider our FREEDOM as manager/owners. Control is at the heart of time management. While we as owners have many more pressures on us than do our employees, we still have a freedom that they don't - we can do what we want to do. This freedom is exercised every time we play golf during working hours. Why can't we exercise it ass well to organize our time, control it and prioritize our efforts to maximize our efficiency? Because control is a scary thing. We may often prefer to "go with the flow" even though we don't get our own priorities accomplished.

What if we want to break these habits - are their ways available to us? Certainly! Try and tailor the following techniques if you really want to start controlling your time. And, if you slip once in a while, don't worry - just return to the control techniques and recover:

1. Time Logs - No progress can be made without statistics to support or alter your "gut feel" estimate of time use.

A. Identify the top 6 - 8 functions that you perform (i.e. meetings, customer service, company relations, personnel problems, etc.) First, guess the percentage of your time that you currently spend on each function. Then, in a second column, write the percentage of time you should spend on the function.

B. Maintain a detailed time log by noting the function or function code in a calendar or Day Timer (TM) for everything you do for at least two weeks.

C. Collate the results and compare the actual time used by function to both your initial guess of time use and to your desired time use.

You'll notice two things from your time log: 1)You have a list of "Time Thieves" which probably include (but are not limited to) telephone calls, social visits, communications problems (someone else's) urgent needs, delegation failure, etc). 2) You have a problem saying "NO" to other people.

Identify the Time Thieves and write a plan of attack to eliminate them. Practice saying "NO" and scheduling an alternative time more convenient to your schedule.

2. Always use automated or manual hour-to-day calendars.

3. Create a 'To Do' list every morning that reminds you a) of the things you have to/want to do, and b) the priority of each item to you.

4. Determine whether you are Time Driven or Task Driven. If you are time driven, schedule your time in controllable bite-sized segments to accomplish your To Do list. If you are task driven, close you door, refuse calls and refuse interruptions until your higher priority task is either done or at an impasse. Break for interruptions and then close yourself off for your next priority.

5. Stop Procrastinating - Only workaholics enjoy procrastination because it usually causes more work in the long run. The procrastinator feels that work is never done because he rarely gets around to finishing it. The procrastinator is not pitied because he has so much to do. He is pitied because he so rarely accomplishes anything. How do you stop procrastinating?

A. Do some things that make you happy every day. Make this one of your priorities. If you can't find anything that makes you happy, take a Dale Carnegie course and raise your self esteem.

B. Know your limitations (we already think we know our abilities). Delegate those things that others do better than you (or enjoy more). Analyze all your causes for procrastination and practice "Reductio Ad Absurdum" This philosophy asks that you consider the very worst that could happen to you if you did something (or didn't do something) that your inner voice tells you to fear. These fears never stand up to detailed analysis.

C. End procrastination by doing something - anything - no matter how minor, to begin or progress the task ahead of you.

THINGS TO DO -- OR NOT !!

- Avoid urgencies (unless they're your urgencies). Issues that take on sudden urgency are often less important than other priorities. End your firefighting days.
- Recognize that being busy is a far cry from being productive.
- Make deadlines (for yourself and others) - make them realistic - pad them by 10% - 20% for a reality check.
- Use Meetings - Don't let them abuse you.
  - ✓ Agendize every meeting
  - ✓ Develop a start and end time
  - ✓ Make meetings scheduled for under 15 minutes standing meetings - no chairs
- Avoid memos when a call will suffice
- Develop an attitude of calculated neglect - let seemingly unimportant things slide unless they re-cur - then handle them.
- Practice selective trashing - If you feel something is probably important but you can't figure out what you need it for, throw it away. This should take care of 80% of your paperwork. If you need it in the future, you will most likely be able to get it again from the same source (i.e. the insurance companies).

Now - if you've thought of reason after reason why you can't follow these guidelines, place this article on top of the "things I ought to reread and/or do someday" pile and call me for another copy when you get frustrated enough to decide to regain control of yourself. If you're ready now - call us and we'll help you implement these Time Management principles for you and for your staff.

Valuing Your Customers **Back**

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For many years the Agency Consulting Group has developed and implemented retention base programs for insurance agents to increase the retention of current customers. The Total Quality Management movement also espouses concentration on the customer as one of its primary principles. So many agents accept the fact that current customers are valuable and that retention of current customers are important. But how many agents have quantified the value of their customers? Those that have will go to any lengths to cement relationships and retain as close to 100% of their customers as humanly possible.

As an illustration, lets assume a 45 year old married couple with three children ages 16, 18 and 20 who own their own home as our average customer. Each family member operates a vehicle and their home is worth $150,000. The annual premium for this family's auto policy in many of the populous northeaster states could be as high as $6,000. In rural mid-western states the premium could be half of that amount. Finding a median point of $4,500, the annual commission to the agency for the auto policy is $600. A similar analysis of the homeowners policy can easily generate another $200 in commission. Disregarding other personal lines (umbrella, inland marine, etc), this family's personal lines can provide the agency $88 of income. The average auto policy in the Unite States lasts a little over 4 years. The average homeowners policy can last as long as 7 years. So if you maintain an average grade of service the value of this customers personal lines could be $3,800 (no including the expanded coverages and new lines provided by writing the children as each becomes independent). This is a conservative value for a personal lines customer if you treat him like the average agency does. However, many agents maintain relationships with clients who feel close to the agency for 20 years or more. If you can provide the grade of service that keeps this client family with your agency for 20 years, their account may be worth in excess of $16,000, and that's for ONE PERSONAL LINES CUSTOMER.

Now lets ask the question again - How important is excellent customer service to your agency and how much are your customers worth to you.

As an exercise, calculate the value of a personal lines customer to your agency and determine the difference between a four year custom and a 20 years customer. Multiply that difference by the number of personal lines customers in your book of business to begin the calculation of the value of customers to your agency.

What are you willing to do to retain and satisfy the customers?

The answer should be, ANYTHING!!

This illustration should convince you that no expense is too great and no effort is extraordinary if it means that your clients, as a group, become more satisfied with your service and remain as clients of your agency for a longer period of time.

The first determination of how you can improve service and retention comes from your failures not your successes. Establish a program to conduct personal exit interviews (by telephone) to all customers who are lost to your agency. Every service related employee of the agency (up to and including the president) should have the opportunity to call lost customers with your variation of the following statement, "I notice that we no longer insure your. I am sorry to lose you and I hope that we can win you back. Could you please tell what caused you to move your business away from the ________ agency?" all responses should be noted an collated with an analysis performed on a continuous basis to determine why your customers leave you. The most common answer you will hear is "Price". When you receive that answer, ask the question, "Is that the only reason for which you left us?" This prompts the former customer to expound on any additional problems he/she had with the agency in addition to price. While price is certainly a major consideration, we find that it, in itself, does not effect as many clients as the insurance agents would like to believe. We often hear that customers suffered from a lack of appreciation or a lack of communication as a secondary (or primary) reason for leaving the agency. A more competitive price by another insurer was the final straw in their decision, not the only reason.

Customer exit interviews should be combined with a more positive motivator of Customer satisfaction Surveys for existing customers to trend the agency's performance ins customer relationships and to identify areas that could be further strengthened.

Once you have asked your former customers and current customers how you are doing and what you can do better, turn the results over to the service employees of the agency with the tasks to form a Continuous Improvement Team for customer satisfaction. The job of the CIT is to identify areas that can be improved to make customers more satisfied, implement those changes and than continue to find new areas that can impact customer satisfaction.

If you were impressed by the exercise to value a 20 year personal lines client with a simple auto and homeowners policy, imagine the impact on client value if that customer were also cross sold financial service products (health insurance, Long Term HealthCare and life insurance) and commercial lines. It is not unusual for a commercial lines client for whom you have cross sold all personal lines and financial service to be worth tens of thousands of dollars of commissions over an extended 10 or 20 year period. Every agent knows that the more coverages you have for a customer, the longer his/her expected duration will be as your client. In order to maximize the value of your client, a formal cross selling program should be implemented using a series of check lists to be certain that all forms of coverage have been solicited from every customer on an annual basis. This exercise also provides maximum protection to the agency for potential Errors and Omissions claims.

A customer is worth many times the annual commission of a single policy if you appreciate the customer, tell him that you appreciate him and offer him/her all of the products that will protect his/her personal and business ventures from catastrophic loss. Incorporate a customer satisfaction strategy into your strategic planning and make customer satisfaction apart of your continuous improvement programs.

Voice of the Customer   Back

Reprinted from the PIPELINE, the national newsletter for agency principals, by permission of Agency Consulting Group, Inc. a leading consulting firm for independent agents in the U.S. for over 20 years. Call (800) 779-2430 for information or subscription; e-mail ACG@mail.com; website http://www.agencyconsulting.com

We have just returned from a workshop sponsored by the Council of Insurance Agents and Brokers conducted by the Quality Insurance Congress (QIC) to explain the "Voice of the Customer", an in-depth research project to reveal the attitudes of customers toward the insurance industry (agents, companies, and TPA's). We highly recommend the report to you (call the QIC at 1-800-445-3433).

The project surveyed 1,653 commercial customers (split rather equally between small (under $100,000), medium ($100,000 to $1 Million), and large). The project also surveyed industry executives and middle managers from carriers, agents and brokers, TPAs, associations and industry educators. The goals of the survey was to identify the gaps between the customer expectations and the current insurance systems' performance. The results are sobering and not unexpected, yet hopeful.

The customers want:

* the industry to improve accuracy, timeliness and communication,
* the industry to work in TOGETHER to achieve standards of quality
* innovative products and services
* tailored services
* lobbying to affect insurance cost containment
* SEAMLESS product and service delivery

Customers view the insurance industry as a poor performer.
Customers view the insurance as a whole while the industry views insurance as separate parts.
Customers want innovation while the industry sees itself as mature.
Customers view duplication and redundancy as costly and failures in the insurance system while the industry has redundancy and duplication built in.

What all of this points to is that the customer and the industry do not share the same priorities and urgency. And our friends in the banking business, the direct writers, and the self-insurance and program administrators are telling us in a loud clear voice that if we don't solve our own problems in the industry, they will!!

Less than 31% of the customers felt that they received excellent or very good value for their money from the insurance industry (less than 25% of the small and medium customers) and less than 56% felt that they received excellent or very good quality from the industry. The very good and higher rating for the rest of the financial services industry was 48% and their perceived quality rating was 70%.

We urge you to call for either the Executive Overview of the study from QIC, or join to get the entire report --- But what does it all mean?

1. Paraphrasing Ben Franklin, "We must learn to work together, or we will certainly hang alone." We have well over 100 Associations in the insurance industry compared to most industries' one. We seem to have an association for every purpose, but none cooperate well with to each other because of the potential perception of becoming subservient to one another. They will eventually speak to each other - about merging - when too few agencies are left to support them all. We do not argue the valuable work that each association performs, but talk about REDUNDANCY...?? Are the associations supporting the

agents, or are the agents supporting the associations' staffs? If the associations worked better together, THEY, not the QIC members, would have sponsored the "Voice of the Customer" project.

2. The carriers have some reason to shy away from common ground. Regulation and oversight makes working together smell like collusion. But clear billing that explains information about the reason for the bill, standardization and elimination of redundancy in policy delivery can and should be the carriers' top priority - that's what the customers want! However, the carriers, responding to stockholders pressure, delay the strategies that will retain the industry in the long run for the efforts that will boost ROE next quarter or next year. That's like rowing a sinking boat FASTER to try to keep on schedule. Easy to understand policies, another common thread of the customers desires, are overshadowed by the legal profession and litigious society that condemns us to "simplified" policies that still read like textbooks in order to avoid any vagueness that may be misconstrued by a court. Only strong, unified, on-going lobbying for reforms combined with an industry-wide image campaign to correct the customers' misconceptions of us will effect changes in this realm.

3. We, in the agency business, must change to meet what the customers feel are their needs instead of our own perceptions of those needs. Unless we ASK the customers (or analyze the findings of a project like "Voice Of The Customer" and ask our own customers) we don't really know if our priorities are theirs as well.

4. For instance, the survey respondents felt that the broker/agent had a substantial impact on overall quality. When asked what components were important in customer/agent relationship that affected quality, the three primary impacts were responsiveness, problem solving and performing transactions. Other characteristics like representing a broad range of carriers , insurance knowledge and personal contacts were not high impact issues to the customer. In all likelihood, they assume these characteristics. So if you want to achieve the minimum level of quality desired by the customers you'd better be-

- Quickly responding to their inquiries,
- Effectively identifying and solving their problems and
- Quickly and effectively performing transactions.
-Are you?

5. The changes required by insurance customers demand dramatic, systemic changes in the way agents and companies deal with insurance courage, issues and transactions. If we can't provide a full range of seamless product and service delivery like banks have for many consumer products, the customers will find solutions elsewhere. Whether the independent agency system and the carriers it represents responds, or not, is unimportant to the customer. You see, non-traditional risk-shifting methods are being developed as an alternative to our own system if keep our heads buried in the sand.

We Didn't Know You Can Do That! Back

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Have you ever heard that statement from a friend or customer when you tell him of some of the products and services that your provide? Many times, the disclosure of your ability to service the customer's insurance needs beyond those products already sold comes too late. The customer has already purchased the products or services elsewhere even though he would have preferred to use your services.

We strongly urge you to highlight a different service or product to your clients (and prospects) each month. If you send mail to your clients, a different brochure or descriptive letter can be sent each month. If your business has become less postal oriented, you should consider developing your own version of an agency newsletter that can include the same messages about your different services. We are all aware of the need to establish a regular and steady stream of communication between your agency and its customers. This is one way of continuing that communication and advertising your services simultaneously.

Many agencies have recorded messages on "hold" for telephone callers. Here is another opportunity for disseminating information about your variety of insurance products and services. Develop a number of messages and change them often. If you leave a message on the machine for a prolonged period, it becomes like background noise and the customers don't hear it. if you're unsure whether your message has been played to long, simply ask customers (randomly) what they heard while on hold waiting for you to pick up.

Elsewhere in this newsletter you will find the first of a series of articles about the services of Agency Consulting Group, Inc. You see, we too have fallen into that trap. a number of our agent friends and clients were surprised by the different products and services provided by our firm. We hope that this will help remedy the communication gap.

What Do Consumers Buy? Story of Dynamic Duo **Back**

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I have just completed a process that most people both look forward to and dread - buying a new car. The process evokes aggressive tendencies in some people, stress, fear and anguish in many more buyers and some feeling of apprehension in most buyers. Yet we are so enthralled (especially the men) by the glamour, ego and power feel of a new car that we all overcome our apprehensions and we go car shopping.

What causes the uncomfortable feeling that many of us get when shopping for a car?

How different is the gut-wrenching feeling related to buying a car from the similar feelings expressed by many respondents in our focus groups on shopping for insurance?

The answer is that these two exercises appear uncomfortably similar. Both tend to feel that the consumer is not in control. The seller appears to be in control of the situation.

Is this what the seller desires? Probably not.

But the fact remains that the greatest fear when buying a car is that the dealer will, somehow, influence you into spending more money than you intended for a car that does not meet your needs. He, not you, would be in control of the deal.

Similarly, insurance buyers believe that the agent has some form of control over the product and the price being charged and that the best agents will "talk them into" buying more insurance than they need.

Fortunately, there is a silver lining in most dark clouds - including the car buying and insurance buying experiences. If we learn from our experiences we may not be doomed to repeating them, after all. I'd like to tell you about my "silver linings".

Some of us have had that rare experience during our car-buying lives of encountering salespeople who seemed to be different. They were comfortable with themselves and with their customers. They exerted no pressure, just educated you about their product. They did not ask leading or intrusive questions that we feel are designed to ferret out how much money we have to spend. And the end result was that we actually WANTED to buy a car from them. We sometimes even spent more or differently than we intended because of their influence -- but only because we knew that they were trying to satisfy us, not just to sell a car.

During this car-buying exercise, I had the pleasure of encountering two such salespeople - I'll call them Evelyn and Rob. I would like to compare them to their counterparts in order to illustrate similarities and differences between salespeople in both the auto and insurance industries. It will become quickly apparent why some auto salespeople and some insurance producers seem to be naturally successful while others ride high and low waves of success and still others struggle in mediocrity. For purposes of comparison I will call these two the "Dynamic Duo" even though they represented two different car manufacturers and dealerships.

THE FIRST CLUE

The first indicator that something was different about these two salespeople was their demeanor. They were both "laid back" and seemed happy to see me. They were more interested in what I wanted than in what they had to sell. They easily and casually pointed out the weaknesses in their cars compared to the competitors, as well as the strengths.

Compare this to the "land sharks" who attack you at the dealership door. Their initial inquiries are to "qualify" you as a potential customer. They are asking qualifying questions, not expressing an interest in your desires. When they talk about their products it is always concentrating on the strengths (downplaying any weaknesses) and demeaning the competitors. The Dynamic Duo acted as guides and helpers. They seemed to truly respect their competitors and would not attack them. The sharks acted like hunters, circling their quarry, looking for an opening to attack.

Similar activities are encountered in the insurance industry. We may attract customers through referrals or through pro-active marketing. However, most prospects are as inundated with offers for insurance as they are accosted by the advertisements about the variety of new cars available. The only difference is that our industry contacts them directly while the auto industry spends its money on advertising trying to get prospects through their dealers' doors. The fact remains that, in many cases, the initial human contact is the time during which the prospect is won or lost.

How do you treat your prospects the first time you see them? Do you ask for their policies in order to have a point of comparison? Do you "survey" them to identify their needs and requirements through a pre-defined form? Do you chat about life, family and weather to find out their "hot spots"? Or do you ask them "How can I help you?" as did both of the Dynamic Duo during their introduction?

The rule in sales is that you ask the simple question and wait. The client will eventually tell you what he's looking for, what his Agency Consulting Group, Inc. "Learn From The Past --- Plan For The Future"

What do Consumers Buy? The Story of Dynamic Duo

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The rule in sales is that you ask the simple question and wait. The client will eventually tell you what he's looking for, what his problems are, AND what the solutions are that he is seeking. You may or may not be able to help him. But if you are as honest as the Dynamic Duo you will find that you earn a friend as well as a client (whether you sell him anything or not).

THE SECOND CLUE
Both of the Dynamic Duo knew that money certainly IS a critical part of my buying decision, as does every insurance producer on the street. However, neither concerned themselves with the money matter. They simply said that they would do the best that they could and would certainly understand if I chose another product if a similar one could be found at a substantial price difference.

Neither even took the time to qualify me by asking whether I would buy from them if their price was lowest! After all, the Dynamic Duo understood that price was not the primary consideration in buying a car (even if I did not yet understand that). They assumed that similar products would cost about the same amount and that I could always find a little better deal if I was of the mind to "shop until I dropped". And since I was not buying a car by phone or through the Internet (yet) I was probably searching for something besides just price.

The greatest failure we see in insurance producers is the "Soft Market Mentality" that tries to sell insurance by claiming that they can save the customer money. While the customer, himself, may believe that the price is the only difference, the fact that hundreds of insurance companies sell thousands of similar products at prices that vary greatly reflects the fact that people end up buying something other than price alone. Waive aside the money issue by confirming that, of course, you will provide the best price possible. Some very successful producers even admit that there are cheaper versions of the product and service available in the industry - that is, if the customer is looking for cheap instead of comprehensive coverage with unquestioned service standards at a reasonable cost. But, brushing the price aside quickly with a caveat that a reasonable price should be expected and will be provided, the producer is able to get into what the prospect really wants - and fulfilling those desires sells more insurance (and cars) than a policy or specs ever did.

THE THIRD CLUE

The Dynamic Duo cared more about my needs and desires than they did about making a sale. They were always there to give me more information and were never pushy about closing. However, each of them offered a soft close when they felt that all the questions were answered. They each left the impression that they sell enough cars to make a good living and that my sale was more important because I would be a satisfied customer than because they had to make quota.

The other car salespeople with whom I dealt ranged from one telling me that I couldn't afford the payments, to a second who tried to 'high pressure" me into buying a specific car that was available (instead of the one I desired) because it was the end of the selling month, to another who provided me with brochures and a quote and told me to call him if I was interested.

Similarly, I have encountered insurance producers who 'qualified' prospects right out the door. Others have been so pressured by finances that every prospect could feel the stress under which the producer operated. And how many "quoters" have we seen who wonder why their great rates haven't converted prospects (who end up taking them to other agents with whom they have relationships)?

I congratulated both Evelyn and Rob and fully intend to commend them to their sales managers. They are rare finds and are assets to their dealerships. From whom did I purchase my car? You'll have to ask me when you see me! One stressed getting the most car for my money. The other stressed performance. Each stated their case and let me decide for myself. They made themselves accessible whenever I needed clarification and I didn't feel the need to comparison shop against them for similar models.

We need to re-caste our producers in the same mold as the Dynamic Duo.

1. Lay back. Be relaxed. Make friends. Show that you are concerned about the customer's well-being, not about the sale.
2. He who lives by price, dies by price.
3. Concentrate on the needs of the prospect, not the technical aspects of the insurance program.

Yes, you may sometimes get taken advantage of, but it is worth it to feel good about yourself, your motivation and your professionalism. Finally, those who follow these simple rules will find that they consistently sell more insurance. The word about a caring professional spreads quickly.

What is a Salesman's Job? **Back**

Is selling the same as prospecting?

Is selling the same as quoting?

I submit to you that selling in the insurance business is comprised of two components, neither of which involves prospecting and quoting. Selling insurance is comprised of building relationships and closing the sale. If your producers can perform these two functions, they will be successful. But what about prospecting & quoting? Knocking on doors, making telephone calls and sending out mass mailings are certain methods to spend time and money, but not necessarily to make sales. If you have hired producers, whether on salary, draw or commissions, their competency will be judged by the number of clients they bring to the agency who stay with you for a long time. Wouldn't it make sense to concentrate their efforts on those areas that will provide the highest pay-off?

When did the insurance agency industry determine that producers were not only responsible for the sales themselves but also responsible for bringing prospects to the agency? Most other industries have marketing and advertising functions that attract the attention of potential customers, leaving the sales staff to develop relationships and close the sale. The job of marketing and advertising the agency to potential customers should be focused on a dedicated marketing manager, or, in smaller agencies, should be the responsibility of the agency owner. The success of any individual in a job correlates directly to the risks involved, the focus of responsibility and the ability to measure results. When a marketing manager is appointed in a larger agency, the position focuses on drawing potential customers to the agency. The measurements of success are evident - how many prospects are brought to the agency's door. In smaller agencies this responsibility should fall to the owner simply because both the risk and the rewards accrue to the owner. The cost of marketing and advertising is born by the agency owner and the asset value is the result of growth is also that of the agency owner.

It makes sense that the producer on the account, being the primary contact with the customer, should be responsible for collecting the data necessary in order to provide a quote. In far too many cases, however, the producer is responsible for developing the quote, talking to the company underwriters and generating a proposal. The time necessary to accomplish these tasks would be better used by a producer contacting other prospects for sales. In fact, most producers are not the most competent people in the agency to develop the quote itself. They are also far too involved and subjective to deal objectively with company underwriters.

They are often perceived as being pushy seeking favors and special dispensations. If the producer does his job properly, he will know what is needed in order to close the sale and will pass that information to the staff responsible for marketing the product to the carriers.

The most successful producers that we have encountered focus their time and energy to building and maintaining relationships with prospects and existing clients off-loading all other responsibilities to other agency staff. Sometimes this is seen as "glad-handing". However, if the salesperson's talent is in building relationship and closing sales, that is his greatest value to the agency. Don't turn salespeople in to clerks, telephone solicitors or telemarketers.

Unfortunately most of the producers who we have encountered in insurance agencies make better underwriters than they do salespeople. While they are technically competent, they only thing they have to sell is price. They get in to the prospect's door by convincing him that they can write their insurance cheaper. If they can, they only stand a moderate chance of gaining the account. You see, the customer probably has a relationship with his incumbent agent and will give him a last chance to meet the quote. If the new producer can't provide a less expensive insurance package, he has confirmed the prospect's decision to stay with his current agent and probably stands a poor chance of ever building a strong relationship with that prospect. If you are one of the agencies who have producers who either do not have a sales personality and/or do not spend their time in the sales functions (building relationships and closing sales), calling them producers and giving them sales goals and responsibilities is self-defeating. They will become frustrated by their lack of sales abilities and you will never achieve your sales goals.

We recommend that both prospective producers and existing producers be tested. Only one in seven people have the right characteristics to become a salesman. But just because a young man has the ability to hit or catch a baseball, it doesn't mean that he will evolve the skills to become a major league player. Similarly, even those people who test well as salespeople may not have developed the skills in relationship building and closing techniques to become successful in sales. As agency owners you already know which of your producers are successful salespeople and which are not. You know which have the skills and which don't.

Testing can only help you confirm that. Whether you test or inherently know that some of your production staff have not been, are not and will never be successful salespeople, it is your responsibility to do something about it. If you have a young man or woman with the proper sales personality but without the skills, invest in them and provide skills training. If, on the other hand, you have an existing producer who should not be in that capacity, don't wait any longer - provide him or her the opportunity to develop their career in a different direction. A producer who can't sell insurance unless his price is twenty percent below the lowest competitor will live a long and unsatisfying life in sales. Whether you have a job for that person in another capacity or not, his or her best interest would be served outside the field of sales. The agency is better off actively pursuing new sources of salespeople than it is expending its time and money supporting producers who will never be successful salespeople.

What's a Producer To Do? Back

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The job of a producer in an agency is to bring opportunities in the door and to sell them insurance. For many years, a producer was also required to CREATE the opportunities, to "shake the trees" to get prospects, and even to market the lines to the carriers. No wonder many producers feel that the accounts belong to them, rather than to the agency. It has been difficult to justify ownership based only on the fact that the agency holds the company contract and has provided the producer an office. After all, other agencies will offer both of these benefits for a producer to leave you.

A producer comes to an agency with expectations of success - and expectations of support. An agency hires a producer in expectation that sufficient business will be brought to the agency to support that producer's efforts and provide additional profit to the agency. The best way to use a producer to that end is to help the producer succeed, not just to support him until you determine whether he will pay for himself or not.

To that end, the most intelligent marketing agencies create, implement and manage marketing programs on behalf of its producers. The agency assumes the responsibility for both creating opportunities through creative target marketing with its carriers and 'shaking the trees', identifying the prospects for the product and the agency and contacting them effectively enough and frequently enough to permit the producers to bring those opportunities to the door.

The skill of a good insurance producer is to have sufficient knowledge to identify the coverage needs, risk factors and current insurance gaps in a prospect account. The talent of a good producer is to have a drive and personality that permits him to sell the prospect on using the agency for his insurance needs.

Prospecting requires an additional ability -- the ability to accept substantial rejection. Most producers must accept occasional rejection by prospects at face-to-face sales calls, but they do not welcome the frequent rejection encountered in telephone prospecting. Many producers refuse to perform this activity because of the impersonal (and extremely difficult) telephone sales techniques needed to close on the phone. Closing in the case of telemarketing is to achieve an expiration date or an appointment. That job must be done by someone who has a personality secure enough to know that the rejection is of the concept of insurance, not of them personally. Producers are notorious for taking rejection to heart. Unfortunately, the producer is more knowledgeable than any telemarketer could be. A telemarketer whose job entails calling prospects, identifying expiration dates and setting appointments often fail to qualify prospects sufficiently, resulting in wasted visits by producers who quickly realize that they will never write the account in question. The best person to contact a prospect by phone, therefore, continues to be the producer who will visit and sell to that client. However, the phone call need not be a cold call. The process of a long-term marketing plan (see below), familiarizes the prospects with the agency over and over again until the producer contact is simply one part of a multi-contact program for each prospect. The phone call is much easier when the prospect recognizes your name.

We urge every agency to spend time with their carriers to identify the lines and target markets in which the company has already had substantial success. Do not be attracted to carrier programs that are new without a history of success. Too many of these programs fizzle because, while the carrier's home office would like to write this type of business, they do not have realistic pricing, underwriting guidelines, or market-knowledgeable underwriters. The 'tried-and-true' products that sell well for the carrier are the ones that you would like to target.

Once the agency targets are identified, the agency must take responsibility for locating the market participants in the geographic area. Many companies will assist with prospect lists. However, if you are in a metropolitan area, many list brokers (your commercial printer can probably direct you to some) can provide a list by SIC code. Software is available that will put that information into your computer at a very reasonable cost. Finally, those of you who have access to the Internet can generate more marketing and demographic detail than ever - for free. The point is to list all prospects for the target markets in the geographic area that you service. Cull the list for those prospects that you already write, that you wouldn't want to write, or that you feel you are not capable of writing.

Finally, the agency (with the producer) should design a long-term marketing program. We have found that a three year program with no less than four contacts per year (five is better), mixing letters followed by phone calls from the producer, with newsletters, Bulletins and Alerts. Bulletins and Alerts are agency generated documents that include articles about the agency (in the Bulletins) and specific risk factors and key coverage elements about the particular target market to whom you are mailing. Call Agency Consulting Group, Inc. for more information about the construction of marketing programs.

With these mechanisms in place your producers will have local prospects identified for them in target markets that are favorable for the agency's carriers. The agency will "soften up" the prospects through a constant barrage of information about the agency, the carrier selected for the product and issues regarding their particular risk factors. The telephone calls by the producer (following closely after each marketing effort) will no longer be the "cold call" that the producers have learned to avoid. The producer will call and visit the prospect two or three times each year for three years with the purpose of building a relationship.

The result of that relationship will be the opportunity to assume the prospects insurance program. Of course the rates will have to be competitive. But once you are friends and a trust relationship has been built, price is not the only consideration.

This process will accomplish the goal of removing all roadblocks to sales for the producer. If the producer fails to sell, it is because of ineffective sales techniques, not because of insufficient prospects, contacts, products, price or agency support.

When Great Customer Service Is Not Enough Back

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A local computer store - a branch of a large company - roundly earned a reputation for poor customer service. With their service-oriented - mission statement on the wall behind them their sales people disregarded customers, their cashiers were rude and their service department seemed to think of reasons why they couldn't help you rather than if and how they could. The problem with the store was a management problem and lack of leadership. When the general manager was summarily dismissed and replaced with a service oriented manager, he, in turn, replaced many of the employees. However most of the employees stayed and changed their attitude because of the positive, customer oriented attitude of management. I got to know the manager because I was interested enough in the turn around to introduce myself and find out how this experiment was proceeding.

On December 30th my staff and I attended a training seminar at that store for a piece of software that we had purchased. At the end of the seminar we told the trainer how impressed we were with his training abilities and we look forward to many more training sessions with him. He then informed us that the store would close on January 1st and all of the employees (including the manager) were being laid off.

What happened?

The owners of the company had lost faith in the ability for this branch to perform up to their standards. While talking about "quality improvement", "positive mental attitude", and a "commitment to the future", ownership proved that quality was not what motivated them. I asked myself the question, "why would they go to the trouble of terminating and replacing a manager and a substantial percentage of their staff if they were going to close anyway?" when I posed this question to the departing manager, he indicated that they were just trying to maximize their holiday sales before closing the store. He as well as the other employees felt betrayed.

All of the appropriate steps had been taken to improve performance in the long term but this company was apparently only interested in short term financial results.

Why would we use this kind of example in an article designed for insurance agents?

We have long been a strong proponent of the quality movement in the insurance industry. The Agency Consulting Group is a charter member of the Quality Insurance Congress. We bring the messages of quality management, continuous improvement and empowerment to every client with whom we consult and we have seen some positive trends. However, too many quality programs in insurance agencies become procedural issues rather than people issues. The owners understand that a motivated empowered group of employees will perform, better, more productively and more profitably than their current staff. As a result, the readily adopt the procedural changes in the quality movement hoping to institute the positive traits of pro-activity, goal setting, prioritization, empathetic listening, win win relationships and synergistic problem solving. Yes, their willing to implement the procedures of the quality movement but many owners are not willing to adopt the mental changes necessary to fully support that quality movement. Leadership always starts at the top. Unfortunately it sometimes stops their as well. Insurance agents who own their own businesses are by design, by nature, or by accident the leaders of their groups of employees. If the leader does not create the vision and implement the changes of the quality movement within himself (or herself) first, it is doomed to failure. Just like our local computer store, all the right steps could have been taken but failure result none the less because the goals given to the employee groups are not the real goals of the owners. In our example (and in many insurance agencies) the real goals are financial not customer service. These owners are willing to accommodate any change that will improve service as long as it concurrently increases profits (or, at least doesn't cost more money). We don't have to worry about the majority of insurance agencies in the United States. As customers grow ever more sophisticated and continue to shop for the best value for their insurance dollar, the insurance agencies who are basically policy peddlers at the lowest cost available at the moment will drop by the waste side. Insurance customers are already learning to expect more for the commission dollar that they pay an independent agent than price alone. Those insurance agents who are alert enough to understand that the "old way" of doing business will not be the way to do business in the 21st century must commit to change personally before they can change their organizations. Don't spend your money on the quality movement-spend your time. Attend seminars, read voraciously and talk to others who have pursued the goals of continuous improvement in order to sell yourself on the idea that you must change your own style and mental attitude before you can change those of your employees. Otherwise, you will find yourself starting and stopping improvement programs without properly supporting them or giving them enough time to succeed.

Who Owns The Accounts Back

For 200 years the generally accepted rule is that the agent (or agency) who creates a program and sells or generates account "owns" those accounts. "Ownership" in this definition does not forbid other agents from soliciting those accounts. It does prohibit the agency's employees (and former employees) from soliciting the business that was generated under the sponsorship of the originating agency. This prohibition is assumed since the agency paid the employees who sold and/or serviced the accounts on its behalf. The prohibition is further solidified by Employment Agreements including Non-Competition and Non-Piracy clauses. The Non-Competition Clause addresses accounts produced by the former employee while in the employ of the agency. The Non-Piracy clause addresses all other accounts written by the agency during the employees employment. The reason these clauses are important is because of the unfair competition created by former employees who learn and have information about an agency's accounts while employed and being paid by the agency. This information is confidential and should not be used against the agency who paid the employee while that information was gathered. This applies to company records, client information, prospect information and carrier information. Exceptions to the ownership of accounts by the agency for whom they are written are explicit agreements that are non-standard in nature, permitting some ownership of accounts to producers who have sold those accounts.

Many court cases have arisen from the "theft" of accounts by former employees. As long as the agency has a written Employment Agreement including the two clauses mentioned above and as long as either employment is dependent upon the employee signing the Agreement and/or consideration is provided as a part of the Agreement in sponsorship of the ownership of the business by the agency, the courts have agreed to the rights of the agencies.

One area rarely challenged has been the ownership of accounts between agencies, wholesalers and carriers. It has been common business practice that wholesalers handling the accounts of retail agencies do not compete directly on those accounts, even if the wholesaler is related to a retail agency. Similarly, insurance companies have never expressed an ownership interests in the accounts brought to them by their agents (unless the agent works as an employee of the carrier). Independent agents have always had "ownership" of their accounts without worries about competition by their own carriers. They had the ability to re-market and replace accounts when it was in the best interest of the customers.

This year we have encountered three situations that deserve your attention. One involves an agency and a wholesaler. One involves a broker and a wholesaler. One involves an agent and a carrier.

1. An agent evolved a long-term program in a specialty line of business. He designed the necessary policies and achieved sponsorship of some major organizations. Because the agent had no specialized carrier relationship the program was placed with a carrier through a wholesaler. The program developed excellent experience, matured and stabilized. When the agent wanted to activate and grow the program, neither the wholesaler nor the carrier would support his efforts tangibly. As a result, the agent marketed the program directly to other carriers to achieve his results.

A carrier was identified who would meet every need of the agent to grow his program. The original carrier and wholesaler were notified that they program was being moved and that the agent would guarantee an orderly transition to avoid any complications to the carrier or to the wholesaler.

While the carrier remained mute, the wholesaler advised the agent that they (the wholesaler) would like to give the clients the opportunity to stay with the pre-existing program under the wholesaler's management.

The agency has achieved a very strong restraining order on the wholesaler with the court strongly agreeing to the principle of ownership by the retail agency. While this case is not yet complete (so can not be cited), it is evidence that the mixing of wholesale and retail operations can become dangerous to the agencies using the wholesale facility. While most wholesalers very strongly represent their non-competition with their retail agents, a written representation would be a more definite assurance.

We recommend that you request a section in any agreement with a wholesaler specifying the ownership of accounts.

2. A specialty agency brokered business through a wholesaler for their specialty line. A brokerage agreement existed. The brokerage agreement included a Right of First Refusal on the part of the wholesaler on any bona-fide offer that the agency might get on their business (not just the business placed with that wholesaler).

The agent was ready to retire and contacted a similar, specialty agent to whom he desired to sell the business. In order to complete the sale, the seller found himself at the wholesaler's doorstep "asking their permission" for the sale.

The wholesaler had no intention of buying the business. They used this "Right of First Refusal" to assure that the specialty agency did not move into the hands of a buyer with whom they wouldn't want to do business. Of course, this rationale was non-sense because the wholesaler could always terminate or non-renew the policies and would certainly NOT accept business from an entity of which it did not approve. However, they used the "Right of First Refusal" rationale to potentially permit them to buy (and eventually resell) the book of business to a favored agent.

Be careful of the contracts that you sign with wholesalers and with carriers. Examine them for these types of clauses and refuse the clauses to avoid harrying experiences if and when you ever desire to sell or merge.

3. A subsidiary of a major insurance company inserted a "Right of First Refusal" clause in their contracts. Presumably, this protects them against doing business with agents that they wouldn't appoint in states that make it very difficult to terminate books of business (even though agency appointments in changes of ownership are never guaranteed). An agency wishing to sell is afraid that any buyers who bid on their agency can have the carrier "end-run" the buyer by exercising their "Right of First Refusal".

A greater worry by the rest of the industry is the ability through contract terms for companies to purchase independent agencies' books of business and create their own captive agency network. That "Right of First Refusal" should not be permitted for an entire agency since the carrier should only be permitted to protect its own interests (the book of business placed with the carrier). Leveraging that "Right" to the entire agency represents a restraint of the agent's ability to transact his own business and, in final analysis, makes the agency much less salable.

Review your company contracts. Identify and ask about any clauses involving a "Right of First Refusal". Ask the company if they have ever exercised that right and why. Ask the company what you should do if more than one carrier in your agency maintained the same "Right of First Refusal" in their contracts. Who gets the "First, First Right"??

The bottom line is that an agency that gives up its right to transact and to perpetuate itself constricts its future course. Those agents who have no problem giving those rights to the carriers or wholesalers should understand that a "Right" of this type demands a premium price since the contract restricts the ability of the agency to determine their own course of action. If you feel you wish to or feel forced to accept this type of contract term, insist on "consideration" ($$) or a premium (i.e. change the term to the company's Right of First Refusal at 10% premium over the accepted bona-fide offer). Without the elimination of this clause or consideration for its inclusion, buyers will be reluctant to give you a serious offer in fear of the company stepping in and taking the transaction from them and the carriers and intermediaries (wholesalers) that are used to place the business from competing unfairly on business generated under the sponsorship of the originating agency.

Why Traditional Time Management Doesn't Work for Half of the Population

Back

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Most traditional time management philosophies are grounded in four principles: Plan, Prioritize, Schedule, Implement.

These steps work for some people, but not for others, because they contain some inherent flaws for one-half of the population of the world.

Left Brained people are driven by goals while Right Brained people are driven by creative instincts. While all of us reflect both Right and Left Brain tendencies, each of us have tendencies toward one side or the other.

The problem is that time management systems rely on rules and right brain people are not tuned in to following rules consistently.

Time management is designed to increase your productivity, yet most systems ignore the free-flow time required for innovation and creativity.

Traditional time management encourage focused time. This ignores the millions of people who thrive on multi-task time. Multi-task time involves the movement from one task to another, progressing in each without necessarily completing one before moving to the next. Every time you feel blocked in a project, moving to another will reinvigorate you. Unconsciously, you are still working on the first project. When you return to the initial project, you may have developed new and innovative responses to continue it to its conclusion.

Where in Time Management philosophies do you "schedule" play time or leisure within a work day. Certainly some of us (Left Brain people) can focus on work, going from one subject to another from early in the morning to late in the afternoon. But many of us would actually profit from a break in the day. A walk, a break, or simply daydreaming can be a mini-vacation, reinvigorating you for the rest of the day.

Planning: the "To Do" List
Our left brain friends create a "To Do" list by defining what must be done today. However many of us would profit more by creating lists of what could be done today. And why should a "To Do" list be limited to your work efforts? Don't you live a 24 hour day? Why plan an eight to ten hour day? The creation of the list itself for Right Brainers could develop new ideas while the Left Brainers concentrate on what is most important on their current agendas. List generation can still be done by people of both propensities, but one develops a list of responsibilities while the other develops a brainstorming session with a list of possibilities as the result.

Prioritization: A Thousand Shades of Gray
The Left Brainer sees this as a clear and concise activity. He can clearly determine what's most important, second, third and so on. The Right Brainer looks at his list and says, "BUT THEY'RE ALL IMPORTANT!!" It is difficult for him to distinguish between the planned activities because many run into each other.

Scheduling and Implementing: The Dreaded Calendar
Some of us can use a scheduling calendar, keep it close to us, changing it when necessary to monitor our progress. Others will forget to change, add or move appointments. They will forget to take the calendar with them, so when something comes up they either try to commit it to memory or write it on the Right Brainer's favorite office supply, the "Post-It Note". While the Left Brainer can follow a schedule, the Right Brainer considers the calendar schedule as a starting place -- a guideline -- not as the "bible" for the day. The Right Brainer welcomes interruptions, especially if they are creative, and is likely to obviate the schedule if something comes up considered "more important". The Left Brainer, on the other hand, is just as likely to schedule the new "hot topic" for tomorrow, continuing the current schedule to it's conclusion.

There is no value judgement here. We are simply noting that the Time Management taught by the books and seminars are only valid for the Left Brainers. They simply don't matter to the Right Brainers. They will attend the seminars, agree that the principles are great and disregard them when the need for flexibility arises. Unfortunately, they become frustrated because they recognize their inability to follow that the industry considers appropriate time management techniques.

You Can Lead a Horse to Water Back

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IN ORDER TO SELL INSURANCE, YOU MUST SPEAK TO PEOPLE WHO YOU DO NOT CURRENTLY INSURE !!!

This statement appears, on the surface, to be so basic that it is ridiculous. But the number of agencies that we have visited who seek miracles and magic pills to increase sales is much higher than those who truly understand the Law of Numbers. "Direct Marketing", "Telemarketing", "Target Marketing", and "Focused Campaigns" are all solid parts of a sales campaign. However, if used as isolated sales methods they represent some of the miracles and magic pills that are as effective as the placebos dispensed by medical experimenters. They look like a pill and taste like a pill, but they do nothing to stop the illness that plagues you. The Law of Numbers - "The more qualified prospects you approach to purchase insurance, the more insurance you will sell." The corollary to the Law of Numbers is, "No one can qualify a prospect as well as the producer him(or her)self."

When I arrive home after a week of consulting I will inevitably find fifty or more pieces of "junk" mail offering business products and services. The only thing that I read is the return address before discarding those items that appear to be blind solicitations. I consider myself a rather typical business consumer. So, what does that say about spending dozens of hours creating and hundreds of hours preparing and thousands of dollars of cost on pure direct mail solicitations for insurance purposes? In a former life as an insurance direct marketer I learned that a "successful" direct mail solicitation generated a 2% response. That's 2% responding, not buying. If we sold 1/3 of the respondents, that resulted in a sales rate of less than .7%. That means we could expect sales to 7 customers for every 1000 suspects mailed. If we were selling a $1000 premium policy generating $150 commission, we would generate around $1,000 of revenue for every 1,000 suspects mailed, a dead break-even in year one since the cost of direct mail was at least $1 apiece (including creation, printing, stuffing, envelopes, and postage). Recent cost analysis pegged most direct mail costs at more like $2 each. And this defined a SUCCESSFUL campaign!

The problem is that either the prospect called us or was lost. If the prospect called us, a staff member would quote the account. This was also a problem because most prospects were initially price sensitive and our staff found it easiest to simply quote a competitive price instead of to probe for other issues that might somewhat supersede the cost issue. We didn't SELL, we QUOTED. If the suspect didn't call us, the $1-$2 was simply lost. If we included the suspect in another mailing, it was another pure cost.

Why did these problems occur? Because our producers experienced severe Call Reluctance to suspects with whom they had no prior contact or referral. Every producer claims that they have done "cold calling" in the past when they were starting out, but they found that referrals were much more productive. That's true, referrals are more productive. And if referrals abound and can keep a producer busy fulfilling the Law of Numbers, so be it. But the competitive atmosphere of the insurance market today has caused every insurance agent to pursue marketing campaigns much more aggressively. Referrals, as a source of new business, worked in the past because prospects found it difficult to contact a competent agent. They would ask friends for referrals and the customer would call the agent. Referrals are no longer the continuing source of leads that they once were. The solution is to regain the hunger that overcame Call Reluctance in the past and to begin soliciting referrals from existing customers and contacting new suspects to introduce yourself and to qualify them as prospects for insurance products.

UNLESS YOU HAVE LOTS OF EXTRA DOLLARS TO EXPEND ON MARKETING, DON'T BOTHER TO MARKET TO SUSPECTS IF YOUR PRODUCERS REFUSE TO CALL TO QUALIFY AND SELL THE SUSPECT ON USING YOUR SERVICES.

We have helped hundreds of agents create extensive and superb marketing campaigns only to see the suspects lost when contact by producers was refused.

A direct mail suspect, personal or commercial, is only "alive" for 2-5 days. Once the mail is opened, they remember your name for a day or two. That is when you want to speak to the suspect - when your name is still familiar to them. This means that "mass" mailings are doomed to failure unless you have a large enough staff to call everyone within a week. The smartest way to conduct direct campaigns is to mail a sufficient number of leads to call within a few days. The next batch of leads are mailed only when the producer completes the call reports on the prior batch. This gives the producer the best opportunity to speak to the suspect while your name is still familiar to him.

Last week I was called by a telemarketer regarding a service (a maintenance agreement) that a company wanted me to buy. Since I am in the marketing profession, I tend to be patient and listen to telemarketers. Rather than simply responding negatively, I tend to ask questions as my measurement of how qualified and prepared the telemarketer was regarding the product or service being pursued. In response to my question, the telemarketer told me that a representative would call me who was more acquainted with the technical components of the agreement. Three days later I received a voice mail message from that "qualified" person asking ME to call HIM! I did not and he did not return the call. Was I "qualified" by the telemarketer? I suspect that I was "qualified" simply by virtue of my asking a question. Was there sufficient follow-through to make the sale? Of course not.

If the person calling me was the producer, himself, he could have answered my question on the spot, probed for my needs and, potentially, made a sale. This is the same principal that applies to commercial lines targeted telemarketing. If you are marketing to plumbers, you had better be capable of answering the prospects initial questions during the initial call if you expect to proceed to the next phase of the sales process, setting an appointment.

The next objection that I get from producers is that they must be in touch with the prospect a few months before expiration in order to be most efficient. The response to this objection lies in the purpose for a producer contacting a prospect. If the objective is simply to make a sale, the months before expiration is just as good to contact the prospect as any. You will be just another agent offering a competing bid. But if the objective of the producer is to establish a relationship, identify and solve the prospects insurance problems, and to eventually become the prospects insurance agent, the personal contact should be made without regard to the customer's expiration. A trust relationship is established over time, so a prospect who is visited and remains viable should be re-contacted as many times as reasonable in order to cement the relationship and make the proposal process one of problem-solving rather than simply quoting against the incumbent agent. The basis of Call Reluctance is fear of rejection. No one likes rejection. However, the most successful salespeople have learned the Law of Numbers early in their careers. They measure their own success rate in order to identify the average number of suspects that they have to encounter before they make a sale. Once that ratio is known, they can rationalize the normal rejection by suspects as necessary in order to reach the percentage necessary to create a sale opportunity.

The insurance sales industry is changing. Everyone can get it cheaper, so price alone is not the best sales method. Those who live by price, die by price. Age, experience and success during the harder markets are not the measures of successful salespeople in this marketplace. The insurance salesperson must learn the methods of his successful peers in other industries. The key is relationship building and problem solving. If your prospects like and trust you and if you can identify and solve their insurance problems, they will buy from you. If you simply offer them competitive quotes, they will USE you and return to the agents with whom they have an established relationship.

BACK

A Few Thoughts on Marketing for Forward Thinkers

By C. Richard Weylman

As long as the past is an option, there really is no clear focus on the future. Unfortunately, many in the industry are still using old marketing and prospecting techniques and expecting new results. The future is quite clear – only those who turn the page on old marketing and prospecting techniques will reap the benefits of the roaring 2000's.

Perhaps at no time in our recent history have the economic conditions been so favorable for the financial services industry. How, then, can one explain the less than favorable results that many agents, advisors, planners, and companies are receiving from their daily activities.

Admittedly, the financial services and insurance industry can be described as a mature industry. However, maturity does not have to lead to mediocrity. Only complacency leads to mediocrity and ultimately to disaster. To move forward today, one must rekindle the sense of growth and excitement necessary to move from the horizontal plane of maturity and move to a more vertical growth mode.

To accomplish growth in a mature industry, here are a few thoughts for forward thinkers.

It's about loyalty, not just satisfaction. There is much focus today on customer satisfaction and customer service, all of which is needed. But remember, customer satisfaction ratings indicate how people feel after interaction. The real emphasis should be on developing customer loyalty. Customer loyalty is the best barometer of future intentions. Satisfaction is based on what you did in the past. Loyalty portends what your best customers intend to do in the future. What are you doing to ensure clients' future intentions? Earning customer loyalty is not just about rewards for doing business like the airlines and credit card companies. Recent indicators suggest that loyalty is created via more customer contact and recognition.
Ask yourself:

- How often are you updating data about your best customers?
- Are you capturing email addresses for all accounts?
- Do you provide, as your competitors do, a special 800 number for your best clients?
- Have you explored ways to identify and recognize the top 20% of your clients and the significant events in their lives such as moving, business anniversaries, mergers, etc.?

A good example is Pier 1 Imports. They send a gift to their best customers when they move. You could do the same, within your compliance environment, of course.

Sales keep you in business, but only marketing will keep you in sale. Few in the industry see or practice the difference between selling and marketing. The confusion occurs because most individuals in the industry believe their success path revolves around their ability to sell. Thus, producers and management alike have never put much thought into marketing. Consequently, prospecting has been seen as an extension of the sales process, making it difficult to focus on developing marketing and relational skills – the very skills that are needed in today's hyper-competitive environment.

Positioning must precede promotion. The challenge in the industry in marketing is not that we cannot get the prospective client's attention necessarily; the challenge is that the individual producer and/or the company is not positioned properly with that prospective client. What this means is that there is a great deal of promotion taking place with no thought of positioning oneself first. Positioning is vitally important prior to promotion because without positioning yourself first as a financial resource with your prospective clients, all the promotion that you do simply tells them that you're trying to sell them something as opposed to help them buy what they need.

Marketers focus on people, merchandiser's focus on products. Unique to the financial services industry is the frequent articulation of markets as products or services, as in the annuities market, the equities market, or the personal banking market. The challenge many producers have in acquiring sequential sales as well as gathering additional assets of their clients is this idea of being focused on product or process as opposed to being focused on people. People buy solutions to their problems. They are looking for convenience and one-stop shopping. Admittedly, one cannot be all things to all people; however, one can be all things to a few people.

By focusing on specific groups of people and seeing them as your market, it allows you to speak their language effectively, understand their needs perceptively, and position and promote yourself as a financial resource. This continual emphasis on products or processes as markets continues to cause confusion. By focusing yourself on people instead of products, watch how quickly you'll transition yourself and your organization into a financial resource.

Shake, rattle, and roll. If ever there was a time to evaluate your marketing and prospecting activities, it is now. Are your prospecting activities supported by a sound marketing campaign? Are your prospecting activities paying off with sales results? If not, it's time to shake things up, rattle around new ideas and approaches, and roll forward.

As an example, many people are still pushing hard to work in the high end of the seminar market, thinking that it's a great opportunity out there. Marketing pieces are put together to promote the specific seminar, but then the prospecting is done to a generic group of people who "may" meet the profile. The seminar, when it takes place, which is, of course, part of the sales process, many times does not support the title or the topics that were part of the initial marketing and, thus, those who were prospected to come to the event feel let down. They are not getting what they came for so there is no reason for them to think they'll receive the answers to their questions if they meet with you individually either.

Because response rates have tumbled at the high end of the seminar market, it's time to shake up that marketing activity, rattle around some new ideas and roll forward with a different approach, particularly because advertising direct mail costs plus the overhead for space and refreshments add up to a substantial up-front investment. To ensure a reasonable ROI, an effective seminar marketing plan needs to focus equally on getting them in the door, consistently delivering the message that was promoted, and then following up on the sales process effectively.

Currently, much effort goes into making the event happen. However, after it's over, a decline in the sense of urgency often sets in. Yet research shows that follow up with attendees within 24 hours is a major key to conversion. In addition, far less costly and vastly under-utilized are sponsored and client seminars. Response rates are higher, new sales are made, and referrals are received.

In summary, forward thinkers, look at your marketing and prospecting activities and decide:

- How can you shake it up?
- What new ideas have been rattling around the organization and being discarded by
- members of the "cold water committee?"
- How can you bring them forward so that you can roll past the old marketing and prospecting thinking?

It is time, as a mature industry, to focus on the future, not the past. That can only be done by turning the page on the old answers. For more food for forward thinkers, visit our web site at www.unlimitedprospects.com.

C. Richard Weylman can help you move your business to the next level. As a professional speaker and consultant to the financial services industry he delivers messages that will help you wring more profit out of your Practice and reach more high net worth people. As a former Rolls Royce General Sales Manager and as co-developer of The Robb Report, he has spent a lifetime marketing to and working with high Net worth people. To discover the many resources he has to offer you and your organization, including his speaking topics, FREE e-mailed weekly marketing tips and online resource and audio library and much, much more, go to www.richardweylman.com or call 1-800-535-4332.

BACK

What Is It That You Do?

By C. Richard Weylman, CSP

One great frustration in the prospecting process is becoming comfortable with letting people you meet know what you do for a living. Over the years, as I've spoken at company and industry events, many financial services professionals have expressed their confusion and concern about how to approach people and what to say to them. Some feel they shouldn't bring it up until they're asked; others feel that if they bring it up, they will be seen as pushy. The apparent reason for this ongoing debate is a lack of rapport-building skills and self-confidence about your chosen occupation and its value to others.

Use these strategies to gain the confidence and skills to let the people you meet in a business or social setting know what you do for a living:

1. Make a list of all the reasons why financial planning is so important. The purpose of this list is to get you focused on the benefits and to give you some internal motivation.
2. Ask the centers of influence (the presidents, executive directors, clients, etc.) in the markets that you have chosen to suggest how you could best approach individuals about what you do for a living. Ask for specific direction here, even down to the phrases that they would use.
3. Schedule some time with your manager and ask him to tell you specifically the words he uses to tell others what he does for a living. Be sure your manager gives you the specific words that he uses. Write those words down so you can adapt them to your own use.
4. Role-play with your manager and colleagues so that you hone and sharpen your skill at bringing up what you do in a non-threatening way. It's important to create an environment as close as possible to a real situation. Perhaps you could sit down at the conference room table and have four or five of your colleagues sit with you as if you were having a meal at a function that your target market is putting on. Turn to the person on your left and the person on your right and simply say, "I've certainly enjoyed talking with you again. We've seen each other over the last several months at these meetings, and I would be delighted to have an opportunity to get together with you sometime during the next month and hear more about your business and to tell you more about some of the things that I'm doing to help people in the industry achieve financial well-being." Then ask for the appointment, "Is there a particular day of the month that would work for you?" Then quietly listen to what the individual has to say. In most cases, they'll respond favorably. As you role-play this, have your day planner ready just as you would at the function. Use your day planner as you would in real life so you actually practice the process.
5. Work on your rapport-building skills. Often you find yourself in a situation where you're not sitting next to someone at a meeting and, therefore, you don't have the ability to establish a sense of relationship over a meal or during the meeting. Many times you may be standing in a crowd at the hors d'oeuvre table or the registration desk where you're unsure of how to proceed. George Walther, a good friend of mine and the author of *Phone Power* says, "Stand shoulder to shoulder with someone

as you watch an event or before a meeting begins. Lean in and make a comment on the program or ask a question about the other individual, then introduce yourself." Undoubtedly, one of the best ways to mingle and to establish rapport is to ask a question and make a positive comment. This interaction almost always leads to introductions which present you with a golden opportunity to not only tell people what you do, but to make it interesting.

As you develop the words that you will use and the way that you will approach prospects, keep in mind these three things:

1. Let prospects know your intent while making it clear you enjoy working with people like them. It's not necessary to blatantly say, "I'm here to sell you." But <u>do</u> let them know you're a resource.
2. Avoid being coy and thereby harming trust and credibility. Be forthright and forthcoming so that you avoid getting the reputation that you are simply using the group.
3. Let them know you're there because you have an affinity to the organization and that they are the type of people you choose to do business with and wish to serve. By having a well-though-out brief commercial about what you do and how it will help the prospect, any skepticism about your intent will be overcome by your professionalism.

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BACK

Uncovering Powerful Centers of Influence

by C. Richard Weylman, CSP

Targeting to build mutually profitable relationships opens many doors to high-quality prospects. Central to this process are centers of influence. You need to identify, understand and cultivate these centers of influence in your target markets. Your relationship with them can represent a very powerful and personal way to gain credibility. You should focus on meeting and building a quality relationship with the centers of influence in your targeted niche markets because they influence the attitude and acceptance of others. Attitudes of skepticism stem from a lack of knowledge and trust.

Why are centers of influence so important to relationship building? Basing your market approach on people, not products, allows you to have access to prospects on a favorable basis. Specifically, centers of influence are people who can boost your access and credibility through referrals, testimonials, and general word-of-mouth promotion. In short, they can open doors of opportunity for you that are closed to other financial services professionals.

Using Centers of Influence

What do we know about these centers of influence? The Roper Organization has conducted studies on influential people for the last 47 years. The influential segment of the population is remarkable for its consistency. According to Tom Miller, Roper's senior vice president, "The key element is activity. They are willingly involved in their communities, both socially and politically."

The Roper studies find that what sets influentials apart is their status as role models. People actively seek their advice and trust them. Most importantly, Roper discovered insurance and investments are two of the topics for which influentials have the most credibility and impact. Surveys conclude that simply winning the confidence of one center of influence can create six loyal customers. Winning many more loyal customers from a single center of influence is possible with a concerted effort to encourage word-of-mouth and market it effectively.

Roper studies further show that influential people are not necessarily old or rich. Actually, 54 percent of influentials are between the ages of 30 and 49; they represent 41 percent of the general population. How affluent are they? The largest group of influentials, 43 percent, makes between $30,000 and $50,000 annual income.

The most important factor influentials usually have in common with each other is a college education. Nearly three out of four centers of influence have gone to college. It's clear that North American centers of influence are most likely to be college educated baby boomers, many of whom fall into a middle income group.

Finding and Approaching
When mapping out your center of influence strategy, start by conducting market research surveys in your target market network. Remember that these surveys are most valuable when done in person. Include the following on your questionnaire:

1. Who is considered the person(s) with the most influence in your industry, club, or association?
2. How can I reach and meet that person?

Use the information you gain to frame your approach. There are several other insights that are helpful in making contact with influential people. Roper research finds that time is their most precious commodity, so be specific about the length of time you'll need to meet with them. Do advance planning to be efficient during your meeting and always be on time.

When contacting the influential person, make it clear you want to get more involved in the group to which they belong. Pass along the compliment that their peers regard them as a person with valuable insight. Tell the person you would like their advice on how best to proceed on entering and volunteering for the group. Emphasize the benefits to the members of your joining, rather than just what you can gain from the meeting.

Becoming a Center of Influence
Fortunately, many of the same steps you take to build credibility with existing centers of influence will boost your own status among other people in your target market group. Running for office in the group, writing articles, serving on committees, and conducting seminars are powerful ways to become more influential.

The key is to position yourself as a resource and someone who specializes in working with people like them, not just as a financial planner. The more people in your target market perceive you as having the interest of the group and individual members as a priority, the more influential you'll become.

Remember, your goal is to identify centers of influence and build long-term, mutually profitable relationships by using their insight to become a center of influence yourself.

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BACK

The Power of Targeted Networks

by C. Richard Weylman, CSP

Networking is so common a subject these days that it has taken on a wide variety of meanings. You can hear *networking* used to mean everything from "talking to your friends" to "one of the 10 major trends transforming our lives," as defined by John Naisbitt. However, target networking has its own unique and clear definition. It is the process of identifying and getting involved in the associations, groups, clubs, and other organizations where your niche market prospects and customers associate with one another. Through your involvement, you achieve the visibility necessary to build quality relationships and gain favorable access. In addition, the visibility you gain is perceived as part of the relationship-building process, thereby reducing your prospecting time.

The lack of visibility in your niche markets not only thwarts your prospecting efforts and sales results, but it also frustrates potential customers who are trying to find you. In a very real sense, the customers of today are demanding that you become visible to them. Just as your company must be visible in the marketplace, you must become personally visible as well.

Town & Country magazine conducted a survey among affluent buyers on what influences their selection decisions. One very prominent individual commented, "We make absolutely certain no one, but no one, ever comes up to us by surprise."

This need for visibility, which provides a sense of comfort and security, flows through all types of buyers and markets. Prospects and customers alike want to know you and how you stand out from the competition. They want to know that you position yourself as a specialist and your products as solutions for them. Your visibility reduces their skepticism and creates opportunities for you to build quality relationships with them. They want to be certain that you are clearly the right choice with whom to do business.

To explore this point further, I interviewed William E. Smith, chairman of Smith, Bucklin and Associates, one of the world's largest association management companies. His organization manages the affairs of hundreds of associations. He is uniquely qualified to give insight into the power of targeted networks.

CRW: Mr. Smith, how many trade and professional associations do you estimate there are worldwide?
Mr. Smith: Approximately 30,000.

CRW: How do these associations communicate with their members?

Mr. Smith: *They communicate through trade publications, and most associations have specific monthly or quarterly newsletters.*

CRW: Do associations meet on a regular basis?
Mr. Smith: *Yes. Some of them meet monthly while others meet on a quarterly basis.*

CRW: Let's take an example in the financial services industry. If someone wanted to join a local or regional association, how would you suggest they choose that association?
Mr. Smith: *They should look for a group that has some synergism with their background, interests and level of professionalism.*

CRW: Then it makes sense to join an industry or group of individuals because they have a lot in common?
Mr. Smith: *That is correct. In addition, associations themselves often never think about soliciting people in financial institutions, or people who are selling financial services. They are looking at obvious suppliers; so if a pro-active person in financial services takes the step to become a member of an organization, this will stimulate a great deal of interest.*

CRW: Would you suggest that this would give them a competitive edge?
Mr. Smith: *Absolutely. It could very well be a unique opportunity. We are talking about attending chapter meetings, that is where they will get the maximum exposure. Those of us that are salespeople realize that this is the best way to sell.*

CRW: Often suppliers can become associate members of a national, state or local association. What is the process they should go through to become involved?
Mr. Smith: *They should contact the paid head, which might be the Executive Secretary or the Executive Director.*

CRW: How can they position themselves as individuals who want to specialize?
Mr. Smith: *There is the ultimate opportunity of getting closer to the association by eventually speaking at a seminar (assuming the individual has the talent and the expertise.) If they can become part of the seminar program or the planning committee, they will receive a much broader exposure.*

CRW: Is going to meetings and becoming a member enough?
Mr. Smith: *It's got to be more than that. Just becoming a passive member is not enough; nothing is going to happen. You have to be very pro-active. Working side-by-side with other members develops the personal relationships.*

CRW: What would you say is the most important factor in building supplier relationships with the members of any association?
Mr. Smith: *It may seem old-fashioned, but I would say that a little integrity is important. In any business, you don't build a business for the present but for the future. Good businesses are built over the long haul.*

CRW: Then, in closing, what advice would you give to a financial advisor who wants to work with members of a particular trade or professional association?

Mr. Smith: It is necessary to get involved in the territory and be working in an intelligent, directed fashion. Close attention should be paid to detail; not only doing the little things, but doing them well; being willing to go beyond the call of normal duties such as thinking of people in their birthday and anniversary, and making that extra effort.

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BACK

Capitalize on the Entrepreneurial Spirit

by C. Richard Weylman, CSP

In my keynote presentations and seminars I am often asked to speak on entrepreneurialism and how one can develop more of an entrepreneurial spirit. Most assuredly, entrepreneurialism is on the rise worldwide. Men and women in all parts of the world are taking control of their own lives and their economic circumstances. The ravages of re-nationalization, downsizing, and rightsizing have created a resurgence of entrepreneurialism. This resurgence bodes well for the financial services industry. Entrepreneurs have many financial needs that need to be met both in the long-term and short-term. They are open to new ideas and realize that relationship-building is good for everyone's business. This creates, in their own mind, an openness that is not nearly as prevalent in the rest of the population.

As a financial advisor, to benefit from this increase in entrepreneurialism, you first need to understand how entrepreneurs think and make decisions. Entrepreneurs see things differently. They respond favorably to people who they believe are like themselves. They are usually eternally optimistic and see opportunity where others see failure or despair. There have been great stories written about individuals who took a specific challenge or particular frustration in the marketplace and saw the opportunity within it. Entrepreneurs are often said to be risk-takers by nature. This is really less common than you would think. Often, they are simply risk-takers by choice – choice that is dictated to them by circumstances or situations they may or may not have had control over.

The down side is that entrepreneurs are judgmental. Not all possess driver (type A) personalities, yet all make incredibly quick decisions compared to their typical corporate counterparts. They rely heavily on their education, experience and instinct to determine your worth to them and ability to be a resource for them. Entrepreneurs are committee-adverse, skeptical about service promises, and believe few corporate entities really care about who they are. To compensate, they demand more attention (the "if I wanted it tomorrow, I would have asked for it tomorrow" mindset), require real personalization, and seek recognition as a valuable client. Anything less is simply unacceptable.

Secondly, to grow a profitable long-term business with entrepreneurs at the core requires that you demonstrate entrepreneurial behavior as well. Here is a checklist of typical entrepreneurial behaviors and mindsets for your use. Adapt and adjust as necessary so that you can reach this ever-growing portion of the marketplace.

- Entrepreneurs recognize that you really cannot be effective being all things to all people. This requires that you essentially personalize every approach to them, whether it is mail, a telephone call, or getting involved in the organizations that they support. They tend to associate and communicate with one another based upon what they do for a living, what they do for recreation, or what their special interests are. They have little interest in speaking to people who want to be generalists. They've seen what corporate America has accomplished by attempting to be all things to all people. Many of them have been downsized out of the IBM's, AT&T's, General Motors, and Sears of the world.

- They are responsive to the market. Perhaps one of the most important hallmarks of an entrepreneur is their ability to respond quickly to their prospects' and clients' changing needs. This allows them to not only maintain their existing base of business, but to capture additional market share. They expect no less from you.
- Entrepreneurs recognize that if it's to be, it's up to me! They are not waiting for someone to do it for them. They have made the decision to do it themselves. They will work only with those financial advisors who are proactive and personally involved.
- They typically assess what it will take in effort to successfully hit their goals. Not just the efforts of the people around them, but their own efforts as well. Interestingly, many successful entrepreneurs are still the number one salesperson in their own organizations. Your successful accomplishments and earned credentials give them a sense that you have goals and achieve them as well.
- They strategize daily how they are going to be productive, not just busy. Entrepreneurs are desperately concerned about being busy, as they recognize it is not a way to build productivity or profitability. They align themselves with individuals who are like-minded and who recognize that if they don't do it right the first time, they probably won't have time to do it over.
- They are focused on the future. They have increased their own expectations. Most entrepreneurs set very few limits on their ability or on the opportunity that faces them. They are not as concerned about realistic goals as they are realistic time frames. Under-promise and over-deliver to meet their expectations.
- Entrepreneurs are aware of the consequences of their behavior. They recognize that there is a cost for not doing, just as there is a cost for doing. As an example, they know that by not making one additional call per day they can save some time and perhaps get out of the office at a "normal" hour. However, they realize the consequences of the lost opportunity by not putting in that one additional call per day. Be available when they're available and be aware of the consequences of your behavior.
- They invest in themselves so that they continue to get better. Entrepreneurs recognize that they're either growing or they're struggling. There is no opportunity or value in standing still. Because they are entrepreneurs, they're not waiting for someone else to invest in them or to teach them. They are interested in growing themselves. Recommending the latest book or tape you've read speaks volumes to them.
- Entrepreneurs set and commit themselves to deadlines to increase their decision-making capability. By working from a deadline perspective, it allows them to stay focused and, most important, continue to move themselves and their ideas and organizations ahead.

To implement these entrepreneurial mindsets and behaviors, you should:

1. Evaluate where you are now and the state of your own individual entrepreneurial mindset.
2. Create an action plan listing the areas in which you want to improve.
3. Incorporate that action plan into your daily activities so that you are beginning to practice the behavior that you want to demonstrate.
4. Share your action plan with someone in your office so that you can get the moral support and accountability necessary to get from where you are to where you want to be.

Those financial advisors who understand entrepreneurs and develop entrepreneurial skills, behaviors, and mindsets will be the individuals who reap the greatest rewards.
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BACK

Relationship Marketing – Finding Your Focus

by C. Richard Weylman, CSP

As a child, we all remember the warmth of the sunshine on those fun-filled summer days. With all that energy bursting forth from the sun so diffused, it gave us a lighted path and it felt so invigorating. Then one day we discovered the power of a magnifying glass. Simply by capturing the sun's energy and holding the glass over an object, we quickly learned the power of focused energy.

A financial services environment today is much like those early days of our lives. There is plenty of diffused advisor energy going forth into the marketplace. This expended energy feels good and looks like the right approach because it appears to keep people busy. However, by focusing the energy and effort put forth by financial advisors and other personnel into target marketing, management can light a fire in their offices that will increase retention and profits.

One challenge facing managers today is how to focus their sales team into the appropriate markets and light a prospecting and marketing fire.

HOW TO FOCUS

Field management can quickly achieve focus by understanding and utilizing a field-tested and well-proven three-step process.

Step One

Identify the types of markets and segments they can support. The types of markets should be definable and hold much promise for multiple segmentation and lead generation. Target markets could be ethnic, small business, professional, middle income, affluent individuals, etc.

Step Two

Once a list of types of markets is defined, the specific target market segment in their area needs to be identified. Is there operating within the geographic area a Spanish-American league or social organization, a Korean Church, a Little Italy Social Club, or an Italian-American League? Or, if the market type is professional, are there registered nurses, chiropractors, architects, orthodontists, ophthalmologists in the geographic area?

The key to this step is to divide each market type into specific target market segments. There is much truth to the divide and conquer adage in this exercise. The more segments identified within each market type, the easier it is to penetrate and cultivate them. To enable you to define these specific segments with a specific type of market, look for the ways people network and communicate within those markets. Specifically, what do they do for a living, where and what do they do for recreation, and where and what are their special interests?

To complete this second step, viability issues need to be investigated to ensure this is a true target market.

Determine how each segment measures up to a pre-set standard. Use criteria such as how large the segment is, and is there an association or affiliation present to which people in this market belong? How do these people in the segment network and communicate?

These questions allow you to select the best segments in their market area. It is important to recognize that some segments simply do not lend themselves well to targeting. A manager in a client company of ours clearly defined this at a recent meeting. He had initially selected furniture manufacturers in his area as a large market segment within his small business type markets. However, after his marketing assistant met with several principals and the furniture association director, they quickly determined not only that this group did not network, but that they rarely spoke – a very difficult market segment on which to build a proactive marketing effort. He decided to approach this group through the various and diverse country clubs and other lifestyle-type segments to which they belong.

As mentioned previously, the most important success key in selecting and identifying segments is that the people in those segments network and communicate with one another. This is critical if advisors are to build long-term, profitable and professional relationships.

Step Three
The third step necessary to effectively focus your organization and activities on profitable markets involves helping advisors focus on markets. To focus the advisors and the organization on target markets, here are several ideas that will help management promote and generate a market-centered, market-led organization.

First, it is important at this point for management to realize that in order for target marketing to work effectively, advisors must be allowed to select the specific target markets they wish to work within. Too often, they are assigned to work a particular area or group or *type* of *people* because they have money. Nothing could be more counterproductive for success. Producers must prospect people with whom they relate.

To complete this third step, meet with each advisor and determine through candid dialogue the type of people to whom they relate well, and, if given proven methods, with whom they would like to build their business. This process always yields many surprises and rewards for all parties.

Certainly, some will have no desire to focus on any target markets. Some will quickly move toward the people with whom they feel they can relate and will be grateful for the additional focus. Still others will move up two paces and back two paces until someone decides for them, or the wins of others that are focused simply become too compelling.

Relationship marketing is a change in direction for many and requires that management and advisors recognize it as a *process*. Experience has shown that once managers focus on the specific target market segments that are viable for their office and then involve the advisors in the specific target market selection process, the culture changes.

Many producers continue to fish for a market while markets beg to be fished. Before most advisors find their niche, they leave. To prevent this, offer them guidance and coaching from the management team. The proper guidance and coaching of producers toward and within a target market improves production and profits.

In summary, if you have focus don’t lose it, and if you don’t have it, waste no time in getting it.

For more insight, read the articles and review the tools at our web site, http://www.richardweylman.com/

BACK

Never is Heard a Discouraging Word

by C. Richard Weylman, CSP

There is no doubt that we live in a sea of negative input. We are constantly barraged with negative reactions and general indifference to things we consider important. In the finite world of financial services, there is the constant battle of maintaining enthusiasm – regardless of the things that cross our paths. To be successful in today's environment, you must be positive so you can encourage people to see you and buy from you. In our fast-paced world, buying decisions are made less on price and company and more on the helpful encouragement and attitude of the financial advisor.

Tom Sullivan, author and speaker, said, "People buy difference, not similarity." Unfortunately, most prospects see financial advisors as being pretty much the same. All the more reason for your disposition or attitude to be positive and encouraging. People need and want encouragement today. Prospects want to know that they are making the right decision and the right choice. Encouraging people to see you and buy from you is not an event. It is a process. It is the establishing of faith, confidence and belief in the value of you by having a real enthusiasm for yourself and your business. Having done that, it is your responsibility to then establish faith, confidence and belief in the value of your company, your products and your services to attract the buyer.

Unfortunately, we all know people who have negative dispositions. They are unwilling, rude and manipulative. They are selfish and spiteful. They are not always right, but they are never wrong. The customer is never their focus, it is always the size of the sale. It is always "I" and "me," never "us" and "we." They are quick to criticize and slow to offer solutions.

On the other hand, there is the encourager – the financial advisor with the positive attitude or disposition. They are always smiling and cheerful. They look for the positive in everything. Chuck Reaves, in his book, *The Theory of 21*, calls the "21's." Whatever the label, people, clients and business come their way. It doesn't matter what the challenge or what the objection. People are drawn to positive, upbeat and helpful people. There are many people who have crossed my path who overcame stumbling blocks and turned them into stepping stones by projecting a positive attitude into their business and marketing efforts.

How can you stay positive and be an encourager?

1. Focus your attention on long-term goals versus short-term events. Avoid being pushed aside or pushed down by the things that are happening today. Keep things in perspective. Ask yourself:
    - How much of an affect will this have on my long-term goals?

- How much will I remember about this negative situation one month from now?
    - Isn't there one good thing I can find in all of this?

2. Avoid using negative self-talk. Frequently, when things aren't going right, people simply sit around in a sea of self-pity or negative speaking. They tell themselves that people probably won't buy today. Accentuate the positives and you'll see the potential.
3. Read books by and for successful people. Charlie "Tremendous" Jones often says, "The books you read, the messages you listen to and the people with whom you associate will have the greatest impact on your life in the next five years of anything else you do." Nothing could be closer to the truth.
4. Surround yourself with motivated people. There are plenty of card-carrying members of the cold water committee. It would be to your advantage to surround yourself with individuals that are going somewhere with their life and business. This will help <u>you</u> stay focused on going forward. As Reggie Leech says, "Success is not the result of spontaneous combustion. You must set yourself on fire." Surrounding yourself with motivated people who are on fire will help you keep your flame lit.

Remember, if you are going to be effective in today's marketplace, it is your attitude and disposition that will make a difference. "Never is heard a discouraging word and the skies are not cloudy all day." We all sang it as children. So – let the sun shine in and recognize that positive, productive people place a priority on producing pleasant perceptions. It's just good marketing.

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BACK

Use Targeted Shows for Concentrated Networking

By C. Richard Weylman

Nearly all business and professional associations as well as recreational or cultural interest groups have vendor or trade shows each year. Typically, these shows are a part of a local, state, or national meeting of individuals within your targeted niche. Trade shows are designed to showcase vendors and their products useful to the niche market group. Exhibiting at these targeted shows provides you with excellent opportunities to gain visibility and access to many normally hard-to-reach prospects. Your prospects are gathered in a very access-favorable, relationship-oriented environment. They are there to associate and communicate with one another and with you. Simply put, you get excellent return for the money and time invested because you have a concentration of highly qualified prospects available to you. The individuals you want to meet are coming into the exhibit area to find out what's new as well as to renew existing relationships.

As a relationship marketing and prospecting tool, targeted shows will build awareness of you, your products, and your services. If you use them properly, they can help you establish and reinforce your position as a vendor who is supporting, supplying, and servicing the niche. They are dynamic platforms on which to demonstrate your interest in the people within your niche and to earn their interest as well. Your involvement indicates to your prospects that you are focused on their industry or organization for the long term, not just the short term. This enhances their sense of confidence and trust in you.

William E. Smith, chairman of Smith, Bucklin & Associates, one of the largest association management companies in the United States, further emphasizes the value of these shows. He told me that for financial services professionals to be effective today, they need to get out of the office and press some flesh. Targeted trade, organizational, club, or cultural shows give you that opportunity. They represent an opportunity to gain not only recognition as a supplier but opportunities to build and strengthen prospecting relationships.

To maximize your targeted shows, employ the following tactics:

1. **Be sure the show is aligned with your target group and the attendees can use your products and services.** General shows, such as home shows, county fairs, and so on, attract very broad audiences. They are not effective for reaching specific niche market groups. If you're really targeting and want to maximize your efforts and the money you invest, select a show that is specifically designed for the people in your niche. As I mentioned earlier, these types of targeted shows often accompany local, state, or national conventions and events held for the people in your niche.

2. **Choose your booth space early to locate in the best traffic flow.** He or she who waits, loses. Early selection of your booth location ensures maximum visibility and exposure to your niche market prospects. When choosing your booth space, start at the entrance to the exhibit area and stay on the main aisles. An ideal location is two or three booths away from the main entrance to the hall. If another major aisle intersects the one to the main entrance, choose one of the corner spaces where the two aisles intersect. My experience has shown that the right side of an aisle, when entering from the main doorway, is better than the left. That may have something to do with the way North Americans drive—that is, on the right. In countries where they drive on the left, you may want to choose the left aisle but right side booth. Also, be sure you think about your signage and any support pieces when choosing your booth location. You want to maximize visibility for these marketing tools.

3. **Use captivating, descriptive signs and graphics in your booth.** Use wisely the 3.5 seconds you have to make an impression. Two signs will usually suffice in an 8 x 10-foot booth. Make sure the message flows in a logical, left-to-right reading order. Your goal is to inform and arouse interest so prospects want to meet you and do business with you. Be sure sign 1 states that you specialize in the businesses or types of organizations represented at the show. This drives home the message that you know them and can relate to them. Further that message by stating on the same sign the benefits that prospects can obtain from you. Spell out for your market "what's in it for them."

   Sign 2 should spotlight some specific products and services that you offer to them. When you're placing your signs on the back wall, be sure they are visible from the aisle. You can also use your photograph to tie you visually to your products or services, or a photograph of various satisfied customers in your particular niche market segment. In almost every case, less is more, providing less is targeted clearly and portrays high value.

4. **Arrange the booth so it encourages prospects and customers to enter.** Booths that are set up in traditional ways get little traffic. I recently spoke at a small-business exposition and noticed that most of the exhibitors were barricaded into their booths. This made it very, very difficult for prospects to get to them. They put tables across the front of the booth. They stacked literature into huge piles on these tables so people had difficulty shaking their hands. They stood behind the tables inside their booths while prospects and customers stood outside on the aisle—not at all relationship friendly. I suggest you do just the opposite. Throw open the booth and arrange it to maximize your contact with the people. Design your booth so it encourages the flow of prospect traffic in and out. It's important to get the people off the aisle and into your booth.

5. **Throw the chairs out of the booth.** You've been to trade, charitable, and club shows and events where you see exhibitors sitting down. If you're sitting down, average decision-makers think, "This person is not really interested in talking to me." These decision-makers simply wave or nod and keep right on moving. The only time you would have chairs is if prospects need to sit at a presentation table or in a theater presentation where seating was necessary. Unfortunately, at most shows, many exhibitors are sitting down, resting, as op-

posed to standing and arresting prospects and customers in their niche as they come down the aisle.

Your goal is to increase your visibility, credibility, and relational profile while generating high-quality leads. Work hard to build prospecting relationships to increase a favorable impression. Meet as many people as you can, and promote yourself as someone who is in the marketplace to serve and stay.

BACK

Turning Visibility into Sales

By C. Richard Weylman

Making the transition from networking activities to sales requires that you become well known on an individual basis. Gaining high individual visibility will ultimately permit you to deliver more products and services to the people in your niche market because you will have stepped out from the crowd and they can identify you as someone who is clearly different.

It is critical to understand, however, that one of the most effective ways to achieve high individual visibility and to create more sales is to meet people face-to-face. Current research indicates that 77 percent of affluent Americans are interested in purchasing financial services and products from individuals that they meet face-to-face. That means that you have to join and participate in your niche market organizations so that you have not only name recognition, but face recognition as well.

Networking helps shape the prospect's perspective about you. Sales are created, however, when you are working and interacting side-by-side with the very people around whom you want to build your business. Make the network work for you by working the network. To convert the visibility you gain from networking into sales, you must recognize the fundamental prospecting principle in networking – your personal interaction will drive curiosity and, ultimately, the sales process.

There is an insurance agency that wanted to target CPAs as a niche market and several of the agents were interested in building a relationship with these accountants. They wanted to become the personal insurance agents of these CPAs. To facilitate the process, the agency put on special events and informational seminars designed for their target market of CPAs. The agency was very successful in this phase of networking. Eventually, these seminars became accredited as continuing education programs for CPAs. The program was so valuable that CPAs from a wide geographic area began attending. The CPAs' evaluations of the programs were always very high. They felt the information was timely and topical and also very applicable to their practices.

Yet, after five of these programs, the agents had not seen much of an increase in sales and wondered why. The agency and the agents had built great visibility and credibility with these CPAs and were positioned as extremely valuable resources. What was the missing link? The individual agents had not stepped out to establish personal interaction with the CPAs one-on-one. The agents were not using the credibility they built for their agency (and themselves) effectively. They needed to represent and demonstrate these strengths on a personal basis.

In this case, it meant becoming pro-active by reaching out after the courses and contacting the individual CPAs to begin building personal relationships. This one-on-one contact is the missing link that many agents struggle with and that prevents them from turning networking events into sales.

How can you take your high visibility resource positioning and establish credibility and convert that into sales? There are two very effective ways to do this:

1. When you're attending a networking function such as an association meeting, golf outing, or other activity where you are interacting with prospects, target three or four individuals at that function that you want to meet with individually after the function is over. As an example, if you attend association meetings, sit at a different table each month and meet the two people on your left and the two people on your right. Engage them in dialogue to build rapport, and thus open the door.

   First, ask the people you're targeting to meet with you individually. You need to approach them instead of waiting for them to come to you. For example, invite the people you meet at the function to get together with you one-on-one for breakfast or lunch or simply for coffee so that you can "hear more about what they do" and brief them on some of the things you've been able to do for individuals like them. The personal outreach that you make to an individual (not to sell them something, but to hear more about what they do) is essential if you want to create sales from your marketing and prospecting efforts.

2. Offer something of value to drive a desire to meet with you. As an example, take a camera to the association or organizational meetings and take a picture of yourself with the guest speaker and a couple of prospects. You can then call the prospects on the telephone and offer to bring by their picture. Great opportunity for you to get in the door. Also, you may offer to bring a copy of the notes that you took from the program, particularly if it was a speaker bringing ideas applicable and of interest to them. Or, you can simply offer to bring by your loaner copy of a book, audiotape, or magazine that you discussed during lunch.

The most important point in this process is to realize that when you do meet with these people for the first time, don't immediately jump into a sales mode. When you're transitioning from networking and prospecting activity to sales activity, you must continue to build rapport and to increase their level of trust. Otherwise, they'll think you're just there to sell them as opposed to building a long term, mutually profitable relationship. Be sure that you focus on learning more about their business and starting a relationship with them. This is the type of pro-active, one-on-one approach it takes to convert your visibility into sales. Once you've gotten the door open and you're in their place of business or in their home, take the opportunity to build rapport and then move forward into your research and needs analysis phase as is appropriate.

One-on-one contact is the most forgotten link between visibility and sales. As Dr. David Clark, a professional fund-raiser in Dallas, Texas, says, "Friend-raising precedes fund-raising." The same principle applies when you are converting your marketing and prospecting activities into sales activities.

In today's over-marketed society, it's vitally important that you take the time and have the patience to demonstrate a personal interest as opposed to simply a financial interest in perspective clients.

BACK

Create Sales Momentum with Marketing Events

C. Richard Weylman, CSP

I was at the airport the other night to catch a flight for a speaking engagement and ran into one of my long-time clients. We stopped and chatted for a few moments and he excitedly told me about his plans for 2000. Having had a great year in 1999, he really felt that by leveraging his expertise, profits, and efforts, he could make 2000 his best year yet.

He said one of the ways he intends to do that is by getting involved in more marketing events. He said he has identified 147 marketing events in which he could participate in 2000. Imagine—147 marketing events on his calendar for this year.

What's on your calendar for 2000? More nights wondering how to leverage your expertise? More days without a real sense of direction? More weeks of frustration calling people who don't really know you? Another month of achieving less than your desired goals? Another Fall of playing catch-up? Another year of uncertainty?

None of this has to continue for you. To make 2000 your best year yet it's vitally important that you recognize that financial services products must be marketed before they can be purchased. As I've mentioned several times in this column, sales keeps you in business, but marketing keeps you in sales.

What types of marketing events could you have on your calendar in 2000 to make it your best year yet? The first step, of course, is to identify and target a specific group of people and get involved in the organizations, associations, unions, or fellowships that support them. Your involvement in these groups gives you an opportunity to rub shoulders with the very people with whom you want to do business. People today want to know about your products and services but, most importantly, they want to preview you prior to doing business with you.

Examples of some marketing events that you could place on your calendar this year:

1. Volunteer to serve on a committee. This gives you an opportunity to demonstrate your talent, ability, interest, and personality. There are many types of committees, and you should determine the one that will best showcase your talents and give you the most favorable exposure—fund-raising, finance, or even the welcoming committee. Serving on a committee that meets 12 times a year would give you 12 marketing events to put on your calendar. If you're unsure about the best committee to serve on or where the need might be, ask the Executive Director or the Membership Chair.

2. Help with a charity cause sponsored by your prospects. This could range from co-chairing the event to simply purchasing or selling tickets and punctuates your good intentions with good deeds. Every meeting, and the event itself, qualifies as a marketing event.

3. Offer to help organize a vendor or member directory for the association, club, or organization. This is an easy promotional tactic. It gives you an opportunity to talk with every prospect in your niche market by asking for their recommendations of best suppliers or to gain information about them as members. This information will give you great exposure and insight while providing you the opportunity to interact with each of them on a favorable basis. This activity could give you 10, 20, 30, 40, or even 50 marketing events to add to your calendar. Remember, knowledge and trust are built face-to-face.

4. Provide a door prize for meetings. I attended a Sales and Marketing Executives meeting and saw a person marketing and selling advertising for a new radio talk show become very well-known almost overnight. He targeted the right people with the right tactic. Volunteering to provide door prizes at the meeting, the advertising representative gave away T-shirts and other items sporting the radio station logo and the name of the new talk show. This smart marketer gave this merchandise away at various times during the evening. This kept his name and the show's name continuously in front of these highly-qualified buyers. He immediately received business from this first effort.

5. Schedule several educational seminars. A good example of this is Jim Yurman of Cleveland, Ohio, who promotes his insurance practice by targeting seminars to resident physicians. He recognizes that they are very busy so he occasionally puts on an hour-long seminar at local hospitals during lunch. This approach gives him an opportunity to showcase his personality and ability. This, in turn, opens the door to reach them on a favorable basis.

The key is to put your imagination to work so you can identify and create marketing events. As an example, Cary McNealy, an agent in North Carolina, targets chiropractors. He has gained favorable access to these prospects by sponsoring a trick hole at their golf tournament. This event is held in conjunction with the annual Chiropractors Association convention. Cary videotapes and photographs the chiropractors as they take a shot at this trick hole. The photographs are processed into color posters that day. The next day the posters are handed out to players at his exhibit booth where the videotape is shown on a large screen. This event sponsorship creates so much prospect traffic to the booth that Cary has made it an annual marketing event.

You can apply this idea in other ways by sponsoring a special contest or a booth at a neighborhood fair where everybody wins a prize. Or ask your local luxury auto dealer to provide you with an evening at his dealership where you could invite clients to a special automotive maintenance evening. They provide the expertise and technicians, you provide the audience.

All of these ideas and activities will foster additional marketing events and contacts. A marketing event is simply an opportunity for you to display your character and your caring to those who will respond by wanting to do business with you.

If you feel as though you don't have enough time to be involved in marketing events, I encourage you to review your calendar and carefully consider what you are currently doing with your time. You can continue to push your products on others or you can engage in marketing events that will draw <u>them</u> closer to <u>you</u>. Once they know you they can trust you and then confidently do business with you.

BACK

Creating Customers for Life

C. Richard Weylman, CSP

In the Spring we often think about growing gardens and the process of planting seed and fertilizing and cultivating the soil. The same is true of your prospects and clients. In a society where people are pressed for time and pulled in many different directions, it's vitally important that you keep your name in front of them.

By cultivating your prospects and clients, you build long-term, mutually profitable relationships that are so critical in order for them to see you as a resource. Cultivation of your prospects and clients accomplishes three things:

- It conditions people to buy. By staying in touch with them, you are able to identify their needs so that they want to do business with you.
- It establishes who you are in the mind of the prospect. With all the messages they are receiving and the number of financial advisors that are trying to approach them, cultivation will differentiate you and help you stand out.
- It lowers resistance to your ideas, products, and services. By becoming aware of who you are over a period of time, prospects will begin to see the value of what you do and clients will be more likely to purchase additional products and services from you.

There are many ways to inform and inspire your clients and prospects, however, in order to reach them on a regular basis you should maintain an accurate list of information about them. Today's computer technology makes it easy to load all your targeted prospects and clients into a database. Enter each person's name with a market code, record the date entered along with any special dates such as birthdays, purchase dates, or business anniversaries. You could also include the mail you've sent or telephone calls you've made in their record. Having this information in a database makes it easy for you to stay close to your niche market prospects and customers. You can communicate with them through the ways they associate and communicate with one another. You can gain access faster by timing and tailoring your information message to match your market segments. To move forward, ask yourself how you can inform and inspire and cultivate the prospects and clients in your targeted niche markets. The following tactics are designed to help you answer that question.

Send articles of interest to your prospects and customers. Look for articles of interest in various magazines, newspapers, and general-interest periodicals. Obtain permission to reproduce them, and send them to your target market prospects and clients. There are really two criteria for success with this tactic:

1. The article should inform your readers about their industry, interests, or recreational activities.
2. It should be accompanied by a simple note card that says, “I though this would be of interest to you.” You could also use a Post-it note to make it appear even more personalized.

Sending articles not only informs, it shows your interest in prospects and customers. In turn, this stimulates their interest in you.

Create a list of 20 ways to make your prospect’s life or business better. Send this list to the prospects and customers in your niche. A marketing, sales, or other business idea that furthers their sales or profits is always welcome. In recreational market segments, golf tips or tennis tips would be helpful, as would school safety ideas, or fundraising or meeting ideas for special-interest segments.

Inspire prospects and send them a thank-you note for saying no. When individuals don’t buy from you now, that doesn’t necessarily mean they won’t buy sometime in the future. Let them know that you’re always open to work with them, irrespective of present circumstances. A thank-you note for saying no could be something as simple as, “Disappointed we’re unable to do business now. Look forward to working with you in the future. Always feel welcome to call.” A thank you for saying no helps open closed doors in the future. After sending the note, call back in 30 days and ask how things are proceeding. You’ll often find that prospects are still uncommitted. As a result, the door of opportunity will reopen.

Send a thank-you note after the sale to inspire future business. Frequently after a sale, agents simply say “thank you,” shake hands, walk out the door, and move on to the next sale. Remember, a thank-you note sent to the decision maker helps continue your relationship and ensures future access and sales.

Send a personal note to inspire. A lesson learned from former President George Bush. Each day, send a warm and friendly note to 50 to 10 of your prospects and clients. Omit any sales literature; just send a personal tone that cultivates, informs, and inspires. It should be no longer than three sentences or it becomes a letter that requires an opening, a middle, and a close. Mention something interesting, or simply give them a word of encouragement. It will demonstrate that you value their business in a personal way. These notes, over a lifetime, enabled George Bush to create support for his nomination as Ronald Reagan’s Vice President.

Be sure your voice mail message informs and inspires. Be sure that your greeting is not just a dry, cumbersome “leave a message at the sound of the tone.” Instead, use your greeting as an informative message about your practice that, at the same time, encourages the individual that has called you. For example, “I’m so glad you called. I look forward to making a difference in your financial picture. Please leave your name and number at the sound of the tone, and I will return your call either later today or first thing in the morning.”

Finally, pay attention to little things. Because value today is determined by the buyer and not the seller, it's the little things that make a difference, particularly in relation to how you build a mutually rewarding, long-term relationship with them. It's not just how well a brochure or mailer is designed or how professional it looks. Sometimes it's just the fact that you've taken the minute to write someone that counts. It's the cup of coffee that you buy, it's the chocolate or cashews that you bring to the secretary, it's the thank-you notes you send, it's asking about the children, it's finding out about how the wife or husband is doing, it's telling someone you're going to pray for them and then letting them know you have; it's all these little things that make a difference. All these things help people in your niche markets know you in a special way. We know that people are less brand-loyal that we must concentrate on it we want to cultivate and grow our business and theirs.

BACK

Planning for a Profitable Future

C. Richard Weylman, CSP

As an integral part of the distribution system, you are responsible for making things happen in your business and in the marketplace. You should be asking yourself, "What are my goals are for 2000?" and "What am I willing to change to achieve those goals?"

To ensure that you accomplish your goals, you need a marketing plan so that you can take appropriate action. A marketing plan gives you a track upon which to run.
This is why pilots file a flight plan. The pilot knows in what direction the plane and passengers are going, from whence they're leaving and the path they're going to follow to arrive at their destination safely.

A coach has a game plan and a sense of how the team is going to play the game that day. The coach knows the things that he/she is going to do to use the players effectively to thwart the competition and, in the end, come out on top.
An interior designer has a floor plan. The designer has a very clear picture of what the finished building will look like. With this vision in mind, a plan is created to pull all the pieces together.

Your own marketing plan should be designed the same way—with the end result in mind. Your marketing plan should fit your specific niche markets and the people in them. It should be dynamic because the needs and expectations of the people in your markets are constantly changing. Plus, unexpected opportunities for visibility and access will occur frequently. Thus, the ability to change and to be entrepreneurial is vital for your long-term success.

Develop a marketing plan that will implement relationship marketing and prospecting strategies, tactics, and ideas so that you're able to expand your business. Remember, marketers focus on people—merchandisers focus only on products. It's vital that you develop a marketing plan that will enable you to reach more people.
Your marketing plan should include each of these categories.

1. My Specific Target Markets. Be sure that the markets you list here are definable groups such as plumbers, welders, auto dealers, restaurateurs, members of a specific PTA, orthodontists, periodontists, neurosurgeons, etc. Avoid things such as small business owners. It becomes difficult to reach them because they don't group together based upon what they have in common. In other words, be specific.

2. The Ways I Will Leverage Research and Centers of Influence. Critical to a good plan are the opportunities you have to understand the market and work with Centers of Influence. List the types of publications such as trade magazines, or Internet access, that you will use to find out more about the market in which you want to work. Also list your top 3-5 Centers of Influence that you would like to take out to lunch and talk to about how you can be more effective in the market.

3. Lead Sources. A solid plan focuses on leads that network and communicate with one another, not on purchasing mailing lists. Be sure the lead sources are specific and include membership lists of organizations that support the people that you're targeting.

4. Networking Opportunities. This strategy is critical for success in the market. Clearly, the more involved you are in the organizations that your clients and prospects belong to, the better. Be sure that you indicate several ways to get involved—exhibiting at trade shows, conducting seminars, submitting articles for their newsletters, participating in monthly meetings, serving on committees, etc.

5. Referral Approach. In this part of the marketing plan you should address how you are going to consistently ask for and receive referrals, whether this be developing a referral talk or requesting referrals in your thank-you notes. In addition, you should also list how you are going to reach out to referrals and be received on a favorable basis. This might include having a letter of introduction written by those who are referring you or a post card sent by those individuals. Or it might be simply developing a telephone presentation where you can reach these people effectively.

6. Mailing Activity. This is an area where you should address ways to drive activity during slow periods. The most important thing today is to realize that mail is not the easiest or best way to reach prospects. That is not to suggest that it doesn't work, but it takes enormous volume to get their attention. During slow times of the year and after you've achieved positive visibility in a target market, you can use wave mail techniques to drive activity so that you are able to reduce the peaks and valleys in your business.

7. Telephone Technique. In this category you should list things that you are going to do to be effective in getting clients and prospects on the telephone. With voice mail everywhere, you should list such things as developing 3-5 voice mail messages that are benefit-driven, tips to interact with secretaries and assistants, how much time you're going to set aside to develop your telephone skills as well as the skills of your staff. People are pressed for time and your ability to use the telephone effectively as a communication tool will impact the results you receive.

8. Cultivation. This is another vital part of relationship-building so you should list several pro-active approaches to reach and stay in touch with prospects and clients. These approaches could include sending a quarterly newsletter, sending articles of interest, setting up a hotline so people can call you when they have a question, sending anniversary notes to your business clients in the month that their business was founded.

9. Ongoing Marketing Education. This is perhaps the single biggest development factor for your future. The marketplace is changing; the opportunities are enormous, yet it takes marketing and prospecting acumen to be successful. Remember, sales keep you in business, but in today's environment, marketing keeps you in sales.

Whether you're an agent or a manager, I encourage you to create a plan for all the markets that you want to reach. This will give you the opportunity to concentrate your efforts and get the profitability that you deserve from your activities. New financial advisors and experienced producers alike should invest in themselves by creating a plan in order to enjoy increased satisfaction in the business, a greater sense of purpose and higher productivity.

BACK

Tough Prospecting Environment Creates Need for New Solutions

By C. Richard Weylman

Agents at all levels of experience in the industry continue to have a difficult time gaining access to qualified prospects on a favorable basis. The negative image that has been portrayed of the industry together with the general cynicism of the population has translated into more and more barriers being erected to close out sales people of all types.

The evidence of this continues to mount. Inquiries as well as questions at my various speaking engagements at industry functions indicate a general frustration with the state of the marketplace and the difficulty agents and managers are facing.

Today's prospecting environment requires new solutions to old problems. No longer does "make more calls, see more people" address or solve the problem. Specific relational strategies and tactics are needed to gain access to qualified prospects.

Here are just a few of the questions I've received recently from advisors and managers:

Q: "Voice mail is everywhere. How can I get people to return my calls?" Stephen G., Chicago, Illinois
A: People return calls based on prioritization of the other calls they've received. People return calls for reasons of urgency or reasons of benefit. I would suggest that you write out very specific messages that you're going to leave for your prospects. These messages should be laden with benefits, i.e., positive reasons that the prospect should return the call. As an example, "Mr. Donovan, this is Stephen G. As a teacher, you create lesson plans. As an advisor, I specialize in working with teachers to create a financial plan. Please call me at your earliest convenience." Devise several of these messages specific to the market that you're working so that each of them sounds different and gives people specific reasons to return your call. Review the to be sure they are relevant and speak the language of the market. If in doubt, create 5-10 messages and ask clients to select the ones they like and to which they would respond.

Q: "How can I get CPAs and attorneys to work with me? I want them to refer their clients to me." George A., New York, New York
A: CPAs and attorneys particularly like to stay in control of their clients and the decision-making process. For this and other reasons, CPAs and attorneys are not highly motivated to help you build your business by using them as the source of new prospects. However, positioned as a value-added asset, you

can succeed here. As an example, if you are targeting a specific market in the food industry, align yourself with CPAs and attorneys who are also working in the food industry. You find them by asking current prospects and clients who their attorneys and CPAs are and then meeting with them. Ask your clients to introduce you if necessary. When you meet, give them specific reasons to work with you. As an example, by pointing out the financial knowledge and services you have available which could enhance the value they bring to their clients that will motivate them to act as a center of influence for you. They are in a competitive environment also, and the good ones are seeking to increase client value. In addition, when meeting with CPAs and attorneys, let them know of your long-term interest and that you will respect the relationship that they have with their clients. As a value-added asset, you can create a consistent prospect flow.

Q: "I'm targeting executives of major companies here in Rochester. How can I best get their attention?" Bob J. Rochester, New York

A: To reach executives effectively, keep three things in mind. First, you have to relate to these individuals. Two, you need to speak their language. Third, you must recognize that they are typically screened from any unwanted calls and/or mail. The best way to get their attention is to involve yourself in the activities and organizations that they support. As an example, the Senior Vice President of Marketing will most likely be involved in the American Marketing Association. The CFO will be involved in the CFO Society, heads of communication in IABC, etc. Getting involved in these organization will allow you to reach these executives and, most importantly, position yourself as a resource to them. By serving on committees and activities that they're involved in and supporting the causes to which they are drawn, it will position you as a resource to them, someone who is a caring and credible individual. If you're having difficulty determining the organizations that these executives belong to, ask executive clients to have or refer to Gale's Encyclopedia of Associations regional edition (1-800-877-GALE).

These questions represent a larger problem. In years past, the industry was focused on sales and transactions. Not a great deal was done to enable the development of the local sales agency into a marketing and prospecting organization. Advisors were expected to simply sell their friends and neighbors. Today's marketplace, however, is significantly different. In the past, sales kept you in business; in today's environment, however only a systematic approach to relational marketing and prospecting will keep you in sales.

C. Richard Weylman can help you move your business to the next level. As a professional speaker and consultant to the financial services industry he delivers messages that will help you wring more profit out of your Practice and reach more high net worth people. As a former Rolls Royce General Sales Manager and as co-developer of The Robb Report, he has spent a lifetime marketing to and working with high Net worth people. To discover the many resources he has to offer you and your organization, including his speaking topics, FREE e-mailed weekly marketing tips and online resource and audio library and much, much more, go to www.richardweylman.com or call 1-800-535-4332.

BACK

Create Strategic Alliances To Be Seen as a Resource

By C. Richard Weylman

To meet the ever-changing needs of prospects and clients, they want to see you as a resource for them. What does it mean to be a resource? It means that your clients and prospects see you as an advisor or a change agent-the person they can call when things change or need to be changed. You have available the things and people they needs when they need them.
You are not just a product maven or simply focused on one process. To be a resource means that you are the individual that has access to knowledge about things, both financial and otherwise, that are important to the people in your market. It does not mean you are someone who is there to always sell them something.

Why do people today want to work with someone who can be a resource for them? First, because it provides convenience. People today are looking for one-stop shopping. By being a resource for them, they can look to you for all their financial needs as well as advice in other areas of their business and life.

Secondly, it develops continuity in your relationship. From the client's point of view they have a sense of a seamless transaction-all of their financial needs being met through an ongoing and continual relationship with you.

Thirdly, they often feel it saves them money because they are buying from you and see things as a package as opposed to a series of transactional events.

Fourth, because you see the future that they are reaching for, they feel that it generates a sense of opportunity. By knowing you are their financial resource, they trust you are looking out for their best interests and looking for interest that would be suitable to them.

In addition, being their resource, it reduces fear because they know you and trust you and they perceive that, as their financial resource, you are going to provide good value for their money. Being a resource also reduces doubt and increases a sense of certainly and comfort. Because, as their resource, they are really saying that they trust your judgment.

The challenge that most agents and managers face today is how to be seen as a resource. To do so, you have a transcend just being a sales agent, you must become an individual who is in tune with the marketplace and who can provide answers to their questions-ultimately, the goal should be to be a resource that transcends issues other than financial matters. This means you should know other individuals that can service needs outside of those that are financial including such needs as business planning processes, funding and outsources for various projects, etc. Put in simple terms, the ultimate resource is someone who is woven into a network of individuals that can and will support their clients on a variety of different topics in a variety of ways.

How, then, can you really become a resource? It's vital for you to consider strategic alliance. In the traditional sense, strategic alliances for most advisors has always meant building a relationship with another advisor such as a more tenured, experienced individual or partnering with a CPA who is going to refer business to you and vice versa or with a tax attorney or other attorney hoping that together there will be an opportunity acquire more clients.
However, in today's marketplace, you need to think bigger and more strategically. Think about creating a resource network that supports your target market. This network would be made up of individuals who are not only CPAs and attorneys and perhaps other advisors, but also some of the following:

1. **Experts from the industry, lifestyle or special interest group that you are targeting.** These may be experts on management, service, or manufacturing practices that you could recommend to your clients to meet a specific need in that area.
2. **Suppliers to the industry, lifestyle, or special interest group that you are targeting.** Not only will these be an outstanding source of leads for you to work your market deep, but also an opportunity for you to refer your clients and prospects to these suppliers when they have a need that can be met by this group.
3. **Clients of yours in their industry, lifestyle, or special interest group that you are targeting.** By forming an advisory group of individuals in the market that you are focused on, these people can serve as counselors, advisors, or mentors to prospects and clients that you're servicing. I have practiced this particular strategic alliance for many years. Often company executives, managers and advisors will call my office or ask me at a speaking engagement if I know of someone who can assist them with a particular need that they may have. I often recommend managers and executives who serve on my advisory board and suggest that they call them because they'll have specific insight that could help the individual solve the problem that they're facing or to get another point of view.
4. **Editors and publishers of trade magazines, journals, and newsletters that support your target market group**. By building these strategic alliances, you have an opportunity to not only publish articles, but, most importantly, get yourself quoted in articles within these publications. This adds to your credibility and the sense of resource.
5. **Consider building strategic alliances with organizations that you are targeting and positioning yourself as a resource.** There are many associations and groups that support the market you are targeting that your clients and prospect may not know about. By aligning yourself with these organizations, you can bring the vast resources available from them to the people you're targeting.

The key is to recognize that to be a resource transcends simply helping individuals with their financial needs, it is being there when they have a variety of needs so that when they have a question, a challenge, or need a second opinion, you're the person they call because they see you as having the Rolodex of choice.

BACK

What Messages Are Your Clients Receiving?

By C. Richard Weylman

The financial services marketplace is extremely confusing to the average consumer. Most financial services companies, and even most financial services products, appear to be pretty much the same. Thus, in a marketplace where value is perceived as equal, you must be perceived as different. Not different just in the way you present a product or in your particular selling style, but in your ability to differentiae yourself by the way you market and prospect.
How can you market and prospect effectively to differentiate yourself today?

1. Focus on the prospect's point of view. In your promotional materials, including seminars, mail, trade show displays, cultivation activities, telephone presentations, referral letters, centers of influence discussions, etc., you must answer their question, "What's in it for me?" The tendency in the industry is to focus primarily on the company's or advisor's point of view. As an example, in prospecting and marketing activities, we often refer to a "range of products." Yet what the prospect needs to hear is that you will meet their needs as those needs change. Or, we say, "We provide good service," which is what everybody says. What the prospect needs to hear is that you will be there when they need you. Another example-"We have good ratings." What the prospect needs to hear and have is "peace of mind" that they're making the right decision. We say, "We have years of experience." What they really need to hear that you're giving them the right choices and right advice. Remember that value is perceived as equal unless it's explained. If all of the things that you say in your marketing and prospecting efforts are focused on you then it's difficult for people to see how you, your company, and your products can make a difference in their lives. This reinforces the prospects' thinking that everyone and everything in the industry is pretty much the same.

2. Demonstrate your interest in them. To do this you must adjust your mindset and recognize that friend-raising (marketing activity) must precede fund-raising (sales activity). How can you demonstrate that you're interested in developing a friendship with the prospects that you're approaching and the clients that you currently have?

Be available when they need you. True friends are available when people need them. We tell individuals that we really care about them and want to do business with them. Then we hand them a business card that only has our office number on it, which is usually attached to voice mail. If you really are available, demonstrate your availability-as a veteran advisor who was in the audience at one of my speaking engagements has done. On his business card he includes his office number, his home number, his cell phone number, his car phone number, his e-mail address, his fax number, and the number of the house at the lake. The point is that you need to be available when they want to buy or they need service, not just when you want to sell.

Show your appreciation for their interest in you. Take time to send people a thank-you note for meeting with you as well as a thank-you note for their business. As a retailer of financial services products, it is your responsibility to show appreciation. A thank-you note is remembered long after a telephone call is forgotten. You should also send a thank-you note to those individuals who do not wish to purchase right now. Tell them you're disappointed you weren't able to do business now, however, you look forward to working with them again in the future-and always encourage them to feel welcome to call. This demonstrates your interest in them for the long-term and not just for the transaction.

Be willing to give without expecting to get. By becoming involved and interested in your prospects' and clients' organizations and activities, they will, in turn, get interested in you. Serving on the association welcoming committee, finance committee, etc., is an outstanding way to show interest in them and to differentiate yourself.

3. To differentiate yourself, speak their language in the form of specialized communications. If you're dealing with executive chefs or people in the food industry, talk about the menu of services you offer; if you're dealing with people in the building business, talk about a blueprint for their future; if you're dealing with individuals in education, talk about how you will help them prepare a financial plan to be effective in life just as they prepare lesson plans to be effective in the classroom. To do this means you must listen perceptively to know and understand the people in your market, and then utilize their language and your knowledge in your prospecting activities and discussions. It also requires that you listen perceptively to know what clients and prospects want to how you can communicate with them effectively.

Keep in mind that in a marketplace where value is determined by the buyer, not the seller, sales may keep you in business, but marketing and prospecting activities hat differentiate keep you n sales.

C. Richard Weylman can help you move your business to the next level. As a professional speaker and consultant to the financial services industry he delivers messages that will help you wring more profit out of your Practice and reach more high net worth people. As a former Rolls Royce General Sales Manager and as co-developer of The Robb Report, he has spent a lifetime marketing to and working with high Net worth people. To discover the many resources he has to offer you and your organization, including his speaking topics, FREE e-mailed weekly marketing tips and online resource and audio library and much, much more, go to www.richardweylman.com or call 1-800-535-4332.

BACK

Positioning Yourself So You Can Become a Resource

C. Richard Weylman, CSP

In my last column, I discussed at length the importance of leveraging your resources to gain access to markets. Resources are identified as people, profits, and processes that are in place to help you open closed doors. An additional piece to the puzzle of gaining access to highly-qualified buyers is the need to be positioned correctly.

There is a great deal of discussion going on about the best ways to promote in the industry to gain access. However, there is very little discussion about how one should be positioned and thus differentiate oneself. All of this promotion with very little positioning is creating a great deal of noise in the marketplace and is confusing to the buyer.

The average buyer continues to think that most financial advisors, companies, and products are all pretty much the same. This is primarily because the focus is on promotion and not on positioning. One of the essential keys to gaining access in addition to leveraging your resources is to position and promote yourself as a resource.

Webster's Dictionary defines a resource as a thing, person, action, etc. to which one turns for aid in time of need or emergency. What this clear definition tells you is that the ultimate position you can achieve as a resource is that of a change agent when things change financially, people know they can call upon you.

At this point you should be asking yourself if you are positioned as a resource to your prospects and clients or simply as a sales agent. Do they perceive you as someone who is trying to sell them something or as someone who is helping them to buy that which they need or solve a problem that they've identified? A good way to measure this is to track the number of incoming calls that you receive not only calls for service, but also calls from prospects in the marketplace who have heard what a great resource you've been to one of your clients.

If you're not receiving incoming calls, perhaps you're doing a great deal of promotion, but you're not positioning yourself as a resource and thus people don't see you as someone to turn to in time of need or emergency. The challenge you face today is how to position yourself as a resource in such a noisy market.

1. To position yourself, you must make a solid commitment to make the right people aware of who you are and what you can do for them. There are many important parts of this statement. Examine the words carefully. Are you making the **right people** aware of **who you are** and **what you can do for them?** If you've established that, you are then able to position yourself in the marketplace.

2. To promote yourself effectively requires a specialized form of communication. It is speaking clearly and persuasively so that people understand that which you can do for them. It is listening perceptively to understand the real need and to bring discernment to the process. It is writing with clarity and power so that it is personal and not just promotional.

3. It's an ongoing process, not an event. It's doing the things necessary to gain visibility in the marketplace, whether that is community involvement, working with centers of influence, or organizational involvement.

4. To position and promote yourself as a resource, it is the realization that character is far more important than expertise. King Solomon said, "A good name is better than riches." It's important to realize that to be a resource you must be trusted, and to be trusted requires that you answer these questions appropriately.

Who are you when you are awake?
Who are you when you go to sleep?
Who do people see when they see you coming?
Who are you when no one else is around?

Looking the part is important, but acting the part is vital to be considered a resource that is trust-worthy and can be counted on.

Positioning yourself as a resource helps differentiate you from the competition and allows you to gain access to the marketplace on a favorable basis.

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BACK

Out of Sight, Out of Mind

C. Richard Weylman, CSP

Your objective as an agent in today's marketplace should be to continuously inform and educate your prospects and clients to do business with you because of a continual sense of relationship.

A case in point is Home Depot. When you enter a Home Depot store and ask any employee about a particular item or service, they will take you directly to the location of that item in the store. If you're unsure about how to do something, individuals working in various departments are well-versed in both concept and technique to help you solve your particular problem. This, of course, has come about because the Home Depot employee is a well-trained individual. Home Depot, as an organization, understands the benefit of having employees so well-trained that they can educate the customer.

Their philosophy is that if you take the time to inform and educate your prospects and customers, you will condition them to want to buy from you. Furthermore, they will tell their friends to shop at Home Depot.

The same is true in the financial services industry. If you inform and educate your prospects and clients, they will want to buy from you and you will benefit from positive word-of-mouth. In addition, just as Home Depot inspires people to continue to buy there because of the personal interest they take in their customers, you, too, by taking a personal interest, can inspire people to continue to do business with you.

There are many ways to inform and educate your prospects and clients. However, to reach them on a regular basis, you must maintain an accurate list of information about them. Today's technology makes it easy to load your targeted prospects and clients into a contact database. For each client and prospect you enter, you should assign and market code to identify their market segment. Be sure to include what they do for a living, where they recreate, and what and where their special interests are. This will help you to segment them even further.

In addition, record the date when each name was entered along with any special dates such as product purchase dates and the anniversary of the date they started their business or practice. Having this information in a database makes it easy for you to communicate with your prospects and clients.

As a financial services professional, the challenge you face is how to continue to inform and educate your prospects and clients. The following tactics are designed to help you answer that question:

1. Set up a hotline number for your prospects and clients to call with questions. One of the most effective ways to educate your prospects and customers is to be available when they feel they need information. Letting them know they can call on you for the information they need adds another dimension of quality to your marketing and prospecting relationship. A simple 2x2 ad in their local newsletter or trade magazine can position you effectively. If you are dual-licensed for insurance and investments and you're working Oak Hill Country Club as one of your target markets, the ad could simply read, "For answers to your insurance and investment questions, call John Doe at 555-0000, your Oak Hill Country Club Financial Advisor.

2. Send a personal message on audio tape. The creative way to inform and educate is to produce a personal audio tape once or twice a year. This gives you the opportunity to share new ideas and discuss issues of importance to your prospects and clients, and it also gives them the opportunity to hear your voice. This allows you to convey your personality into the message so that your prospects and clients actually feel as though you're talking to them one-on-one.

3. Use the power of targeted advertising. Successful agents and managers know the power of advertising. Local targeted ads in your association, recreation, or special interest oriented newsletters and publications put you closer to the people you want to reach. Run your ad every month if you can. If you can't afford every month, schedule it every other month. Be sure to run an ad no less than three times to be seen and recognized. To be sure your ads are effective, be sure they stand out. Start with a benefit-driven, grabber headline specific to your target market to capture attention.

4. Send product and services information updates frequently. Cross-selling starts with cross-marketing. Discipline yourself to inform clients and prospects of new opportunities available to them to maximize their insurance dollars and reduce their risk. John Ephraim, who targets executive chefs in Chicago, sends out a regular notice to his clients and prospects about his "menu of services." He highlights his "new" menu items (products and services) and various "specials" he thinks work best for them. You could do the same.

5. Do annual surveys of your prospects and clients. Perhaps the greatest source of education ideas are your clients and prospects. Survey them annually and ask questions such as:

What problems do they want solved?
What needs do they have this year?
How do they prefer to get information about products and services from you?
Do they usually read advertisements in local convention or special events programs?
By asking these types of questions, you know what matters to them. It also is another point of contact which keeps your name in front of them on a favorable basis and shows a personal interest.

Clearly, the lines between marketing and prospecting and selling are blurring. As a financial services professional, you are increasingly responsible for making things happen in your marketplace. To ensure your future, you need to continually educate and inform your prospects and clients to not only know who you are, but what you can do for them.

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Marketers Focus on People, Merchandisers Focus on Product

C. Richard Weylman, CSP

I receive many questions at my speaking engagements about positioning and promotion, here are some ideas to help you expand your business flow through marketplace positioning and promotion.

Positioning is solid commitment to make the right people aware of who you are and what you can do for them. Essentially, in the financial services industry, you should be positioned as a financial resource to individuals. In other words, someone who is a change agent. Specifically, when things change for people financially, the person they call is their financial resource and that should be you.

Secondly, promotion is a specialized form of communication. It is speaking clearly and persuasively in the language of the market. It's listening perceptively so that you can help them to buy as opposed to just sell. And it's writing with clarity and power using lively verbs and lively nouns to paint a picture so that people can understand the tangible value of the intangibles that you offer.

How should you characterize what you do so that you are positioned correctly? The key that unlocks this level of understanding is to recognize that you must communicate from the point of view of the prospect and client. People today buy only from their perspective. This is annoying for many because it represents the fact that we live in a narcissistic society. Be that as it may, we must recognize we have to market to people in a way to which they are responsive as opposed to a way that, perhaps, we're most comfortable.

This being the case, it's vitally important, then, that you answer the age-old question up front in all of your marketing and sales efforts, “What's in it for them?” Fortunes have been made in this industry and many others over the last several years by organizations and individuals who focus on answering that question consistently, concisely, and clearly.

We often say such things as, “We have good ratings.” That's what we may say, but what they need to hear is, “Our good ratings will give you peace of mind.” You might say, “We have a wide range of products.” That is your point of view. What they need to hear is if you're going to be able to meet their needs as they change. You might say that you provide good service. However, what the individuals in the marketplace need to hear is that you'll be there when they need you. You might say you have years of experience. That's your point of view. They need to hear that you're going to help them by giving them the right recommendations.

Once you capture this idea in your mind and recognize that you must communicate from the individual's point of view, all the other pieces fall into place. By communicating from their point of view, it immediately positions you as a resource. By communicating from their point of view, it differentiates you in the marketplace because most people simply don't take the time to determine their prospect's or client's point of view. Thus, they all seem pretty much the same.

Most importantly, when you focus on their point of view, it allows you to promote in a very specialized way and utilize it in all of your promotional and presentation activities. Simply put, their point of view is the benefit to them of the things that you have to offer. With this understanding, let's look at how you can integrate the buyer's perspective or “benefits” in all your marketing and sales efforts.

1) In direct mail pieces that you submit for compliance, start with a grabber headline laden with benefits such as “You can achieve the peace of mind you deserve,” or You can protect yourself against unforeseen circumstances.” A grabber headline gets people's attention and 75% of the population will continue to read if you start with a grabber headline.

2) Trade show displays. Often trade show booth signage is all about the firm or you. It should be exactly the opposite. When you set up your trade show booth, stand in the aisle and look at your booth. The benefits panel should be on the left-hand side and a features panel on the right-hand side.
Benefits panel examples:

We Can Offer You:	Peace of mind
	The Retirement You Deserve
	Security for Your Family
	A Pension Program That'll Make a Difference

The features panel would then describe the various products and services that you offer. Remember, benefits get their attention, features prove that they can come true.

3) Thirty-second voice mail messages. When you call an organization or an individual, are you leaving messages that are laden with benefits, or are you simply leaving messages asking them to call? A message that tells people you want to speak to them because you've discovered some ways to maximize their insurance dollars will clearly motivate them to call you back much more quickly than saying, "Call me, I need to talk to you."

4) Seminar events. Make sure you have a benefit-oriented title and that all of your promotion activities speak to the attendees' point of view. These activities could include announcements, invitations, telephone campaigns, endorsements, etc. In addition, your seminar evaluations should always ask what the program did for the participants so that you can use those statements in future promotions.

In summary, remember that merchandisers focus on products, but marketers focus on people. It's your choice. But today let us not forget that to get the attention of people, you have to pay attention to them.

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Adjusting Your Mindset

By C. Richard Weylman

In today's over-marketed environment, it's getting increasingly difficult to capture the attention of the individuals with whom you want to do business. It is no coincidence that recent surveys indicate that the most pervasive interest you as a producer have, regardless of production level, is receiving more marketing support. Further, ongoing research defines marketing support as more education, coaching, and consulting on how to duplicate best clients.

Marketing support can be derived from many sources, however, to begin the process and maximize the resources available to you requires willingness on your part – a readiness to do the things necessary to focus your efforts, position yourself as a resource, and gain visibility. As a retailer of financial services products, you must gain visibility in the marketplace. I firmly believe that most individuals fail in the industry because people simply don't know what they can do for them.

Let's look at the issue of visibility – what is the most cost-effective way to become known to a specific group of people and leverage each activity that you do? The obvious answer is networking. Unfortunately, networking is one of the most misunderstood concepts in the industry. Networking, according to the late author, Anne Bowe, is the art of creating your own visibility. We know that successful people are interdependent, not independent. The question then is: Is your net-working?

What are you doing to become well known in the marketplace so people can know you and trust you and are willing to do business with you? Networking is not simply passing out business cards at the local Chamber of Commerce function. It is not belonging to a lead club where individuals simply give you the names of other customers and then you hope that they will take your call.

Networking is a very focused activity designed to increase visibility in the marketplace. The way to view networking is to see it as a series of marketing events that allow people to know you and know about you and begin to trust you so that they can do business with you.

To network effectively and turn that activity into a marketing event requires that you adjust your mindset. Instead of just buying a mailing list of individuals in a specific industry or income group, consider targeting and joining the organization to which these individuals belong. This could be a professional or business organization, a recreational group, or a special interest group such as the symphony supporters, Audubon Society, etc.

By joining the organization, you are then a part of the organization, it allows you to go to meetings, attend functions, and become truly visible by rubbing shoulders with the very people with whom you want to do business.

Volunteer to serve on a committee. This gives you an opportunity to demonstrate your talent, ability, interest, and personality. There are many types of committees and you should determine the one that will best showcase your talents and give you the most favorable exposure. The finance, welcoming, membership, and fund-raising committees are excellent venues to be able to gain maximum visibility. Serving on a committee that meets 12 times a year gives you 12 marketing events to put on your calendar. If you're unsure about the best committee to serve on or where the need might be, ask the executive director or membership chair of the organization.

Conduct educational seminars for the members of the organization. A good example of this is Jim Yurman of Cleveland, Ohio who promotes his financial services practice by targeting seminars to resident physicians. He recognizes they are very busy so he occasionally puts on an hour-long seminar at local hospitals during lunch. This approach gives him an opportunity to showcase his personality and ability. This, in turn, opens the door to reach them on a favorable basis.

Submit an article or a series of articles to their newsletter or trade publication. The advantage of this is that it gives you more credibility than an ad and, most importantly, allows people to adapt that which you've written to their specific business and/or point of view. Keep in mind that a series of articles is far better than one article because one of anything has no cumulative effect.

Put your imagination to work so that you can identify and create marketing events. As an example, Cary McNeely, a financial services professional in North Carolina targets chiropractors. He's gained favorable access to these prospects by sponsoring a trick hole at their golf tournament. This event is held in conjunction with the annual chiropractors association convention. Cary videotapes and photographs the chiropractors as they take a shot at this trick hole. The photographs are processed into color posters that day. The next day the posters are handed out to the players at his exhibit booth where the videotape is shown on a large screen. This event sponsorship creates so much prospect traffic to the booth that Cary has made it into an annual marketing event.

You can apply this idea in many ways by sponsoring a special contest or booth where everyone wins a prize; or ask your local auto dealer to provide you with an evening at his dealership where you can invite clients to a special "automotive maintenance" evening. They provide the expertise and technicians, you provide the audience.

The most important thing about networking is to realize that it does create visibility for you. As a marketing event, it's simply an opportunity for you to display your character and your caring to those who will respond by wanting to do business with you. If you feel as though you don't have enough time to be involved in marketing events, I encourage you to review your calendar and carefully consider what you are currently doing with your time. You can continue to push your products on others or you can adjust your mindset and engage in marketing events that draw them closer to you.

By adjusting your mindset and your willingness to do things differently, you will be able to assimilate and utilize the marketing support available. Succinctly said, start with what you have and build upon it. To do so requires that you put in enough time and effort to get where you want to be, not just enough to justify where you are now.

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Redefining Your Prospects

C. Richard Weylman, CSP

No matter how you or your company have segmented the market in the past, today's market conditions require that you adjust the way you see and define the marketplace now. Successful advisors know you cannot earn the right to see people by trying to be all things to all people. You have to relate to them, speak their language, establish a rapport and develop trust. To break through the barriers in the marketplace today, look at how people interact and build mutually rewarding relationships with one another. You will quickly realize that they usually organize or associate with one another based on what they do for a living (i.e., their profession, type of business, or occupation) or what they do for recreation (e.g., play sports or join clubs). Many also organize and associate based on their social, charitable, cultural, or community interests and ethnic backgrounds. Remember the old truism, "Birds of a feather flock together." People associate and communicate with other people like themselves. For instance, people in the same type of business or profession join together in an association. People who play golf associate at country clubs. To gain access to the marketplace, you should then divide it based on how they associate and communicate with one another. The advantage is that by segmenting your market into niches in this way, you can reach out to specific groups of prospects. They get to know you and the relationship-building process can begin. Without focusing on specific groups that associate and communicate, your marketing and prospecting efforts will continue to be frustrating and expensive. Think about it:

- Isn't it likely that real estate attorneys will associate with other real estate attorneys or orthodontists will socialize with other orthodontists?
- Wouldn't the members of a bicycle club, tennis club, or ethnic social group compare notes with one another about how satisfied they are with a product or service?
- Don't parents of children in a particular elementary school relate and communicate with each other on a regular basis? As evidence of this, elementary school PTA and PSTA membership is soaring.
- Isn't it true that people who own auto dealerships belong to a common group with their peers? Don't dry cleaners follow the same path?
- Is it fair to say that many corporate human resources directors and other executives belong to a group of their peers as well?

The objective is not to segment the marketplace just so you can divide and conquer, nor is it to get a more defined mailing list of prospects. You should divide the marketplace into segments or niches, to, first, better understand the people in the markets and build solid relationships with them- relationships based on mutual respect, honesty, and integrity. Second, by focusing on how people in the specific markets interact with one another, you can target your relationship marketing and prospecting activities specifically to them and for them. This combination of targeted effort and ethical behavior will give you favorable access to them and others like them. How, then, can you segment your clients and prospects so that you know the best markets for you and where you want to concentrate your relationship prospecting efforts? Here are several steps to help you find success:

1) Print out your last 40 sales. Print the names of the individuals in list form. It matters not what type of product they purchased, you simply want the names from which to work.

2) Write adjacent to their name what each of these individuals does for a living. Be very specific in your answers. If they're a small business owner, indicate what type of small business they are in; if they're a professional, (not just "doctor," but what type of doctor, not just "attorney," but what type of attorney); if they're in an occupation, write down their specific occupation. This will help you later when you group people together that have a tendency to associate and communicate with one another. Then list what each of these individuals does for recreation, and again be very specific. Include organization to which they belong.

   Finally, adjacent to their name, list what each of these individual's special interests are (i.e., ethnic, religious, cultural, etc.) and the organizations to which they belong.

   As an aside, if you have no idea what your clients or prospects do for recreation or what their special interests are, you have an additional issue to address. Is it possible that you're not meting all of their needs because you don't know them well enough? Perhaps there is an opportunity there to solve other needs or desires that they have relative to their interests and pursuits outside of their business or occupation. And isn't it also possible that if you don't know what they do for recreation or special interest, opportunities to reach other people just like them through referrals, networking, and cultivation techniques could be missed.

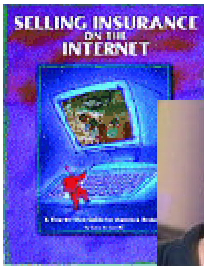
   To solve your immediate problem and so that you can identify your best target markets, call your last 40 sales or hire a high school student or marketing intern to make those calls for you. They should call to "update" your customer files and ask pertinent questions about what these people do for recreation, special interest, and to which organizations they belong.

3) After you have determined the scope of your clients' interests and involvements, begin to group your list together based upon your interest level. If you want to work with individuals based upon what they do for a living, then group together those that have the same occupation, profession, or small business. If you would prefer to work with individuals based upon their recreational pursuits, group them likewise. The same for their special interests.

4) Finally, take a step back and decide which of these groups you would like to build future business around. The most important point to remember is to pick the group or groups where you feel you have an affinity or link. In other words, work with individuals ith whom

you feel you have something in common.

By doing this, you will be working with individuals that you're comfortable with and that associate and communicate with one another. That means you can associate with them comfortably and they can communicate about you when you're not there. Most importantly, by focusing on how people in specific markets interact with one another, you can target your relationship marketing and prospecting efforts specifically to them and for the. This combination of targeted effort founded on ethical relationships will give you favorable access to them and others like them.



Gary Savelli

We highly recommend Gary's book for the most informative, concise guide to building and promoting an insurance website. To order, go to [www.insurance-web-sales.com] or contact Gary at gsavelli@aol.com

Working With Your Insurance Carriers to Make Internet Sales

BACK

When writing business from the Internet, it is important that you let the insurance companies you work with know what you are doing. There are a variety of reasons which I will touch on, but I feel each carrier has a right to know where there business is coming from.

I have NEVER had a company tell me NOT to write business from the Internet. In fact, their response is usually the other way around - one of interest and encouragement. Insurance companies, in my opinion, are light years behind other types of companies who have seen the economical value of doing business on the web. There are a few companies that have started to get serious about it, but at the time I am writing this, very few. Most of the companies come to see me to find out HOW I am doing business because they are excited about learning more. You will be teaching your companies how to do it! At our web site we do primarily property and casualty lines of insurance. I have not yet sold much life or health insurance from our site (although I have had inquiries), so much of the advice I give you would be related to the property/casualty lines.

Here are some of the reasons why it is important to work with your companies, and let them know you are doing Internet business:

1. They will make "exceptions to the rule" oftentimes, to help you place this business. One example that comes to mind is an account I wanted to write for auto coverage, and that particular carrier had an "agent must inspect" rule in their program. I called the company's marketing representative and told them that the person had prior and continuous coverage, it was a good family type auto risk, the kind they were looking for, and that due to the distance (they were in southern California and I am in northern California), I could not inspect the cars.

He told me, "oh that's no problem. Just put my name on the application as approved." Boy, I was pretty surprised. Here was an account I was ready to turn away, and the marketing representative says to write it! You never know until you ask.

On the other hand, there have been many times when I have HAD to turn away accounts, because it didn't fit and the carrier would NOT change their guidelines for me. So when I quote risks via the Internet I have to take that into consideration. Obviously, it is not good to quote an account, and sell it, only to turn around and tell the customer you cannot write it for them. If you feel an account will not fit a certain market, don't even quote it with that company.

2. It is important that you don't violate your company's trust. I remember one instance where I wrote a new motorcycle insurance risk, and 3 days after the account was placed, the fellow totaled out the $6,000 cycle. The carrier called me and asked me how well I knew the client.

Of course, I had to explain that I didn't know them well at all. And so, you can put yourself at risk of losing a carrier if you ruin your relationship with them. Therefore, tell your carriers the relationship you have with the client on the application, if there is not already a spot for that on the new business forms.

Fortunately in the above case, I had let the carrier know on the application that the account was new to our office, and I did not know them previously, so there was not too much they could really say or do about it. It was acceptable to them per their guidelines, so I was clear of any blame or malice. Needless to say, I am a little more cautious now when using that company, which is the prudent thing to do anyway. You learn how to be better at what you do with every mishap.

3. You will save yourself a lot of time and explaining, by being up front with your carriers about your Internet endeavors. One company called me (during my early days), and said, "How come you're always using these fax copies of our applications, and we can barely read them?" (That is where I got the idea to make sure that I have the absolute clearest application copies possible.) I told them that the business came from the Internet, and the underwriter was actually very happy to see it. But had I communicated this to them in advance I could have saved a half hour on the phone.

4. Sometimes, your insurance companies may PAY you for your Internet business! I had one marketing representative come to see me to thank me for the sudden surge in policies with them. They were NOT very competitive in our area, but they were great in areas I was quoting around our state from the Internet. When I told her why, she was thrilled. Before she left, she handed me $250.00 in "bonus" coupons. These coupons had spaces for the names and policy numbers of accounts placed in the last 60 days,and each one was worth $25.00. It was no trouble for my book keeper to find the policies written and claim that money!

Another company decided to provide free marketing materials, brochures, mousepads, notebooks, binders.... you name it - I got it! "Freebies" because of my Internet business.

Yet another company uses me as their "poster boy." When someone from their home office comes to visit California (the home office is in another state), the marketing representative always brings the home office V.P. or whatever, out to see me. Then she makes me tell them how much business we do on the Internet, and all about my web site, etc. I get tired of telling the same stories over and over, but I like helping her make a good impression. Recently, as a thank you, she sent us some coupons for free pizza at a local restaurant... which we enjoyed on our Friday lunch.

5. Be a hero for a change. Most of my companies think I'm the smartest agent they have. (They haven't talked to my wife lately!) Really. Enjoy the limelight when you can. It gives you a sense of accomplishment to have your companies tell you how great you are, and to be interested in YOU for a change (instead of being interested in themselves.)

One company came in and peppered me about why I was not writing more business with them. I told them it was because they were NOT "Internet sensitive." It led to an intense discussion, and in the end it became obvious that they needed me, more than I needed them. They were VERY aware of my Internet success due to articles they were reading in the insurance journals, they knew it. I let them know that OTHER companies are PAYING me for business, not threatening me... and I wanted to know what THEY would do for ME (wow! that's a switch!). They said they would talk to their superiors about it.

A week later I get a call, to let me know they are coming out with a new homeowners product (For my "Internet" customers!), and asked would I like to be appointed. (I wanted to tell them, "Let me talk to my superiors about it"!) But, hopefully as I will be forever, I was gracious, and said, "I'd love it."

These are some of the advantages in letting your companies know what you are doing on the Internet. Like anything in life, communicating is very important. It's a lot better to solve what can turn into problems way in advance. And it's even better to find out what benefits are available that you'll never know about until you ask!

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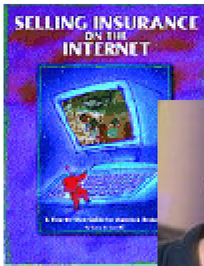

Gary Savelli

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The Birth of YourInsuranceAgency.com

BACK

Yes, they're failing... the DotComs are going under by the droves, and if you've been reading the news, you're even LESS inspired than ever to build a web site, or to keep struggling to make your agency website succeed than ever before. Right? WRONG!! Here's why....

I'm more inspired than EVER! Why? Because nearly every one of the principles I teach in my book, "Selling Insurance on the Internet", was violated by these online companies in part or in total. They are dying because they are not listening (not just to me, but to many others who have been saying the same things for years now.) If you are an insurance agent, NOW is the time to get on the Internet if you are not on it already! Now is NOT the time to roll over and die. Now is the time to "be born!"

"What Went Wrong?"

Why are these Internet companies failing? There are several reasons, and if we can learn from them, we can make OUR insurance websites successful. Let's look at some of the reasons for these failures, and what we must do to succeed and to start making money on the web.

Wrong Move #1: Large Amounts of Capital Spent on Advertising

These companies were spending millions in advertising. The truth is, that you will NEVER get your money's worth in advertising on the Internet. However, the good news is that you don't need it to be successful. There is no need for an independent agency to develop a "brand name recognition," and that's mostly what web advertising will do. Of course, with that recognition will come some internet traffic -- and that's what it's all about. But there are a variety of ways to get traffic to your site for little or nothing. The easiest way, and the cheapest way, is through the search engines, many of which are still "free." There are a few that now require fees, are worth paying for (Yahoo, LookSmart, and Inktomi to name some of the prominent ones), but by and large, you can get traffic to your website for free. Enough to keep most independent agents busy every day.

What an insurance agency needs to get web site traffic is good web page layout and coding, hard work in submitting your pages to the search engines, and taking the time to make contacts, improve flyers, advertising, yellow page ads, and other avenues, which will get people to visit your site. And no insurance web site will produce sales without a good assortment of insurance products that are competitively priced, good sales strategies, and "niche" marketing for specific insurance types and needs.

Wrong Move #2: They made the Internet Their MAIN Source of Revenue.

At this time, the Internet will probably NOT be your MAIN source of revenue. It needs to be an adjunct to what you are already doing. At our agency, about 25% of our monthly revenue comes through the Internet. That percentage is on the increase, but we realize it is an ADDITIONAL source of income, not the main source. Sites like "e-Toys," "Pets.com," who were Internet earning ONLY companies, learned they could not survive that way. Even companies like "Amazon.com" would not exist through their retail Internet sales alone. You need alternate sources of revenue, whether you are a small or large company. Companies that are successful because they see this (like JC Penny.com, K-Mart's Bluelight.com, etc.), realize that the Internet is a TOOL, not a SOLUTION.

Spend a good deal of time and resources on your site NOW, so it will be ready for the FUTURE. But realize that you cannot drop everything else for it. Keep improving what you are doing at your site, and make sure that your site succeeds. If it improves what you already do well, that is success from an Internet standpoint.

Wrong Move #3: Huge Amounts of Capital Spent on their Hardware and Software.

What do you need to succeed on the internet? A very simple array of things. A computer, an Internet service, a hosting company, and a basic selling-oriented web site. The computer you probably have already. The Internet Service you can get for only $20.00 a month or so (America On-Line, etc.). The web host should cost you between $10.00-$20.00 a month, and the website should cost you no more than a $500.00 one time charge, with very minimal charges for updates. That's it. Everything else is "fluff." If you spend more than what I have told you, it's over-kill, and it will be wasted money by and large.

I hear horror stories of agents spending large startup fees ($1000's and beyond), large hosting fees from some insurance web site hosting vultures (in the neighborhood of $100.00 a month and up), and other needless fees like paying for useless quotations and leads, paying hundreds of dollars for links on web sites, and on and on. You don't need it! And if you are in such scams, try to get out. (If you need help starting a site, we can get you going for only $500.00 at http://www.insurance-web-sales.com). With your hard work after the site is running, you will sell. I have not met one who has not, if they were serious about making it happen.

Wrong Move #4: They Tried to Do Everything Electronically or Automatically.

I have found that the sites which are making money are those who have the ability to work via the internet AND which have customer sales and support people at an 800 number, especially "service" type sites (which insurance agents are). You MUST have personal contact with your customers. The LESS personal interaction I have with my clients, the less I sell. There is NO budging for me on that issue. Over three years of experience has proven this to me, without controversy. If you don't TALK to people, it is hard to sell.
One example? The other day a man contacted me about earthquake insurance. Asked for a quote. I gave him the figures via e-mail. He contacted me by phone and asked why he should buy the insurance from me, rather than from the company directly (he even named the company before I told him who it was because he had gotten the figures from the carrier's web site which were identical to the quotes I provided!). Never mind what I told him. He bought the policy from me. That was a $70.00 commission I made in 3 minutes of talk. I am better to him than any insurance company web site, and so are YOU! People still want people...and if you don't like people, you won't sell too much.

Lastly, if you need help with your web site endeavors, just ask. The selfish won't tell you anything. The greedy will charge you huge sums for information. Stay away from them. The people that really care about YOU, will help you for a fair and reasonable price...that's how you will know who to trust. (And when you ask, make sure you ask ONLY the people that are doing it successfully. Most of the things I read in insurance magazines are written by "consultants" who have never sold an insurance policy on the Internet in their life!) So what I am asking you to do, is refrain from making the mistakes most agents and failing internet companies are making. It's time to be BORN! Don't get on the Internet hoping it will do your work FOR you. Get on the Internet so it can work WITH you...and you will see a big difference!

Gary Savelli

http://www.Insurance-web-sales.com

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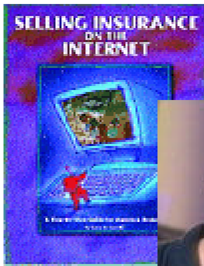

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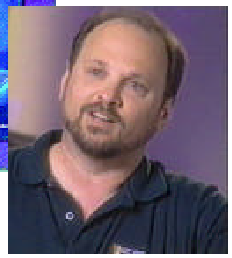

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How to Sell Insurance on the Internet . . . The Old Fashioned Way

BACK

Guest Columnist
Gary Savelli

Never in my wildest dreams did I think I would be able to tell people that I made $75,000 my FIRST YEAR actively selling insurance on the Internet. And it looks like the coming year will be even better. Through our web site, our small four person San Francisco family agency is selling an average of 50 or more policies and bonds per month as I write this....

The past four months were record months, with close to 100 new policies A MONTH, all sold via the Internet. We get 20-50 quote requests daily and, of course, referrals from customers we have sold at our web site. Folks, I am telling you the truth when I say that we are trying to CUT BACK on Internet sales because we cannot keep up with it. There is money to be made on the Internet, and if other insurance agents have tried, and tell you otherwise, it's usually because they have not done it right or have not understood what it takes to make sales. Here's what it takes....

Forget the common jargon you read in every broker and agent magazine article you pick up about insurance on the Internet. Yes we all need fast loading sites, interesting content, regular search engine submission, fast and automated quoting... but phooey! We know all that. We've read the same stuff over and over! Most agents that have web sites know what to do (or are learning what to do) - but they are selling only a few policies here and there. It's a start - but it's not "success."

I have insurance brokers, marketing representatives, insurance companies, agency managers, and web site designers asking me how I sell insurance on the web.... because they can't! Yesterday I spoke with a company Internet consultant who told me that what my agency is selling rivals most COMPANY'S Internet sales numbers!

For a variety of reasons, insurance agencies both small and large, and even some companies, just aren't doing what it takes to be successful at it.

Now, in this article I'm NOT talking to big companies like Progressive, InsWeb, etc. who have budgets of millions of dollars, and can do things that 99.9% of the average agencies cannot do. Forget all of that... you don't need it. Let them do what they are doing, and God bless them. What YOU need to do is so simple, most agents overlook it altogether.

Let's try HARD WORK for a change!

There is a mentality out there that somehow thinks one can get a web site up and running, and do just about nothing, and all this money will come rolling in. It's just not so. I don't know where that idea started, but let's get rid of it. To make money on the Internet takes a lot of WORK. I have helped several agents get going and I find one thing in common: the agencies that sit back waiting for their web site to do the work, reap just about nothing. The ones that go crazy TRYING to make it work see results. So the question is, what effort are you putting into it?

My sales do not come "automatically" from the Internet. In fact, the more "automated" my site is, the FEWER sales I make. Why? Because I believe insurance is something that will always need some personal intervention. I'm sure these "automated" company sites do all right, but I have heard the bottom lines are not what they were hoping for.

Of the 100 automatic auto quotes my site does, I sell maybe two of them. MAYBE. Of the 100 auto quotes I intervene in (by e-mail, telephone, or mail) - the ratio goes up to something like 20. Why? Because I am a salesman. I'm a nice guy. I like my clients. I want to help them. I'm eager to go out of my way to "fix" things for them. I spend time with them. I make things easy for them. I work hard!! If a fellow has received an automatic quote from Progressive, and then talked to me, if my product is competitive, I will win every time (I hope!).

Now - hard work you say? Hard work in what? Of course we can only talk about a few things in an article this length, but let's return to the things that everyone knows already, and see how hard work can make it all come together for you.

"Your Web Site and The World of Search Engines"

The normal course is that an agent will submit their web page to a few search engines, and keep their fingers crossed. Yes, they may see a few hits to their site if their web pages come up on occasion. But eventually your web site will disappear from the rankings and sometimes altogether from an engine for no known reason. Fresh submissions are the best. We have a diligent submission schedule at our office where we are submitting EVERY WEB PAGE we have to the major search engines on a regular basis. At least monthly. If we are looking for more traffic, sometimes every two to three weeks. When we are too busy to handle the number of quotes coming in we STOP submitting to cool things off.

How long does submitting web pages take? Many hours. It costs money if you want someone else to do it for you (a great "by-hand" submission operation which does your page for only $5 to all the major engines can be found at http://www.submit-by-hand.com). If you don't submit your pages regularly, you can forget it. Without hard work, you will see very little traffic at your site. And usually your MAIN or HOME page is a search engine loser, so you need sub pages that feature other kinds of insurance programs you have to offer. The more, the better. That's more hard work designing and redesigning until you are successful.

"Is One Web Page Enough?"

No. One web page is mediocre at best. That is if you are trying to sell insurance. If you want a glorified "calling card" on the Internet, stick with one web page. If you want to sell insurance, you need a minimum of 12, each targeting your potential customer's interest. We have over 100 web pages. We have 20 domain names featuring different kinds of coverage. We work hard at getting to people who need our help, and statistics prove that if they don't find what they need within 12 minutes, they quit. So, much effort is given by us to be found for very specific situations, and to be found quickly. For example: for "special event" coverage, we have a wedding event page. What can you do? If you write airplane insurance, get a Boeing Airplane insurance page. If you write roofers liability, get a specific page for that product. If all you have is a blurb on your main page, the engines and viewers will not pick you up. This all takes time and effort on your part. Are you willing to do it?

"The Inquiry, Quoting, and Sales Process"

My web site has very RARELY sold a policy all by itself. It is always best to get as close to the person inquiring as you can. It takes a lot of effort. Sometimes a person wanting a quote does not want to talk to you, so you can't get too close, but my experience has been that most are happy to meet a "real" person. So when your quotes start coming in, you need to really do some "selling" to get your clients. If I talk to a person on the phone, that is by far the BEST way to make a sale. Next, would be e-mail contact. Last would be them getting automated information and contacting me. If I can TALK to the person, I get a good feel for what they need, and what I have to offer them if anything. If I just sent them an e-mail, I have to wait for THEM to decide if they want my service (whereas, when I can talk to them, I can ASK them to make a decision right away.) And lastly, automated quotes are least effective because I cannot be involved in the sales process at all... and as I said, I sell very few of those. Now the Internet buyer is very "quick" and "savvy." Yes, they are glad to meet a nice person like you, but they want some service.

So, if you are going to have a secretary take a message when they call, of if you are too busy to talk, forget it. My staff has explicit instructions to get Internet inquiries to me or my sales people as close to "right now" as they can. Sometimes that is not possible, but that is rare. "Call backs" (meaning a person leaving a message and me returning their call) are most often losers. I have found that by the time I get back to them it's too late. They want to BUY! And so it can be very hectic, and it takes a lot of effort. But we sell them all the time, 5 to 10 a day. Perhaps I could sell more than that if I had the wherewithal, but we are not looking to expand as an agency right now - so the current volume is more than enough for us to handle at this time.

"Processing New Business Effectively"

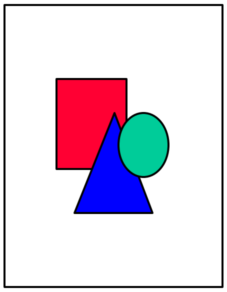
Because Internet customers are looking for service, it takes a lot of effort to "get ready" for them. When they call, and are ready to buy, are you willing to do what it takes to be prepared to process that business without delay?Time is of the essence. We have spent numerous hours getting perfectly clear copies of applications, forms, and cover letters needed to process thatbusiness when the buyer chooses to use us. When a person says, "fax me the applications, I want the insurance," they have them in their hand in less than 5 minutes. That makes an impression - and a sale. If they have to wait until later in the day, they may call someone else - it happens to us on occasion. But if you have done your job, it's going to be you that wins out.

My bookkeeper runs credit cards through immediately when a fax order arrives. She has to stop everything to get that done, because once the money is in hand, it's over! So we are scrambling at times to finalize each policy. But it works. It works because WE are working, and working hard.

"In Conclusion"

The results? A happy staff among other things. When a day goes by so fast, because we are so busy, morale stays high. People have a sense of accomplishment. They know we are making money and doing well. And we reward them for it. If they work hard, I want to compensate them for it. We have a wonderful agency "family" - and a Chinese lunch every Friday. An agency shirt and baseball cap. Candy, dinner gift certificates, and even cash bonuses. Why not? We worked hard for it!

Folks, it's a big pie. Are you selling five new pieces of business every day without spending anything extra in advertising? Without knocking on doors? Without buying a huge yellow page ad? Without hiring more sales people? I am. I'm happy! I am not offering you a "get rich quick scheme." It's about adding a steady flow of customers to your business each and every day. If you are willing to WORK HARD to get your web site started and running efficiently, the Internet will work back for YOU.



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I'll see all you hard working agents on line, making your agency web site a real success. Those that aren't working so hard? — Well, maybe I'll see you at an eBay auction, spending your hard earned money trying to find a bargain... isn't that the way it is in this life?! :)

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