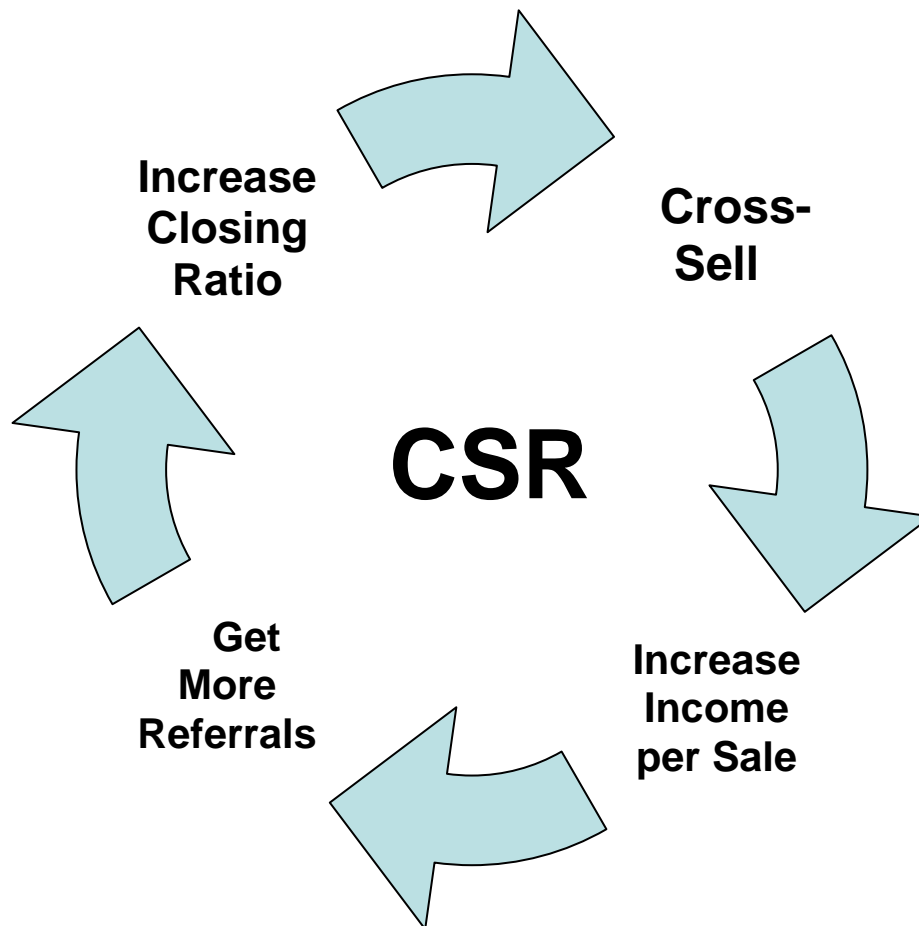


Setting Realistic Goals for CSRs & Producers



"The reason most people never reach their goals is that they don't define them, or ever seriously consider them as believable or achievable. Winners can tell you where they are going, what they plan to do along the way, and who will be sharing the adventure with them."

... Denis Watley

"The discipline of writing something down is the first step toward making it happen."

... Lee Iaccoca

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Just Ask Yourself ...

1. Do you have written goals & objectives for all producers, including owners?
2. Are you positive that your producers are profitable?
3. Do you have a system for monitoring your production / commission monthly with your companies?
4. Are you making full use of your agency management system?
5. Are you, as an owner, happy with the financial results of your agency?
6. How would you like to learn how to increase your agency income by 32%?

Most agency owners think setting goals is comprised of 4 areas:

1. Increase Closing Ratio
2. Cross-Sell
3. Increase Income per Sale
4. Get More Referrals

In this "Now You Know About ..." Booklet, we'll provide you with scripts that have proven to increase closing, cross-selling, referrals and retention (and the methods to remind them to use them every time!)

We'll provide you with the templates to easily set and achieve goals and report on continued progress.

We'll provide you with a sample CSR Compensation Program that assures participation in all areas of the "Winner's Circle".

Homework Assignment #1: What do Employees want?

You need to do a little homework before even thinking about setting goals for CSRs and Producers.

Make blank copies of this exercise for each of your employees and ask them to rank these items 1 – 10 (with one being the most important).

The owner & office manager should also complete the exercise as they think the employees ranked them.

What Do Employees Want? Rank these items 1 – 10 (with one being the most important)	My Answers
Loyalty to employer	
Job security	
Full appreciation of work done	
Good pay	
Good work conditions	
Interesting work	
Promotion and growth	
Feeling of being in on things	
Tactful discipline	
Help with personal problems	

How do you & your staff compare with these results from a survey done by George Mason University in Virginia?

What Managers <i>think</i> Employees Want	What Employees say they <i>really</i> want
Good pay	Interesting work
Job security	Full appreciation of work done
Promotion and growth	Feeling of being in on things
Good work conditions	Job security
Interesting work	Good pay
Tactful discipline	Promotion and growth
Full appreciation of work done	Good work conditions
Loyalty to employer	Loyalty to employer
Help with personal problems	Help with personal problems
Feeling of being in on things	Tactful discipline

Source: Survey from George Mason University in Virginia

Homework Assignment #2: The Little Red Hen Revisited

Editor's note: The author of this story, Jack Allen, is the chief executive officer of CFR, Inc., in Tulsa, Oklahoma, which was named Rough Notes Marketing Agency of the Year in 1994. Jack has long had an interest in management issues related to employee motivation, and in this "corporate fairy tale" he examines some of those issues by rewriting a familiar children's story.

How many times have we failed to identify the talent of those around us because we got caught up in our own agenda? Take a good look at your own company and ask yourself if your employees know what is expected of them in their job. Do they have the necessary tools to do their job and do they love what they are doing? Are they using their unique talents in an organization that celebrates their unique abilities?

A better understanding of people's individual strengths and styles can make for a more productive work force. When people are doing what they naturally do well and are doing it in an environment which encourages them to be themselves, energy levels are higher because they are not struggling to work against their grain. There is less stress and strain for the individual.

Your assignment is to read the online corporate fairy tale then apply its lessons in your agency's workforce.

[Little Red Hen Revisited](#)

<http://www.roughnotes.com/rnmagazine/10cdindex00.htm>

There's an old saying that if you have a difference of opinion with someone, you should walk a mile in their shoes. Then if you still have a difference of opinion ... at least you have their shoes and you're a mile away!

The Value of Goals

- ◆ Provides Clarity
- ◆ Aligns the Organization
- ◆ Improves Performance

Why Set Goals? – To Provide Clarity

Try this little experiment with your employees. Have each person stand up and close their eyes.

Then ask each to keep their eyes closed and point to true north.

Ask them to keep pointing but open their eyes. You'll be surprised how many folks have a difference in which way is North!

Setting goals provides clarity:

- ◆ Where are you going?
- ◆ Why are you going there?
- ◆ How will we get there?
- ◆ Why should I follow **you**?

Setting clear direction and expectations:

- ◆ Helps clarify where we're going and what's important
- ◆ Enables employees to identify what they can do to contribute to the agency's success
- ◆ Sets the stage for high performance

Setting goals improves performance.

You need look no further than the Olympics for proof that having a stated goal gives you a target to beat. Remember, the performance that got you where you are today is not enough to keep you there.

Setting direction and expectations:

Most people want to do the right work and do it well. However, good intentions or motivation are not enough.

Your employees must have a clear understanding of:

- ◆ What is expected of them
- ◆ What they can expect from you

Why do Employees Fail?

You would be surprised at the range of reasons given for employee failure and turnover by employers. Most reasons, however, stem from the egos of the managers who are unable to view their role in the success or failure of their employees. Let's look at a few examples of the reasons (or excuses) for employee failure and the management failure that caused the loss of a potentially valuable employee.

"He was never a part of the organization. He didn't seem to fit or understand how the company worked."

1. One of the most prevalent management problems in insurance agencies is the failure to introduce and orient a new employee properly. This should include introductions to the employees peer group and managers with whom the employee will interact, an organization chart (including a physical chart of where everyone sits) including names, positions and extension numbers, and an Employee Handbook outlining the practices and procedures of the company.

"She came in trained but would only perform according to the system and procedures that she knew before joining the firm."

2. Failure to provide basic training in the company's preferred way of doing business is another cause of employee turnover. Regardless of the level of the new employee's experience, it is critical that the new employee be given training in the system and procedures expected by the employer. Avoid "OJT" (On the Job Training). It leads to great frustration on the part of the employee and employer alike because of the long learning curve associated with this haphazard "learn-as-you-go" training. Providing a partner or mentor is a preferred method of breaking in a new employee, but do this only after a one-on-one familiarization and training period by the employee's direct manager. In this way, the employee will be learning what the manager desires rather than the shortcuts or problems of another employee.

"He started out strong, but seemed to lose focus and interest until, one day, he just resigned."

3. A more subtle mistake that we make is to fail to set goals and expectations (in writing) of our new employees. All new employees will start strongly. To maintain their motivation, they need specific goals and objectives for their jobs.

"I don't understand it. He was doing well, never complaining -- until the day he left."

4. Failure to communicate appreciation in a timely and effective manner is another reason for loss of valuable employees. Don't expect exemplary performance just because that's what the employees are hired to do. Expect that exemplary performance and reward it with praise as often as possible. Be careful, however. Undeserved praise poisons the well. No one ever trusts the water again if you reward someone who is not deserving of it.

"Her leaving was the best thing that ever happened to us. She hasn't been good at her job in years. It would have been even better if she had left earlier."

5. Failure to communicate dissatisfaction with performance is another pointed failure of management. Keeping quiet and seething over an employees errors or problems changes your attitude toward the employee. The employee senses the attitude change and becomes less likely to be open and honest with you. This downward spiral continues until either the manager explodes and fires the employee, or the employee gives up in disgust and leaves. Clear, calm, private communication of disappointments permits the employee to learn or explain their problems. The manager has the opportunity to retrain or assist the employee toward successful performance. The end result of open communications is lower turnover and better performing employees.

Most employee failure can be traced to management failure. No employee wants to perform poorly in their job. They all would like to be proud of their performance and their relationship with their manager. Failure and termination of employees results from poor management communication. The loss of employees is both frustrating and expensive. Adhere to these guidelines and you will save time, money and employees and your staff will be happier and more effective in their jobs.

Reprinted from Agency Consulting Group, Inc. (www.agencyconsulting.com)

Homework Assignment #3: Set Your Agency Goals

I know it's cliché but not only should your goals be SMART ... your goals have to be SMARTER:

S - Goals must be **Specific** and the more specific the better. State your goal in as exact of terms as possible.

M - Targets should be **Measurable**. That which you measure will be treasured, so think about what will be the measurement of your achievement of your goal.

A - Goals should have **Accountability**. Who or what are you accountable to for the goal?

R - Goals must be **Realistic**. Unrealistic goals will lead to discouragement.

T - Targets should be Time based. Decide your time-table for completion, and stick to it.

E - Goals should be **Exciting**. Exciting goals will be met far sooner than boring, bland goals.

R - Goals should be **Recorded**, in a place where you and your employees can look at it every day.

Why are Setting Agency Goals so important?

Top performers think about their goals most of the time. If you haven't articulated your goals they become very hard to achieve.

The more you think about your goals the more likely you are to achieve them... it's the "be careful what you wish for" scenario... your "superconscious" mind achieves the goal for you!

My "no excuse" goal exercise only requires 30 seconds of your time...

What you need...

- ◆ A piece of paper
- ◆ A pen

Only 3% of adults write down their goals - so just doing this exercise puts you in the top 3% of the population. It is also important to hand write your goals as this engages your superconscious.

In the next 30 seconds write down the 3 most important goals you want to achieve in the next year:

DO IT NOW... GO...

Setting Monthly, Weekly, and Daily Objectives

After you've developed yearly goals, you need to break them down into manageable, bite-sized monthly objectives.

Let's say one of your yearly objectives is to get "cross-sell" every possible client. So you would break that down into 12 monthly goals - what you need to do each month to get your markets up and running, from doing the initial research to the CSR compensation program.

Then, break each of those 12 monthly goals into four weekly goals. For instance, if your first monthly goal in offering a new cross-sold product is to identify a good insurable opportunity, perhaps each of your four weekly goals will be to research at least 10 possibilities.

Finally, you work your way down to the action you will take each day to fulfill your weekly objectives. If you have made a commitment to research 10 cross-selling opportunities each week, one of the top priorities on your daily "to-do" list will be to research two possibilities.

Expect to spend a good chunk of time planning out your year. Once a month, you'll sit down for two or three hours to map out your goals for the next four weeks. Once a week, you'll spend one hour establishing your goals for the next seven days. And you'll spend about 30 minutes each morning organizing your day.

I know that sounds like a lot, but you're really spending no more than the equivalent of a few days a year to map out your strategy for achieving your long-term goals.

This is how I establish my own goals, focus my objectives, and set daily tasks. It's not, by any means, an entirely original system. It's a patchwork of systems that have been developed by others and added to by me. But there is something about this particular system that seems to work.

It works so well, in fact, that I encourage everyone who works for me to use it. Those who do find that it works very well. I think you will too.

Today's the day that you take the first step toward guaranteeing your success by defining your long-term Life Goals and breaking them down into mid-term five-year objectives. (Finish the job of breaking those objectives down further - into yearly, monthly, and weekly objectives - during the coming week.)

Before you get started, here are two tips to make the job easier.

1. When I first started using goal setting as a means to success, I made one big mistake: I was too specific. Since then, I have learned that goals are best that govern least. When you set specific goals, as I used to, you set yourself up for disappointment. Plus, you are likely to miss out on what it is that you really want or need.

So here is what I do now...

After writing down the specific goal I want to accomplish, I ask myself what it is, in general, that I am trying to do by achieving it. Say, I write down "learning Spanish." I ask myself, "What is it about learning this language that interests me? Is it just the learning of Spanish per se? Do I need it for my agencies? For my seminars?" The answer, of course, is "no." But for me, learning Spanish means I am becoming smarter - and being smart is very important to me. I want to feel as if I'm always in the process of self-improvement, and learning Spanish, or any foreign language, is just one way to do that.

So next to my specific goal of learning Spanish, I might write a broader alternative that reads something like, "Learn something big that makes you feel smarter." That "something big" might turn out to be French or wine tasting or the history of the Roman Empire.

By recognizing and articulating my larger, vaguer, and often unspoken desires, I am able to set specific goals that can be changed, so long as they generally adhere to my main objective.

2. You not only need to be specific with your goals, you also need to be realistic. For example, if your lifetime financial goal is to have a net worth of \$10 million and you are currently 45 years old and broke, it's probably not realistic for you to set a medium-term goal of \$5 million in five years.

There are no absolute rules when it comes to this type of goal setting. You want your goals to be ambitious ... but you also want them to be achievable. But keep in mind that you don't have to go at it alone. Agents First! is full of techniques I've developed that will give you an 80% or better chance of accomplishing the goals you set for yourself.

Focus on One Project at a Time

One of the greatest mistakes people make in setting goals is trying to work on too many things at one time. There is tremendous power in giving laser beam focused attention to just one idea, one project or one objective at a time.

Why do some folks seem to be able to channel desire to precisely the right activities that will get them ahead in their careers?

The answer is FOCUS. "The Goals Guy" Gary Ryan Blair (www.goalsguy.com) has been credited with inventing an acronym for focus:

Follow

One

Course

Until

Successful

The focused CSR / Producer knows she must make a specific number of activities each day to reach her goals and nothing will stop her. Why doesn't she give up and get distracted by another activity that's easier? Focus. The focused agency manager believes that by next week he absolutely must fill three open jobs and will slog through as many resumes and interviews as it takes to find three good people. Why doesn't he go home early and convince himself that the sky won't fall if he doesn't fill the jobs? Focus.

When people have an overwhelming desire to accomplish something, they're unstoppable. Our challenge as organizational leaders is to find people who have a burning desire to succeed at the tasks we need done. Companies that relentlessly F-O-C-U-S on hiring successful people -- those who are willing to do the things others don't want to do -- are unstoppable, too.

Tracking Employee Performance ...

is at the core of any agency's expense reduction. Two maxims to remember:

- 1. What gets measured, gets done.**
- 2. People don't do what's expected, they do what's inspected.**

Accomplishing goals set for CSRs and Producers can only be done if they are held responsible for their activity (or lack of!).

Make sure your employees are doing what you think they are doing. At a recent Big I meeting I suggested agency owners revisit the procedures they think are in place. Thanking the client with a follow up letter after they renewed by direct bill was one of my suggestions. Folks who renew direct are your most profitable asset. But they are many times the "forgotten ones" since they are not as service intensive as your "loser" clients.

One of the attendees assured me that his folks were sending out "Thank You" letters to direct bill renewals. But he was shocked to find out that procedure had fallen by the way side when he went back to his office.

Since the Christmas season is upon us, why not make a list and check it twice? Don't assume ... you know what that makes you and me.

Earlier this month we employed a "Secret Shopper" to record auto insurance quotes for our agencies. The quotes ranged from practically perfect to absolutely terrible. I mailed copies of the recordings to each of my agencies and suggested they compare the other quotes with their own.

I also suggested they download the free 24 page "How to give the Ultimate Auto Insurance Quote Guideline" sponsored by Accu-Auto (www.accuauto.net) at www.Georgia-Agents.com. Mandatory re-training is in place and another series of "Secret Shopping" is in the near future.

Want to secretly record your CSRs? You can set it up for less than \$50 worth of equipment from Radio Shack. I'll be glad to share the information for free with members of Georgia Insurance Agents Alliance (GIAA). Not already a GIAA Member? Go to www.Georgia-Agents.com and sign up for a 3 month trial membership.

Most folks know that if they don't show up on time or stay until the office closes, they will be terminated. Most know that if they wear improper clothes to the office, they will be terminated. That if they swear, curse or abuse a customer, they will be terminated. What's wrong with adding another duty to the list? You don't have to hold it up as a threat only as a job requirement. If they fulfill or exceed the job expectations ... compensate!

If you wish to increase bottom line profit and reduce expenses within your agency operation, you must analyze what your people are doing. With employee input, establish procedures for EVERYTHING.

Break-Even Point

Do not allow or even pay producers for sales that generate less than a certain amount of income. At a minimum, the policy should generate commissions equal to the agency's break-even point.

Isn't it our duty to sell policies? Agency owners and CSRs are quick to defend their desire to sell even at a loss. After all, isn't it an agent's duty to sell insurance to everyone who needs it? Think about it for moment. Do you have to sell to everyone even if it means losing money?

So how do you figure your agency's Break-Even Point?

What It Costs ...

How much does it cost to sell and service your customers?

The cost to attract customers to an insurance agency is the highest in any sales industry. It doesn't matter how well you plan and execute your marketing plan to make the phones ring if your CSR drops the ball.

CSRs make or break an insurance agency.

Employee Compensation is single biggest expense

Very, very well run agencies dedicate about 55% of gross income to administrative costs, including non-producer salaries / benefits. Another 15% goes to owner's profit, leaving somewhere between 25% and 30% for sales expense.

Employee expense is more than Base Salary.

Now You Know About ... Setting Realistic Goals for CSRs and Producers

Question: What is the true cost of an employee?

Base Salary plus:

Employer matches FICA (Social Security = 6.2% + Medicare = 1.45%) = 7.65%

Employer pays Unemployment Tax = 2.70% for newly liable employers

Employer pays Vacation / Sick / Personal Holidays = Average 2 weeks salary

Employer pays Health Insurance = \$2700.00 per year

(Also possible cost of agent's license, continuing education, jury duty, etc.)

An employee who earns a Base Salary of \$24,000 per year can easily cost the employer an additional \$6,000 per year (additional 25%).

Break-Even Point

Question: What's Your Break-Even Point?

Question: How do you figure your average premium & commission for each policy sold in your agency?

The answer is simple: Ask your Marketing Reps. Most of them can extract the information from their laptops. If they can't easily gather that information, annualize and add up the total number of policies from your agency statements.

This would be a relatively easy task if you have the information entered into your agency management system.

Divide the total annual commission by the total annualized policies to get your average commission and premium.

Question: How do you figure your average percentage of commission for each policy sold in your agency?

The answer is simple: Divide the total annual commission for your agency by the total number of annual policies in your agency book.

Question: How do you figure your average cost for each policy sold in your agency?

The answer is simple: Divide the total annual expenses for your agency by the total number of annual policies in your agency book.

Question: How do you figure your average profit for each policy sold in your agency?

The answer is simple: Subtract the average cost per policy from the average commission per policy.

Question: How do you increase the average % of commission for each policy sold in your agency?

Some carriers offer additional coverage that pay higher average commissions up to 22%. The key is for the agency owner to monitor what carriers are represented and how quotes are given.

Did you know agency – company contracts are negotiable? Larger agencies with lower loss ratios get more "sweetheart" deals but any agency can and should ask for better terms. It has to be a win-win for both parties. They usually don't offer it – so ASK!

Question: How do you lower your Agency Break-Even Point?

Answer: Maximize the opportunities to sell more profitable policies

Setting Realistic Goals:

Goal #1 ... Getting New Customers in the Door!

Why do you think annual income has slowed for many insurance agencies?

It's because they fail to place a high enough value on client retention & account rounding.

It's because they focus most, if not all, of their time, energy, and money on one thing ...

Getting New Customers in the Door!

But once they get a new client, they spend almost no time, energy or money on keeping that client happy.

Did you know...

... that the insurance industry has the highest customer acquisition costs of any industry?

... it costs seven to nine times more for an insurance agency to attract a new customer than to retain one?

... that when customers tell you that they are satisfied with your agency there is no statistical correlation that says they will subsequently remain with your agency?

... that referred customers have on average a 25% higher retention rate within the first three years than customers who come from any other source?

... that reducing customer defection by as little as 2% per year is equivalent to cutting costs by over 10%?

... that a sustained 5% improvement in an agency's customer retention rate can double profits in five years?

... the average customer retention rate within the insurance industry is only 84%?

How important is renewal business?

Here's a prime example: ABC Agency write auto insurance. This year, it will write 2,000 new business policies and 8,000 renewal policies. Currently, ABC Agency renews 80% of its business. Next year, it plans to grow to 10,850 policies. If its renewal ratio stays the same, it will have to write 2,500 new business policies, an increase of 25%. However, if the agency can raise its renewal ratio from 80% to 85% (an increase of only 6.25%), it can meet its goal without increasing new business.

Maybe your agency can boast a 90% retention rate. Before you strain a muscle patting yourself on the back, consider this ... a 90% retention over a four-year cycle results in losing one-third of your clients! You start with 100 customers, renew 90, then 81, then 73, the 66!

Visualize your book of business as a leaky bucket. As you lose customers out of the leak in the bottom of the bucket, you have to continue to add new customers (the most expensive process) to the top of the bucket. If you can even partially plug the leak by as little as 2%, your bucket will stay fuller. It then takes fewer new customers added to the top of the bucket to maintain the same level of profitability.

A way to easily track / view the progress of a CSR.

Many CSRs jot down notes & reminders on their paper desk calendar. Only trouble is that it's not readily accessible and gets to looking a little messy over time. It's better to transfer it to your computer desktop.

Why not get into the 21st Century and store the information at your fingertips. Many agency management systems include a way to track such items. Check with your agency management system provider before you try to reinvent the wheel.

If you do not have an agency management system that allows you to do so, consider downloading a free.

A free customizable desktop calendar

A desktop calendar program is an easy way to organize your schedule. But most calendar programs are big and bulky. They take a while to start up. And they can be difficult to navigate.

Those powerful calendar programs have their place. But sometimes you need a calendar you can check at a glance. But you still want it to be as versatile as possible.

I've got a program that will fit your needs perfectly. Rainlendar is a great little calendar program. It sits right on your desktop. It can look like a part of your wallpaper. But you can interact with it. It's actually pretty sleek.

It has three independent panes. There's one each for the calendar, upcoming events and a to-do list. You can place them anywhere on your desktop.

Double-click any day on the calendar to add an event. You can enter a title, time, description and category. Each category comes with a different icon. There's an airplane for travel events. You'll get a star icon for birthdays, and so on. The icons sit over their designated day. So, you can see the kind of event with just a glance.

You can set alarms for any event. You'll get a reminder when you have something to do. Current and upcoming events are also displayed in the Events pane. So, there are several ways to stay on top of your schedule.

You can also create a to-do list for your miscellaneous items. Everything on your list is displayed in the To Do pane.

You can also customize the calendar with different skins. You'll find new skins on the Rainlendar Web site. You'll be able to match the calendar to your computer's theme.

Cost: Free

Link: www.rainlendar.net

System: Windows XP and Vista

Selling at a loss

Insurance agents should carefully consider just what it really takes to survive & not write the business at a loss just to keep the competition from writing it.

Some agents' attitudes remind me of the great prophet addressing a herd of donkeys. *"What would a donkey require for a three - day journey?"* he asked.

And they answered, *"Six bundles of hay and three bags of dates."*

"I cannot give six bundles of hay and three bags of dates," the great prophet said. *"Who will go for less?"*

One donkey said he could go for six bundles of hay and two bags of dates.

Another offered to make the journey for three bundles of hay and one bag of dates. Then one long-eared, sad - looking donkey said he would go for just one bundle of hay.

"Thou art a disgrace to the herd and an Ass," said the prophet. *"Thou cannot live for three days on one bundle of hay, much less undertake the journey and make a profit."*

"True," replied the Ass, hanging his long ears in shame. *"But I wanted to get the order."*

The moral? "Don't be an ass. If you can't make a profit, don't do it!"

Setting Realistic Goals:

Close more Quotes

Question: How many auto insurance quotes do your CSRs give in an average month? 100? 200?

How many of those quotes are actually converted into policies? 25? 50?

Want your CSRs to sell more? Of course you do!

Your CSRs have only 2 things to remember ...

- 1. M.O.P.F.I. (Make Other People Feel Important), and**
- 2. Ask for the Business!**

Do your producers know how people buy? Emotionally, not logically. And they are motivated by two things: either the promise of pleasure or the escape of pain. Well, you ain't got anything pleasurable to sell, and the only pain that is evident to them is price. So you have to demonstrate the other pains – and how doing business with you will help them avoid those pains. That will get you away from the pain issue. And if you can show a prospect how doing business with you will take less time than doing business with somebody else, he will be willing to pay much more than he is paying his existing agent.

Why do you think so many folks are flocking to the 1-800 & Internet Insurance Carriers? In many cases the cost is higher than yours but they love the convenience.

Most store-front operations are open for the convenience of its employees. Why not try being open later hours?

Speaking of employees ... who do they buy their auto & homeowners insurance from? If they don't buy it through your agency, how well do you think they can sell it to someone else? Find out the reason why they buy it elsewhere. If you can't compete on price, you might be able to make it up with convenience.

Help your CSRs set and achieve realistic goals. For example, did you realize if your CSR closed **only 1 more quote each week**, she would sell 50 more policies a year? At an average of \$120.00 per policy in commission on \$600.00 in annual premium (we'll also show you how to average 20% in commission); your CSR would bring in an additional \$6,000.00 per year!

Quote profitably

The majority of all salespeople would rather make a sale at any cost, rather than make a profit. Therefore, it is critical that a compensation plan pay for profits rather than for sales or revenues. Virtually every agency pays for sales, any sales, regardless of whether the sale generates a profit.

Your CSRs and Producers must strive to quote profitably every time.

Close more profitable quotes

What is your CSR's Closing Ratio? Many CSRs and producers get paid whether or not the sale is made. They still get benefits and perks regardless of whether the sale is made. The fewer sales that are made increase the average income needed per sale. For example, if you figure it costs \$100.00 to make a sale and the CSR only has a 25% closing ratio, the actual cost of a real sale is \$400.00.

Do you know how to figure a CSR's Closing Ratio? It's the number of sales divided by the number of quotes. For agencies using a comparative rater to quote auto insurance, the comparative rater includes a Report Generator that keeps up with the number of sales vs. quotes for a specified time period.

It's a proven fact that you will dramatically increase your sales if you "Ask for the Business". What is your "Close"?

It's also been proven that calling the undecided persons back within 3 hours after giving the quote results in many sales. But in order to call the person, you need their phone number. Do you ask for their phone number?

How do your CSRs close their quotes?

How can CSRs increase their Closing Ratio?

MOPFI

Make Other People Feel Important is the sales tract my friend Don Legacy has used in businesses of all types from selling bankrupt condominiums in Florida to setting new records for sales in the insurance business. At my request, Don put his sales theories into print and customized them to suit the needs of the Independent Agency.

Legacy Insurance Sales Training / Quote Sales Tract

When quoting by telephone, you always have two objectives, and only two. They are:

1. To get an appointment for your customer to come to your office.
2. To have them bring their money to buy a policy that will allow us to make a profit by selling.

There are no other objectives. We only educate the buyer if he makes us. We always move forward assumptivly to our goal - the appointment with a buyer who brings his money to buy a policy and we make a profit.

The following outline is for the quote selling tract:

M.O.P.F.I.: ... *The SECRET of a Successful Agency*

THE GREET

Sales are lost most often right here, in the beginning. Most insurance salesmen are sterile, boring, unfriendly, and impressed with how many "insurance lingo phrases" they can spit out in a single, 3 minute call. Good salesmen remember that people buy only when they:

- ✓ Have trust and confidence in the salesman and the company.
- ✓ Are satisfied they have shopped enough (eliminated alternatives.)
- ✓ Believe the product "suits their needs".
- ✓ Give the salesman their money.

If you do not greet your buyers properly before "pitching" your products, you are simply an information device, like a brochure without pictures over the phone; no better that a 1-800 number with a recorded message.

You must get your customer involved with you emotionally to get answers to your questions. Be nice and show interest and empathy for him and his needs.

When greeting by phone, you must demonstrate to your buyer that you care about him and have interest in him. Ways to demonstrate your caring are:

1. To smile - be cheerful and friendly.
2. Make them feel important - use their name, talk about them.
3. Talk on their level.
4. Make what is important to them, important to you.
5. Be sincere.
6. Ask questions, then listen.

By being this kind of person, your buyer will have faith in you and confidence in your company. Remember, when your buyer called he expected a "Salesman", and "Salesmen" are:

1. Too busy to waste time.
2. "Grabby" - trying to take something away.
3. "Techno-talkers"

and they:

4. Only care about the sale.
5. Do not care about the buyer.

6. Couldn't care less about another person's problems.
7. Ask personal questions without getting to know you.
8. Will do anything to get your money, so they will:
9. Lie.
10. Mislead.
11. Bully.
12. Act like a low-life.
13. Talk too much.

As professional salesmen, we do not do those 13 things because we know they are not only rude and careless, but that we also have to take the shortest, most complete route to successful selling.

The steps of the phone greet are:

1. Personal small talk using the buyer's name - "Hi, (Mrs. Jones), how are you today?"

2. Introduce yourself -

"That's (great), Mrs. Jones. By the way, my name is (Steve Smith)."

(P.S. - If Mrs. Jones says "I feel rotten", don't you say "that's great!")

3. If your customer wants to talk - you talk. But talk about the customer, not you, and be interested. If you cannot be interested in your customer, go home!

4. Thank-you -

"(Mrs. Jones), I want to thank you for calling Werethebest Insurance for your insurance needs."

5. Determine if they already are our customer -

"Are you currently insured through us?"

(If yes, ask what we currently insure for them. Ask if they are happy with their current coverage and company or if they want to change. Talk to your customer if he wants to talk.)

6. Move to the qualify -

"Mrs. Jones, how can I help you today?"

7. "When does your current policy expire?"

Notice that each step shows interest, concern, asks for her opinion, and asks questions. We are not acting like a "Salesman".

A proper Greet can take only 15 seconds or several minutes - depending upon the customer. When he is relaxed with you it shows that he has some confidence that you will help him, not push him.

Only when your customer has confidence in you will he answer your questions honestly and give you a commitment.

THE QUALIFY

Qualifying involves asking questions, some very personal of your customers. When properly greeted, they want to answer your questions because you will find the policy that best "fits their needs."

Qualifying by phone requires a simple, straight forward action plan that moves you into your demonstration. This is the easiest phase of your sales tract because it only has two parts:

1. Discover what they need and move to the quote process.
2. Sell the company.

Because you properly greeted your customer, he will believe you when you "sell your company" and be ready to answer your questions honestly.

You have asked what your customer wants and she has told you. Discuss this issue only as much as necessary!

In preparing your "sell the company" statement, you need to tell your customer something about the company that is important to HIM. Examples may be:

- How long in business
- Size of company
- Companies represented
- Service
- Price
- Satisfied customers
- Number of companies

"What specific coverages do you want?"

Then: "(Mrs. Jones), since 1978 Werethebest has been giving outstanding service to its customers. In that time, we have developed a selection of insurance companies that can best fit any customer's needs. If I can get a little information from you, we'll find which company is best for you, o.k.?"

THE DEMONSTRATE

Insurance, by its very nature, is confusing, complicated, and scary to people who do not understand. Additionally, the general public thinks insurance is a rip-off, doesn't like being made to buy it and believe that all insurance agents are JERKS (and many are!)

Most insurance producers forget that they provide insurance to amateur insurance purchasers. When they quote over the phone, they try to explain coverages, talk "techno-talk", and prove to the customer how smart he is. Or, in other words, he is the embodiment of his customers worst fears - he is a JERK!

We must always remember the objectives of quoting business:

1. To get an appointment.
2. To have them bring their money to buy a policy that will allow us to make a profit by selling.

The objectives are not to:

1. Educate the caller.
2. Impress people with our technical expertise.
3. Reinforce their preconceived ideas about insurance salesmen.

When demonstrating, we follow three steps:

1. Use the quote sheet to gather the information.
2. Run the quote.
3. Demonstrate how the policy "fits their needs."

STEP 1: INFORMATION

Always use the quote sheet or comparative rater; that's what it is designed for. Do not go from memory because we do not have time to do things twice, and we need the record of what you did.

Remember to:

- Use MOPFI
- Be personal, not sterile or "bored sounding".
- Be thorough, complete.
- Use their name.
- No "techno-talk".
- Be assumptive.
- Ask if the total price or down-payment is more important.

- Then narrow to 3.

Ask your questions with interest. When your customer gives you personal information, talk about it. If your customer tells you something that interests you, talk about it. For example, if she owns a Porsche and you like Porsches... talk about it!

As you obtain your answers, document the personal information as well. People feel important when you remember what they say and they like to do business with people that make them feel important.

"(Mrs. Jones), because different companies have different pay plans, is it more important for you to have the lowest cash price, or a lower down payment and manageable monthly payments?"

"O.K., I think three of my companies will be best for you. Let me see who has the best payment plan."

STEP 2: QUOTE

Pull up your quote on the computer and do not give any numbers until you are sure about their financial requirements.

Remember to:

- Run the quote.
- Include your additional benefits.
- Be assumptive.
- Only explain coverages if they ask.
- Narrow to one.
- Be excited when you give them your quote.
- Don't put them on hold.
- Use MOPFI

Talk to them about anything while you run the quote. Even if you simply say that you are entering the information into the computer.

"(Mrs. Jones), I'm entering your information into the computer where it will find the absolute best buys from my many companies."

STEP 3: SHOW AND TELL

Since you narrowed Mrs. Jones' choices to the magic 3, you must now eliminate two of them. Tell her that while these two have competitive prices, her new company is best.

"Oh, this is great. My three best deals are:

1. \$ (Highest), then there is
2. \$ (Next best) and those are pretty good.

But your new policy will have just what you wanted... a low (\$) down and (#) easy payments of (\$). Isn't that great?"

Now Shut Up!

If your customer either says yes or says nothing, go to the close. If they raise a question, answer the question (or solve the problem) and go to the close.

Remember:

- MOPFI
- The customers questions or problems are real and important to him.
- Be assumptive.

THE CLOSE

Closing is the part of selling that salesmen most fear because this is where we ask for the commitment and most salesmen have not prepared their customer to say "yes".

But, because we understand our customer's psychological needs must be met, in order, before he will say "yes", have used "move-in" momentum, and have gained their trust - they will say yes.

Remember the four bases of customer commitment:

1. Identify a need or want.
2. Seek out alternatives.
3. Eliminate alternatives.
4. Act (Commitment).

You cannot reach #4 (the close for commitment) until you have properly moved your customer through the first three. But, when you have properly "tracted" your customer and found the product that "fits his needs", it is only logical that he wants to bring his money to you.

The basic methods of closing are:

1. Ask for the appointment.
2. If not, why? Handle why ... then;
3. Ask for the appointment.
4. Repeat 1 & 2.

The application of the methods is simple when you have already **Greeted**, **Qualified**, and **Demonstrated** the product - and you remember:

- To always be assumptive.
- Do not talk too much.
- Do not ask questions if you will not like any answer given.
- MOPFI
- Smile!
- The objective of the quote:
 1. To get them in.
 2. To make the agency, and you, a profit.

"(Mrs. Jones), I am free this afternoon at (Time). Do you want to come in then or (another time)?" (and then **SHUT-UP!**)

If she gives you a time, move to final. If not:

"Mrs. Jones, your current policy expires at (midnight Friday) so we better not delay your application - How about (lunch time tomorrow) or would you prefer after work?" (and then **SHUT-UP!**)

If you get the appointment, be sure she understands to bring all necessary items such as drivers license numbers for all drivers, vehicle registration numbers, current policy. (if applicable) and, of course ... **THE MONEY!**

If you do not get the appointment, ask her why (her objection), handle her objection, and ask for the appointment.

Don't forget, if you got her commitment that your policy "fits her needs", those objections will be time (or money) constraints, not shopping constraints. Find a suitable time to meet, and then:

FINAL:

1. Thank her for calling.
2. Repeat your appointment, and say
3. "See you then!"

Cross-sell more existing customers

Don't Cry ... Diversify

What else can you do to generate income? Look at the diversification of your business. What do you know something about that that you can get involved in right now to help spread out you portfolio of business.

Don't get involved in something that you don't really understand but don't let the fact that you don't understand it keep you from exploring the possibilities.

ASK & YE SHALL RECEIVE!

Henry Ford was once asked by an insurance agent who he had known for many years why he never got any of Ford's business. *"You never asked me"* was Ford's reply!

How many times does your phone ring each week from current policyholders? Some CSRs consider the calls an interruption. We'll show you how to make it sound like the cash register ringing.

Every one of those calls is an opportunity to cross-sell / up-sell. How good are your CSRs at maximizing this opportunity? Did you realize that if you had a program in place that reminded them to ask only 1 per hour ... only 40 per work week ... and **only 2 of the 40** bought an additional product or service, your CSR could boast of 100 cross-sells each year? At an average of \$100 in additional income, your agency would net \$10,000 more revenue each year!

How do your CSRs cross-sell?

Every CSR should look for the chances for cross-selling during the initial application and in subsequent conversations with the customer. Planting a seed is as simple as saying "Did you know we sell ...?" whenever the opportunity presents itself.

Consider having a "Coverage of the Month" promotion. First, make sure they understand how to sell & service the featured product. Post a "Did you ask them about ...?" sign on the computer screen and telephone.

Every agency management system has features that allow you to runs all sorts of reports. They can point out the monoline policies (such as auto only) for customers who live in their own home (possible homeowners policies) or rent an apartment (possible renter's insurance).

It seems most agency personnel view telephone calls as an interruption of their customer service work – not as the customer service itself. You must make a clear distinction between processing paperwork and addressing the needs of the customer. The phone ringing should remind the CSR of a cash register ringing!

How can you get your CSRs & producers to cross-sell?

Over the last few weeks I've asked that question of many of our industry's "Movers & Shakers". Their answers boiled down to the same thing: The single biggest thing we can do for our industry is to give our employees **BASIC TRAINING!**

Would You Like Fries with That Order?

We used to joke that if a person couldn't make it in the insurance business they should start to practice saying *"Would you like fries with that order?"* We smugly believe the members of the insurance industry are "Sales Professionals" while folks at fast-food restaurants are "Order-Takers". I suspect the fast-food workers are better salespeople than us because they invariably ask for the sale!

Why Do They Ask For The Order?

They are trained that way and expected to do it. As hard as it is to get qualified personnel, the managers will terminate anyone who fails to do so.

What's the training like in your office? Do your folks look for places to "plant seeds"? For example, whenever an application is being filled out and you get to the address section, do you stop and causally mention *"Oh, by the way, did you know we also sell Homeowners / Renters Insurance?"*

Not that you're trying to sell more today ... *you probably got all of their money for the auto insurance ...* just for whenever the next tornado tears up their neighborhood and someone asks *"Where do you think I can buy some property insurance?"*

How about the artisan / contractors' occupations listed on the apps? Do you suggest when they need general liability or workers comp to call you?

Consider making up your own version of the "Renewal / Cross-Sell" Form shown on the next page.

INFORMATION REQUEST FORM Date ___/___/___

Customer's Full Name _____

Street Address _____

City _____

Zip _____

Home Phone# _____ Work Phone # _____

I would like more information on the following the product or services: (check each Item)

_____ *Home/Mobile Home* _____ *Business Insurance (G/L, Property, Workers Comp)*

_____ *Auto Insurance* _____ *Commercial Auto* _____ *Motor Home/RV Insurance*

_____ *Motorcycle/ Boat/Jet Ski* _____ *Rental Insurance* _____ *Health/ Life Insurance*

Please contact me at Home _____ or Work _____ during the hours of _____ to _____

Refer a Friend/Relative to our agency and you both will be entered in a monthly drawing for a **\$50 gas card** if they receive a free quote from us. (Winners need not be present)

Referral

Full Name _____

Street Address _____

City _____ **Zip** _____

Home Phone# _____ **Work Phone #** _____

Get more referrals

How does your agency get the phone to ring?

REFERRALS

Are the Yellow Pages the only source of advertising utilized by your agency? If so, you're going to get mostly price-shoppers or folks who want to make their problem into your problem. There are many other ways to inexpensively spread the word. Referrals from satisfied customers are the best (& least expensive) way to spread the word.

But don't depend too much on your loyal clients going out of their way to tell everyone how great your price and service is in your agency. It's been said that if you do something good for someone, they will tell five friends. On the other hand, if they think you "did them dirty", they'll tell everybody!

Did you know ...

- ◆ Referred customers have the lowest acquisition costs?
- ◆ A referred customer has on average a 92% retention rate over the next two or three years vs. a 67% rate for a customer who is acquired through another marketing method?
- ◆ Your likelihood of closing an unknown prospect is only 1 in 20.
- ◆ Your likelihood of closing a referred prospect is 1 in 6.
- ◆ Referrals come in different forms: (1) Advertising; (2) Word of mouth; and (3) One-on-one requests.

Advertising. Is the Yellow Pages the only source of advertising utilized by your agency? If so, you're going to get mostly price-shoppers or folks who want to make their problem into your problem. There are many other ways to inexpensively spread the word.

Word of mouth. Don't depend too much on your loyal clients going out of their way to tell everyone how great your price and service is in your agency. It's been said that if you do something good for someone, they will tell five friends. On the other hand, if they think you "did them dirty", they'll tell everybody!

One-on-one requests. Does your agency make it mandatory to ask for referrals? If the answer is no but compensation is the same regardless what marketing methods is used, this is a very expensive way to build a book of business.

Consider instituting a "referral" program in your agency. Changing the compensation structure to pay higher commissions for referred clients is one way to assure that producers / CSRs are asking for referrals.

When do your CSRs ask for a referral?

The customer is happiest with their purchase at the close, so that's when you must ask for the referral. The best would be for the customer to get their referral on the phone and then hand it to the agent. Is that too much to ask? Then be sure to give the new policyholder an extra agency business card (or two) and write "Referred by [client's name]" on the back.

Did you realize if your CSR only asked for 12 referrals each week, she would get 600 referrals each year? Your likelihood of closing an unknown prospect is only 1 in 20 but your likelihood of closing a referred prospect is 1 in 6.

That means an additional 100 customers and, at \$100 per policy in commission, **an additional \$10,000 in revenue that is possibly being left on the table.**

Does your agency make it mandatory to ask for referrals?

When do you ask for a referral? The customer is happiest with their purchase at the close, so that's when you must ask for the referral. The best would be for the customer to get their referral on the phone and then hand it to the agent. Is that too much to ask? Then be sure to give the new policyholder an extra agency business card (or two) and write, "Referred by [client's name]" on the back.

What happens if the producer / CSR doesn't want to participate? Referral development can only be done if they are held responsible for their activity (or lack of!). Most folks know that if they don't show up on time or stay until the office closes, they will be terminated. Most know that if they wear improper clothes to the office, they will be terminated. That if they swear, curse or abuse a customer, they will be terminated. What's wrong with adding another duty to the list? You don't have to hold it up as a threat only as a job requirement. If they fulfill or exceed the job expectations ... compensate!

Every agency's personnel has limited amount of time and energy. The main question is "Do you want to spend your time on customers that will stay or leave?" It seems that many agencies spend more of their precious time on those policyholders who will not even make it past the first payment. Late payment problems are inevitably related to the same clients, month after month, year after year. These clients cost the agency more than twice as much as the preferred client who cares to be financially responsible. I say more than twice because you have to handle the file once to write it and another time to finalize the short-term cancellation. The agency loses money because they have to spend too much time rewriting, reinstating, collecting, and following up for no additional income.

No one has a crystal ball to accurately predict which of your customers will be short-timers but coming to your agency with no prior coverage within an understandable lapse period is a very strong indicator. You had better cover your costs in the down payment because you may never see any more money from this group!

RENEWAL

Do you have an agency management system in place that will keep you informed of your clients' expiration dates?

Do you mail a "personalized" renewal letter or simply take the path of least resistance and allow the notice from their carrier to be the only contact? The more you rely on a carrier's "direct" contact, the more you reinforce the notion that your agency's value in the agency / company / policyholder is nonexistent after the initial placement of coverage. That explains why carriers are more likely to reduce commission on renewals.

Do you re-quote all policyholders at renewal? The Independent Agency System boasts of representing many carriers to address the variety of needs of the insuring public. To not re-quote at renewal is the same as being a captive agent.

Consider using the following 3-step renewal process:

(1) A "Personalized Renewal Notice" goes out exactly 30 days prior to expiration. It advises our clients that, while they may have received a renewal notice directly from the carrier, to please contact our office so we may see if another carrier may better suit their needs (& pocketbook).

(2) A personal phone call is made approximately 7 days from expiration if the agency has not been contacted by the policyholder. This courtesy call is greatly appreciated by our clientele.

(3) A "Come Back" letter goes out to the policyholder on the morning of renewal if we have not been advised that the client renewed directly. See Recapture for more details on this process.

Sound like a lot of service and additional expense? Not if you believe that it costs many times over to put new business on the books than to renew a client who is being constantly encouraged to "Save 15% and Cut Out the Middleman"!

RECAPTURE

Policyholders cancel or move their coverage for a variety of reasons. Nonpayment is probably the most common reason for early cancellation. Lower price or perceived lousy service from the agency / company is probably the most common reason a policyholder moves at renewal.

Since it costs many times over to get a new customer, go the extra mile to keep the business on the books. If it's a situation that can be corrected before cancellation (i.e. cancellation due to suspended license / an SR-22A filing may save the policy), relay clear instructions to your policyholder.

Consider calling those who show up on a pending cancellation list for non-payments or non-renewal. A reminder may be all that's necessary to keep the policy in force.

You don't have to write off every client you have lost for any of these reasons. But before you solicit these customers and try to recapture their business, answer these questions...

Why was the business lost in the first place?

If you know why, make a habit of recording the reason. The reason may keep you from attempting to contact the former client.

If it's due to something the agency caused (or could have prevented with a little more thorough training of the CSR), correcting the situation can help prevent further policyholder deterioration in the future.

If the policyholder has died or moved outside of your territory, these are long gone. If your client is possibly being insured by someone nearby, why not contact him or her once again?

Most agency management systems can print "Come Back" letters based on expiration dates. Try setting your parameters to 5 months from the date your former policyholder left for greener territories. They might just be getting ready to renew and would welcome the opportunity to become part of your agency "family" once again. Another suggestion is mailing an offer to rewrite and time it to coincide with the invalid ID card that they have been using since they were canceled for nonpayment of the first payment!

Do you really want them back? Based on the information recorded in their file, you may not want them back under any circumstance. Just be careful in what wording you use to document the file. A good question to ask is "How would this look in a court of law?"

If some of your efforts are ignored, don't give up! Listen to current customers for clues to the "real" reasons. Remember ... if only a small percentage of your customers complain, do that mean that your other customers are happy with your carriers / service / attitude? Not necessarily. Only four percent of dissatisfied customers take the time to complain. The other 96 percent just quietly take their business somewhere else.

Individual Producer's Goal-Setting Worksheet

Remember the exchange between Alice and the Cheshire Cat where Alice asks for direction? The Cat inquires where she wants to go. Alice responds "I don't know". "Well then," says the Cat, "any road will get you there."

Defining your objectives and setting goals make sure you get where you want to be and not just somewhere different, or worse ... right back where you started!

Individual Producer New Business Goal-Setting Worksheet

Ask attendees to help fill out the Individual Producer New Business Goal-Setting Worksheet that has been enlarged to fit on the easel at front of classroom.

1. Employee Annual Income Goal _____

Remind them to add 25% for Employer Contribution. For example, \$24,000 plus 25% = \$30,000

2. Total Gross Income needed for Goal _____

Gross means after cancellations / endorsements. For this example, let's pretend no one cancels!

If \$30,000 is the Income Goal, then \$100,000 is the total Income needed (pay no more than 30% for sales expense)

3. Minus Renewal Commission Income _____

Subtract estimated Renewal Commission for which CSR gets credit since this is a New Business Worksheet

4. New Biz Gross Commission needed _____

Subtract #3 from #2

5. Current Average Gross Commission _____

This figure comes from Section #1

6. Number of New Sales Needed ($4 \div 5$) _____

7. Current Quote / Write Ratio (%) _____

Do you know how to figure a CSR's Closing Ratio? It's the number of sales divided by the number of quotes. For agencies using a comparative rater to quote auto insurance, the comparative rater includes a Report Generator that keeps up with the number of sales vs. quotes for a specified time period.

8. Number of Quotes Needed ($6 \div 7$) _____

9. Number of Weeks Devoted to Sales _____

10. # Quotes Needed per Week ($8 \div 9$) _____

Individual Producer's Goal-Setting Worksheet

New Business Goal

1. Employee Annual Income Goal _____
2. Total Gross Income needed for Goal _____
3. Minus Renewal Commission Income _____
4. New Biz Gross Commission needed _____
5. Current AVG Gross Commission _____
6. Number of New Sales Needed ($4 \div 5$) _____
7. Current Quote / Write Ratio (%) _____
8. Number of Quotes Needed ($6 \div 7$) _____
9. Number of Weeks Devoted to Sales _____
10. # Quotes Needed per Week ($8 \div 9$) _____

(Gross means net after cancellations & endorsements)

The Top Ten Tips for Marketing on a Tight Budget

Agency owners seem to feel a BIG BUDGET is necessary to conduct a successful marketing campaign. The marketing tools listed here are affordable (most cost nothing but your time) and proven effective.

(1) EVALUATE YOUR LETTERHEAD DESIGN

You never get a second chance to make a first impression - so be sure to make it count. Often, your stationery and business cards give customers that first impression. Ask someone to critique your letterhead:

Does your design attract attention while remaining tasteful? Get noticed - but be conservative until you're established.

Are you using your design in all your ads, brochures and printed material? Consistency gives your agency credibility and sophistication.

Are you making the most out of your business cards? List your products or services - it's a miniature billboard!

(2) CLEAN UP YOUR ACT

If stationery makes the first impression, then your office appearance makes the lasting one. Clean up - if your office / desk are a mess, customers assume your business is, too!

(3) STAY IN TOUCH

Send thank you cards to that quietest of your commission - generating customer - the DIRECT RENEWAL. When was the last time you thanked them - and sent a card for them to share with a friend? It's one of the cheapest, most effective marketing tools you can use.

(4) ESTABLISH A REFERRAL SYSTEM

If there are insurance lines or markets unavailable to you being requested by your customers, find a local agency to work out an "I scratch your back - you scratch mine" agreement. Specialty agencies will get more referrals than "Standard" agencies but the "Standard" agencies don't want that business anyway.

(5) VOLUNTEER YOUR TIME & EXPERTISE TO COMMUNITY SERVICE

Go to meetings of all kinds. Don't limit yourself to insurance functions, go to Business After Hours, Small Business Association luncheons and Chamber of Commerce, to list a few. The possibilities are endless. Get your name associated with the movers and shakers.

Get your name out there and help out a good cause. I attended a Small Business Administration class on establishing a day-care center a while back and was mobbed by young entrepreneurs needing information on business insurance. I ran out of cards! I wonder if the local DUI classes need a Specialty Auto expert to answer questions. Anyone got any more ideas?

(6) BE A ROAD SHOW AGENT!

Spring to Fall is the time the motorcyclists are out and about going to bike functions! Consider setting up a tent filled with free information about motorcycle coverage's - he also provided key chains and of course sunscreen. Every Friday in the Atlanta Constitution you will find in the Auto section a listing of the entire goings on with regard to car shows and bike events. Hey, don't forget to check out the Home section - who knows what you'll find.

(7) BE A THINK TANK AGENT!

Had you ever ordered a pizza and on top of the pizza box was an advertisement? I have seen an Insurance agent do it! You could get together with your local pizza shop and work out a deal, maybe even a magnet sharing your name with the pizza guy. Everyone loves pizza. In Atlanta we also have takeout taxi!

(8) BE A SUPPORTER TO YOUR COMMUNITY!

Sponsor a baseball team or pee wee football team or maybe just provide caps or tee shirts, sporting your agency name and number. Get involved with the Middle and High School career day programs. Schools are always looking for and welcome people to come and share their careers. Bring candy and maybe have a prize drawing to keep the attention and promote participation. Bring a lot of information to send home. Remember, being shy won't get you any business.

(9) SPONSOR AN EVENT!

Al and Scott Levenstein of ATI Autotown Insurance Agencies used to sponsor a gospel event every year where several gospel singers come to a church to perform. On the night of the event you will find Al and Scott at the front door handing out parlor fans to keep the folks cool...and of course you will find their agency name and locations boldly printed on the fan. Great Idea and Cost Effective!

(10) BE A FREE INFORMATION / SERVICE!

It takes very little time to offer free insurance information. In fact, you may be able to call on a company or two to share in the costs of putting together a brochure to give away to your insured. Or, you could simply generate a tip sheet on what insurance coverage's are available and why they are important to your customers. Generate a flyer for the rental community to advertise renters insurance and go for a walk through the local apartment complexes. So many folks have lost out in a fire or theft due to not having the coverage.

It doesn't take tons of money or being in the "clique" of the business. Just use your childlike wit and creativity and be willing to share your ideas and experience.

Compensation Increase Programs

For CSRs and others, consider basing compensation increases on agency income, and make everybody responsible for generating that income. Allocate 20% of increased income to payroll bonuses and pay the staff based upon percentage of salary. To keep it fair, add another 10% of that to discretionary increases, so that you can compensate the persons who generated more income than anybody else. The beauty of this is that 70% still goes back to the agency in the form of increased profits. And employees' base salaries have not been increased, though their income has been.

Don't make the mistake of assuming a good compensation system can motivate a bad employee. That's asking more than the system can provide. What a good compensation system can do is reward employees for achieving agency goals. The unmotivated are better sent on their way to another employer.

The Employee Compensation Program That Works!

Every Employee should be paid what they are worth!!!!

Every Employee has some worth!!!!

What exactly is the worth of any employee? The employee's worth is the amount of income he/she generates the agency minus his/her percentage of overhead and agency principal profit.

Let us look at a basic scenario:

\$800,000.00 agency volume at 13.5% commission equals \$108,000.00 income.

\$108,000.00 divided by 12 months equals \$9,000 monthly income.

Basic expenses:

Rent:	\$750.00	Misc:	\$300.00
Phone:	\$300.00	Labor: 2 employees):	\$2,000.00
Yellow Pgs:	\$500.00	Principal:	\$3,000.00
Postage/Paper:	\$300.00	Taxes/W.C.:	\$890.00
Ins./E&O:	\$225.00	TOTAL:	\$8,840.00
Software:	\$275.00	NET PROFIT of	\$60.00
Utilities:	\$300.00		

\$800,000.00 divided by 12 months equals \$66,666.00 at 13.5% commission for the \$9,000.00. If an agency writes \$85,000 and only 20% early cancels to earn the \$66,666.00.

At \$85,000.00 with an average policy premium of \$515 equals 165 transactions with 20 workdays equals 8 1/4 transactions per day.

If you have 50% closing ratio then you would quote 16.5 quotes. Also you would then service the book.

With the 3 people this would equate into 5.75 quotes per person, 3 transactions per person, and process all service.

How do you get more business, more income, and more production out of your employee?

FIRST, you have to determine where income is made.

New Business

Other Lines

Renewal Business,

Policy Enhancement Products

Rewrite Business

SECOND, you have to see where you cannot pay additional due to losing this income.

If you only pay on New and not Renewal - then the employee only wants to add new to the book and this is usually one of the most unprofitable parts of the entire agency book.

If you pay only on Premium - then again the employee chases the large premium and allows the low premium to suffer and this decreases growth and future sales.

If you pay only on Policy Enhancement Products (P.E.P.) - then the employee only wants to write these products and boosts the price of every policy to price you out of the marketshare.

If you pay only on Renewals - then this is usually the most profitable and easiest part of the book to maintain and it seems unfair to GIVE them this income.

THIRD, you have to realize the answer is very clear. The Employee needs to get paid as you do which is off of every aspect of the book. He needs to be paid on new, rewrite, renewal, and policy enhancement products.

Now that we know on what we are going to pay, how much and for what amounts do we pay?

EMPLOYEE COMPENSATION PLAN #1

How much income does each producer have to generate to justify their employment?

Agency brings in \$1,000,000 in volume less 20% early cancellation = \$800,000 x 13.5% commission = \$108,000 annual income. (\$9,000 per month)

Each employee has to monthly generate \$22,000 & owner has to generate twice as much as an individual employee just to break even.

\$22,000.00 at \$515.00 average means 42 transactions for him/her to just earn a \$1,000.00 salary. 42 transactions in 20 work days in an average of 2 per day to break his salary even. This other employee must do the same. The Agency Principal then must do twice what each employee has performed to earn this salary.

Frightening isn't it? A \$1,000.00 employee must write at least 42 policies and \$18,000.00 earned premium to barely break even.

So what is the new pay plan?

If a producer writes:

25 new apps minimum:

25 @ \$515 @ 13.5% = \$1,738.00

\$1,500 P.E.P. minimum:

@ 70% = \$1,050.00

25 rewrite apps minimum:

TOTAL = \$4,526.00 - 20%

25 @ \$515 @ 13.5% = \$1,738.00

This is if 50% of your total agency volume is renewals and with a 20% early cancel rate. If 3 people do this then you have \$10,860 EARNED income with \$8,840.00 cost and a profit of \$2,040.00. This would be 150 new or rewrite transactions.

Also, you want incentive for the employee to work the renewals for a greater retention ratio. Also, you want to cross sell and build the book with active clients.

New Pay Plan

Min. 5 other lines applications

{25 Rewrite apps minimum

\$20.00 for every app over minimum

\$20.00 per app up to 35 apps

\$10.00 per app over the 35

85% renewal retention of assigned insureds

{ \$1,500.00 P.E.P. minimum

\$20.00 for every percentage point above this minimum

\$100 from \$1,500 to \$2,000

another \$100 from \$2,000 to \$2,500

another \$100 from \$2,500 to \$3,000

{25 New apps minimum

15% from penny one from \$3,000 to \$4,000.00

\$20.00 per app up to 35 apps

20% from penny one from \$4,000 to \$5,000.00

\$10.00 per app over the 35

40% from penny one from \$5,001.00 and over

This pay plan gives any employee the same ability to increase his income as the agency. It allows him to use the lower tier competitive carriers, it gives him incentive to rewrite a customer, it gives him incentive to work and retain renewals, it gives him the incentive to sell "other lines", and also the incentive to sell policy enhancement products. The more he sells and the more "profitable" he sells - the more he makes. It's sorta like the agency - sell unprofitable and little app count and make little money - sell "profitable" and with increased app count and make more profit. Everyone should be paid the same way from the agency principal to the agency producer.

EMPLOYEE COMPENSATION PLAN #2

An Employee's Base salary should not exceed 30% of income generated.

\$5,000 in agency income is needed to support a \$1,500 Total Compensation.

Bonus / Incentive: Pay 10% of Agency Income that exceeds the Base Salary Requirement.

Assign Renewal Book of Agency Income which supports the Employee's Base Salary.

Employee's incentive for justifying salary is tied directly to maintaining Renewals.

Employee's incentive for increase in salary is tied directly to New / Cross-Sales.

Monitor Employee's Production on a regular basis.

1. If an Employee doesn't justify salary for one month...

Ask employee for reasons, then review:

- ◆ MOPFI
- ◆ Quoting Skills
- ◆ Sales Skills
- ◆ Offer advice and consolation in deficient areas.

2. If an Employee doesn't justify salary for 2 consecutive months...

◆ Determine if reasons from previous month have been addressed. Then ask employee for new reasons, then review one more time:

- ◆ MOPFI
- ◆ Quoting Skills
- ◆ Sales Skills
- ◆ Offer advice and consolation in deficient areas.
- ◆ Issue warning of termination.

3. If an Employee doesn't justify salary for 3 consecutive months, terminate immediately.

- ◆ Start training process with replacement.

The toughest part of an owner's responsibility is the training and monitoring of employees. If the owner is not willing / able to train and monitor ... it's not the fault of the employee who fails to justify their existence!

Recognize employee achievement

By Michele Shauf

Increasingly, employees look for multiple rewards from their work — not just monetary rewards, but also opportunities for leadership, creativity, autonomy, and personal growth. Certainly all employees are attracted by competitive wages, but understanding what other rewards motivate your work force can help you build what may be your organization's most valuable asset: human capital.

Employees need more than compensation

Because of the sheer size and international presence of many organizations, employees are increasingly uncertain about the value of their contributions. In such environments, monetary compensation alone can be inadequate to motivate employees and retain top talent. To many of your employees, feeling that their efforts are valued may be just as important as getting a salary and bonuses. Some employees, in fact, may even place personal fulfillment above compensation.

Employee satisfaction is important

Although many organizations are externally focused and concentrate on fulfilling their customers' needs or stakeholders' expectations, smart companies know that employee satisfaction is just as important. Studies show that employees who find personal fulfillment in their work are not only more productive, but they also:

- ◆ Manage their time better.
- ◆ Stay longer in their jobs.
- ◆ Accept more responsibilities and challenges.
- ◆ Attract other talented employees to their organization.

Employees value trust

Every member of every organization has a role to play. This may be a truism, but it's at the heart of understanding what employees want. Most employees — including part-time and entry-level employees — want to succeed at what they've been assigned to do and to have their contributions acknowledged and appreciated. Even organizations that are undergoing budget cuts can afford to offer these benefits to employees.

Research indicates that employers typically assume that job security, titles, and wages are what matters most to employees. Employees, however, cite that — above all else — they want appreciation and trust from their employers. In fact, employees who feel trusted in their work are shown to be more likely to meet or exceed goals, report higher levels of satisfaction, and bolster achievement among their colleagues.

Promote employee autonomy

Increasing autonomy among employees can be accomplished in any number of ways. You can offer your employees:

More decision-making responsibility This can mean trusting an employee to assume more decision-making responsibility on a per-project basis.

A coaching style of management This may mean offering training for managers that models coaching techniques instead of direct supervision.

Flextime With increasingly demanding family schedules, personal responsibilities, and commute times, many employees value the freedom to establish their own work schedules. Studies reveal that employees who have a flexible schedule accomplish more than those with a more rigid schedule.

Whatever your approach, providing your employees with more autonomy should be a primary goal. The right solution should grow out of your organization's unique culture and challenges.

Recognize achievement

Job promotions and salary raises are certainly time-tested ways of recognizing employee achievement. Other methods are also available to human resources managers who are managing staffing cuts and budget constraints.

High-achieving employees expect — and deserve — to be recognized for their work and esteemed by their colleagues. Organizations have many ways to ensure that accomplished employees receive the recognition they deserve. Too often, organizations fail to make this critical gesture of appreciation. And when they do, they inadvertently send a counterproductive message that hard work is not valued in the organization.

Even if you can't promote high-achieving employees to more responsible positions or reward them with salary raises, you can:

Grant them wider access to strategic-planning processes.

Assign them greater decision-making responsibilities.

Offer them new leadership roles.

Showcase their work or make it available to others.

Reward them with special designations.

Create opportunities for employee growth

Most employees want to meet the expectations that are assigned to their job positions. In fact, they want to do more than that — they want to meet new challenges, develop new skills, and grow professionally as well as personally. Smart organizations recognize this desire and provide extensive professional development opportunities, understanding how central they are to attracting and retaining the most talented employees.

Whether you offer ongoing training, defined careers paths within the organization, leadership courses, or financial support for continuing education offered by third parties, it's critical to communicate that you value professional development. Even if you can't offer formal mechanisms for helping employees develop new skills or specialized knowledge, you can create a learning environment where employees are encouraged to take on additional tasks or challenges and to develop through new experiences.

Manage low-performing employees

In addition to recognizing exemplary employees and providing opportunities for them to grow and develop, it's important to distinguish employees whose performance is substandard.

Even the most sensitive programs for developing human capital can be undermined if underperforming employees are permitted to continue in their positions without consequences. As you develop systems for recognizing achievement and encouraging professional development, it's also important to develop protocols for dealing with employees who don't meet expectations. In environments where there is no definitive distinction between accomplishment and failure, even highly motivated employees can become disillusioned and demoralized.

Value your employees

Although most employees work for certain financial rewards, they also want to be valued and to feel they are part of something meaningful that offers a chance for professional and personal advancement. Building human capital means building on what employees value.

About the author Michele Shauf, Ph.D., is a business consultant specializing in organizational change, strategic communications, and training.