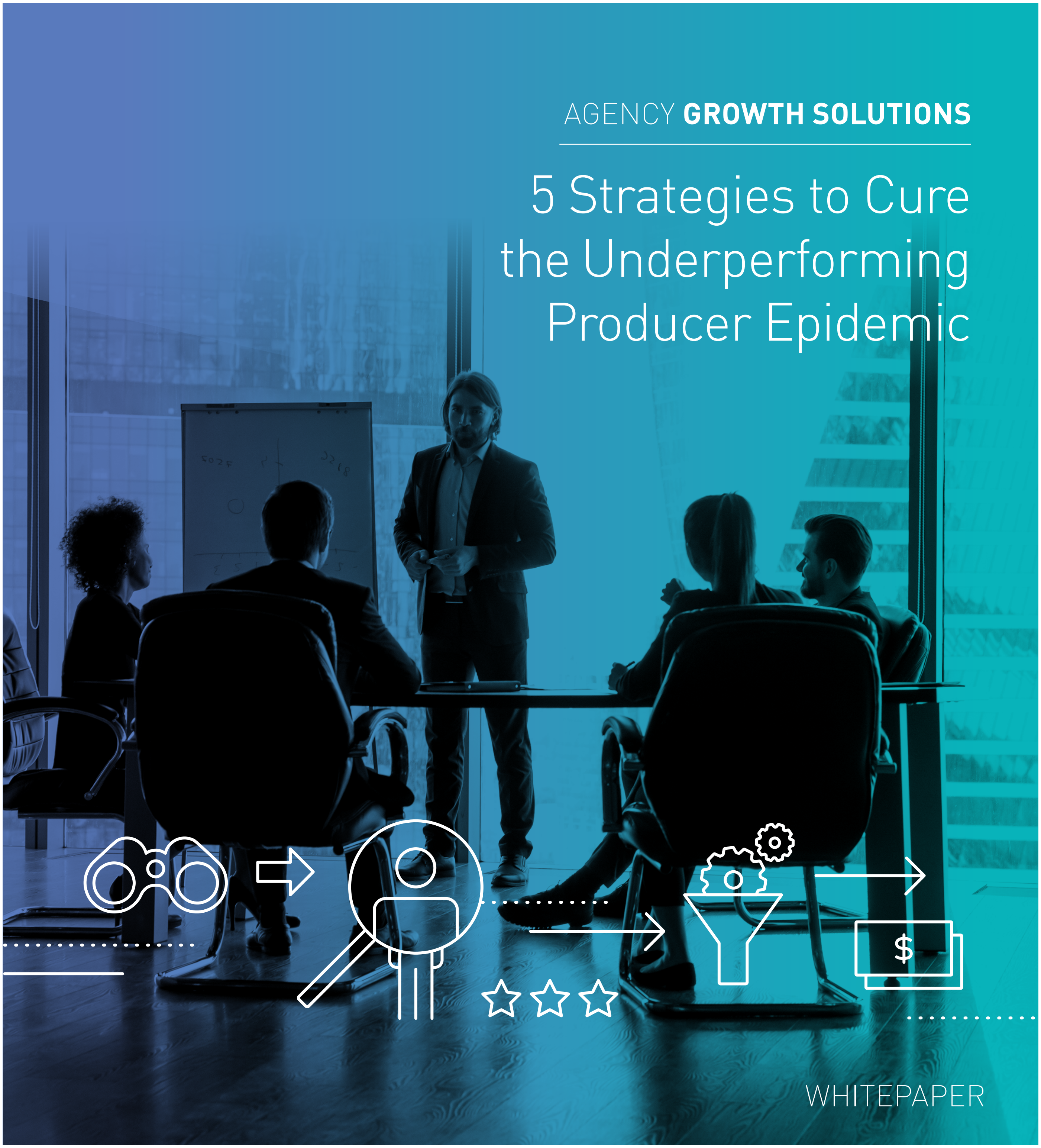
ResourcePro

AGENCY **GROWTH SOLUTIONS**

5 Strategies to Cure the Underperforming Producer Epidemic



WHITEPAPER

EXECUTIVE SUMMARY

Assessing and addressing the producer underperformance epidemic is complex. The keys to a successful approach include:

- Acknowledging the complexity of today's sales and business environment
- Creating agency expectations and holding producers accountable for them
- Hiring sales leaders
- Providing training to meet the specific needs of producers
- Liberating those who are unwilling or unable to uphold agency standards

There are no magic bullets or easy solutions, but with a thoughtful and process-driven approach, there is opportunity for improved outcomes.

In this white paper, you'll learn:

- How marketplace complexity affects success
- How agencies fail producers
- How producers fail themselves and their clients
- How producer segmentation can help agencies address performance
- How keeping an underperforming producer negatively affects agency brand and erodes carrier and prospective relationships

WHAT'S AT STAKE WITH PRODUCER UNDERPERFORMANCE

One of the greatest challenges facing agency principals and sales managers is the failure of new and existing producers to meet their production and profitability goals. Producer underperformance is a chronic condition in insurance agencies.

This condition is illuminated when the economy contracts and agency revenue growth declines because client exposures and premiums are reduced or just go away. Agencies soon realize that their growth has been linked to their clients' business growth in a booming economy, not organically through producer performance.

Through conversations and engagements with hundreds of insurance agencies, we've found that agency leadership has historically addressed producer underperformance in one or more of the following ways:

- Hire more producers to improve the odds of finding a great performer
- Send producers to training programs that never get integrated into the agency's culture or performance expectations
- Join clusters to gain access to more markets to improve profitability
- Ignore underperforming producers out of fear of losing that one important account

In most instances, these methods have failed to increase the agency's organic growth and profitability. And, in many cases, they have actually created confusion, decreased profitability, and increased opportunity costs.

Moving forward, doing more of the same will not produce different results. The time has come to take a hard look at why producers are underperforming and what an agency needs to do to cure this condition.

In this white paper, we will look at five essential strategies agencies can use to address producer underperformance.

MANY COMPANIES THAT ONCE FUNCTIONED WITHIN SIMPLE, SELF-CONTAINED MARKETS NOW FACE COMPETITION FROM UNEXPECTED PLAYERS.

STRATEGY 1:

EMBRACE COMPLEXITY

In the Harvard Business Review article "Learning to Live with Complexity," authors Gokce Sargut and Rita Gunther McGrath address how complexity disrupts business ecosystems and hinders success.

Selling insurance in today's marketplace is complex. If complexity is defined as systems which "are imbued with features that may operate in patterned ways but whose interactions are continually changing," that sums up what producers face on a daily basis:

- Group buying decisions
- Multilocation risks
- Market forces
- Increased competition from national brokers
- Commodity-oriented sellers
- Changing carrier appetites

If this is today's selling environment, why are agencies still training producers to sell in yesterday's marketplace?

The increasing complexity of the marketplace requires skills greater than likeability, desire, and connections. It requires that producers and agencies recognize the needs of today's complex organizations, how they operate, and what resources and capabilities they seek from their business partners.

Yet many producers are unknowingly encouraged to sell in a Sales 1.0 world instead of preparing to meet the challenges by embracing the elements of Sales 2.0: Strategy, People, Process, and Technology.

> Sales 2.0 practices combine the science of process-driven operations with the art of collaborative relationships, using the most profitable and expedient sales resources required to meet customers' needs. This approach produces superior, predictable, repeatable business results, including increased revenue, decreased sales costs, and sustained competitive advantage.
>
> *Sales 2.0 by Anneke Seley and Brent Holloway*

Failure to adopt will increase failure rates and leave producers and agencies at risk. Agencies must determine not only who they are in the marketplace and who they want to service, but also how they are going to compete in an increasingly complex sales environment.

Three important strategies include:

1. Adoption and universal use of an effective, consistent, and repeatable sales process
2. Systemization of lead attraction and development strategies to create predictable revenue
3. Alignment of agency capabilities and resources with employer goals and objectives

Agencies that embrace complexity will thrive, while those who remain good at the old game will find it more difficult to compete and, ultimately, will be left behind.

EX-PEC-‘TA-TION: A CONFIDENT BELIEF OR STRONG HOPE THAT A PARTICULAR EVENT WILL HAPPEN.

STRATEGY 2:

CREATE AN ENVIRONMENT OF EXPECTATION

Many of the agencies we work with fail to identify and communicate what they expect from their production team. Because they haven’t identified and articulated their expectations other than producer validation, 2-3 years down the road, their producers rarely have a clear understanding of what is expected of them on a daily, weekly, monthly, or quarterly basis.

This failure to set expectations leaves many producers confused and unsure of what success looks like. Additionally, a lack of expectations ultimately leads producers to define success from their own point of view rather than from the agency’s. It is essential that agencies communicate and hold producers accountable to a singular view of success—theirs.

So how do agencies set expectations and measure performance?

First, they must look beyond revenue. While revenue generation is essential to measure, it is frequently a lagging indicator of success and rarely tells the whole story.

Let’s explore four non-revenue indicators that are frequently ignored but play a critical role in creating an environment of expectation.

1. **Key performance activities.** How many calls, meetings, and leads-to-sales conversions are being accomplished on a daily, weekly, and monthly basis and is the activity sufficient to lead to the expected revenue generation?
2. **Efficiency and effectiveness.** Are sales pipelines filled with the right-fit clients and opportunities to produce expected and necessary revenue? Is there a clear understanding of the sales process, when to advance and when to walk away? Do producers know how to manage their pipeline to ensure revenue predictability?
3. **Results.** Are producers focused on the results that they create for their clients, themselves, and the agency? Are the results aligned with agency expectations? Are results measured and improved upon regularly?
4. **Genuine curiosity.** Do producers actively seek learning and growth opportunities? Are they students of their craft? Do they commit off business hours to conduct research on prospects and gain niche or specialized industry knowledge?

Expectations, when clearly communicated and measured, regularly provide producers with the foundational understanding of what success looks like within an agency. Likelihood of failure is decreased when the producer and the agency work towards a common set of objectives that have been clearly defined and articulated.

STRATEGY 3:

HIRE LEADERS, NOT FOLLOWERS

The ability to close the deal is a culmination of many factors in the prospect-seller relationship. One of the most overlooked attributes when hiring salespeople is their ability to effectively and efficiently lead a prospect through the buying process.

Lacking leadership orientation and skills, many producers will unwittingly follow the employer's Flawed and Dangerous Buying Process™ of managing risk and buying insurance. Employers want leadership but rarely get it.

Sales leadership is an innate skill few have but one that can be taught to the willing producer.

Sales leaders are self-directed and accountable to themselves, their team, and the agency. They inspire others through their actions, dialog, and ability to connect.

Let's look at five additional capabilities of sales leaders:

1. Help employers self-discover risks and threats of which they were previously unaware
2. Establish alliances and centers of influence to grow business opportunities
3. Create a vision of a future relationship in the sales process
4. Link agency resources and capabilities to address clients' risks and threats
5. Secure business for themselves and the agency through the identification and selection of the perfect-client type

> Once you stop trying to identify the interests of the customer and build alliances on behalf of those interests, you can rest assured that your base of business will start to evaporate.
>
> *Lead, Sell or Get Out of The Way by Ron Karr*

Producers who are unwilling or unable to gain and hone these abilities will forever compete on price and devalue their role in helping employers improve their outcomes. This negatively affects all stakeholders: the agency, the producer, and the customer.

In today's complex environment, employers prefer business relationships with producers who can lead them through a process that will improve their business outcomes and guide them towards greater profitability and sustainability.

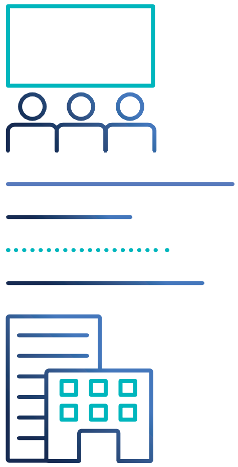
STRATEGY 4:

SEGMENT PRODUCER NEEDS AND ALIGN TRAINING RESOURCES

A common approach among agency owners and sales managers is to provide producers, regardless of their skill level or needs, with a predetermined set of sales training resources and activities.

Failure to assess the needs and attributes of producers before implementing sales training activities is a flat-out waste of time, energy, and resources. Agencies must clearly identify what attributes need to be improved or developed and who among their team lacks them.

In a report by Rain Group, Mike Schultz and John Doerr explore why sales training fails. They state that "accuracy (sales knowledge) is not enough; salespeople need fluency."



Unless agencies segment producers and identify knowledge and fluency gaps, it is impossible to align training that will favorably affect outcomes.

So how does an agency align training resources with producer needs? First, agencies must identify if the problem is a lack of knowledge or a lack of ability to convey the knowledge fluently. Here are two examples of areas in which producers may be lacking knowledge or fluency.

1. KNOWLEDGE

- Is technical knowledge missing? Does the producer have the depth and breadth of knowledge necessary to understand issues and identify opportunities?
- Is sales process knowledge missing? Does the producer have the ability to effectively move the buyer through all stages of the process?
- Are sales maximized? Does the producer have the ability to cross-sell and up-sell clients?

2. FLUENCY

- Are lead development or nurturing abilities lacking? Does the producer have the skills to identify the right-fit client and convey a value proposition that precipitates attention and curiosity?
- Is the ability to connect resources with identified risks and threats lacking? Does the producer have the skills to align internal and external resources profitably and effectively?
- Do the skills to assess the marketplace exist? Can the producer identify marketplace trends and adapt to meet those needs?

Once a thorough needs-analysis is completed, an effective sales training program can be developed. Agencies can't afford to waste valuable and costly resources on training that doesn't meet the needs of their producers.

Improving sales knowledge and fluency will not only improve sales outcomes but could improve producer and client retention.

STRATEGY 5:

LIBERATE THE UNWILLING AND UNABLE

In greater numbers, agencies are spending thousands, and yes, hundreds of thousands of dollars on branding and messaging campaigns to attract prospective business opportunities and to differentiate themselves in the marketplace.

Yet every day, these same agencies put their brand at risk by allowing unwilling or incapable producers to represent them.

There is a simple solution to this problem, and it's called liberation. Agencies must hold producers accountable for achieving agency goals and objectives as well as for protecting the reputation and value of the agency in the marketplace. They must be willing to cut their losses with producers whose lack of abilities and commitment negatively affect the agency's culture and viability.

How can a producer erode agency brand? Here are eight common ways:

1. Unwilling to adopt the agency's goals and objectives as their own
2. Unwilling to move away from the commodity approach of bidding and quoting
3. Unwilling to improve and grow professionally
4. Unwilling to protect carrier and agency relationships
5. Unable to connect agency capabilities with client needs
6. Unable to effectively communicate agency differentiators and value proposition
7. Unable to effectively move clients through the sales process
8. Unable to gain agreements and commitments from prospective clients

Producers who erode the agency brand and don't align themselves with the agency's goals and objectives must be identified quickly. Interventions and opportunities to improve should be offered with specific timelines and accountabilities.

Failure to do so precipitates failure for both the agency and the producer.

ReSourcePro
RETHINK OPERATIONS

ABOUT THE AUTHORS

FRANK PENNACHIO

Frank Pennachio has spent more than 30 years in the insurance industry as an agent and producer, expertise he's leveraged to personally train more than 1,000 insurance professionals. In 2009, he sold his agency and co-founded Oceanus Partners with his partner, Susan Toussaint. Oceanus Partners was acquired by ReSource Pro in 2019, and Frank now serves as Practice Leader, Growth Solutions, helping independent insurance agents and insurance carriers develop risk management expertise and drive new business.

Frank is an expert in the technical elements of workers' compensation, emphasizing the need for agents to understand all aspects of protecting an employers' workforce to provide true value. In addition, Frank is knowledgeable in agency sales and marketing strategies designed specifically to reduce reliance on contingency commissions and increase agency revenues.

Highly regarded as a speaker and thought leader, Frank regularly presents at conferences and publishes articles in outlets as Risk and Insurance, Professional Insurance Agent, WCEC, HR Magazine, and Insurance Journal. When speaking, he hopes to educate, entertain, and provoke his audiences to think in a new way about emerging challenges.

SUSAN TOUSSAINT

For over a decade, Susan Toussaint has been training, coaching, and developing programs to help insurance professionals overcome barriers to organic growth. In 2006, she started Injury Management Partners, and in 2009 she co-founded Oceanus Partners with her partner, Frank Pennachio. Today, she serves as Vice President of ReSource Pro's Growth Solutions team and is focused on developing products and training that help clients attract, acquire, and retain profitable, right-fit business.

Susan is recognized as a thought leader in the industry and frequently contributes to national publications on topics related to prospecting and selling. She enjoys developing confidence in new producers and creating content that inspires others to think differently.

FOR MORE INFORMATION

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