

THE MARSHBERRY LETTER

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Holding Producers Accountable

There are certain words that somehow over time seem to develop a negative connotation. Accountability has become one of those words. It falls in the same category as the word audit. The mere mention of either word summons negative emotions if you happen to be the person referred to as being held accountable or the subject of the one who's work is being audited.

As a sales management consultant it is not unusual for management at all levels to ask us how to better hold producers accountable. I can't tell you how many times someone has said to me that their biggest struggle is how to hold producers accountable. I'm sure there is something to that comment, but to us what we are really asking is how can we help producers grow their income while helping agency owners and managers achieve their objective of growing the agency at a rate that is acceptable.

If you think about someone wanting to lose weight and/or get in shape, their trainer might ask what kind of accountability system one would need to set up. Again, we can use the word accountable but what we are really saying is what is the most effective way to set up a work out program that would allow someone to lose weight, get in shape and feel great. I guess it's all how you look at it.

So for the rest of this article I prefer to answer the question, "How can we help producers dramatically grow their incomes?" If it happens to be through some sort of accountability mechanism, so be it.

First we'll list the bullet points for each accountability item and then explain each of the nine in greater detail.

- ◆ Defining a "Producer"
- ◆ Sales Meetings that Work
- ◆ Minimum Account Size

- ◆ New Business Scorecard
- ◆ A Day Off (from service)
- ◆ Marketing Panel
- ◆ Team Selling
- ◆ Compensation
- ◆ Tracking

We could have broken these down in several different ways and there are, of course, other items that could be added and some on the list that we could have skipped in favor of others, but the list is a very good start to helping any producer that needs a little lift to help get them producing again or for the first time.

Defining a "Producer"

Being a producer should be recognized as the opportunity that it truly is. Very few jobs in America have as much upside for what is required. I'm not saying it's an easy job, far from it; but what I am saying is that few jobs offer the upside potential for what is required. Having said that, this is a role that should be coveted within the industry. Unfortunately, many people that use to be producers have now become account managers or something of the like. That is to say that they have stopped producing and now only service accounts added at some point in history. If only someone would hold them accountable to keep producing, then they would insist someone else help with the service. They would make more money, the agency would grow, the correct person would perform the service and everyone would win.

Here's my point. To continue to be called a producer, each sales person in your agency should have to write a certain amount of new business each year. If not, are they really a producer anymore? Once we tie a sale person's renewal commission to the amount of new business they write, then we hold them accountable to writing new business year in and year out. The amount could be 50k or 75k in **new** gross commission each year or the percentage paid on renewal commissions

gets lowered in the upcoming year by 10-15 points. Now an agency owner has the money to invest in a new producer if the person that once was a producer has now become for all practical purposes, an account manager.

Sales Meetings

Many agencies have totally given up on having effective sales meetings. That is such a sad fact since most sales people really need them if they are going to be as effective as they can possibly be. Forget about what you used to do and consider the following for your new and improved sales meeting agenda.

- Only 5 to 8 people in a sales meeting - now no one can hide out or remain anonymous
- Held Weekly or Bi-Weekly - once a month or a quarter is way too long
- No Underwriters or Donut Carrying Marketing Reps - nothing wrong with either but this is not the time and place as we are trying to make this meeting about selling and nothing more
- Each Person gets a Chance to Speak – actually each person must speak. We are trying to see how we can help each other and that can't be done if only two or three people are doing all the talking every week. This is a great chance to help those that are struggling while holding those accountable that simply aren't doing what they should be doing as a sales person.
- Specific Agenda – follow an agenda that gets you in and out of a sales meeting in one hour or less. The objective of the meeting is to help your people and it's very difficult to do that if they dread a lackluster meeting that offers very little benefit to them.
 - ✓ **Celebrate** – let each person have the opportunity to celebrate any sales success they've had since the last meeting. It will start the meeting on a positive note, but more importantly it gives everyone else in attendance an opportunity to learn how we got the prospect and why he or she decided to become our customer. I ask young and old producers this question all the time, "How did you get in front of that customer and why did they buy from you?" I am amazed

how much can be learned from that simple inquiry. Use it in your sales meetings.

- ✓ **Prospects** – who are you trying to get in front of and how can the group help you? Often times someone in a sales meeting knows someone or knows someone else that knows a prospect you are trying to get in front of. An introduction from anyone that knows a producer or the firm obviously changes a producer's odds of winning an account, but many times we are not even trying to manufacture this kind of instant credibility.
- ✓ **Cross-Sell** – everyone comes to every sales meeting with a lead for someone else. The sales meeting is the right place to actually force the cross sell. A lot of us talk about the need to do a better job cross selling and how easy it is to convert these type of sales but unless we have a system in place to force the issue, it just seems to never happen. Make the sales meeting the place for this since this is probably the place such a system belongs.
- ✓ **New Business Appointments** – talk about your upcoming new business appointments. I know how hard new business appointments are to come by because we work with lots of producers on prospecting. These things should be treated as precious. What I mean is you should never again just jump in your car and show up after having done two minutes of research on the Internet. Let your peers help you strategically think through the key to winning that new piece of business. Don't leave the sales meeting without knowing exactly what your plan will be to win. Will you start by trying to gain a broker of record letter on the comp and if so what will you provide to help you gain that letter? Do we have an advantage due to our market, what is the competitor offering and can we offer anything better to differentiate ourselves? What is it this prospect needs that they are not getting? Leave the sales meeting with an exact strategy to win. Always!

Minimum Account Size

Run the numbers on how many new business appointments a producer will need in a year if they want to write 100k in gross commission with an average account size of 1k in gross commission. The number will reach 200 or so if the person in question is average at converting prospects to customers. Unless you want to be working on Christmas Day and July 4th, that number of new business appointments may not sound doable. Even if you could put them on the books, could anybody service them and make any money for themselves or the agency. It is simply a model that doesn't work under today's expense loads. Look at what happens if producers would focus on accounts developing just 5k in gross commission. Now to do the same 100k, our producer in question may need more like 40 new business appointments. So how do we get producers to quit calling on accounts under 5k if that became the direction an agency wanted to go in? I bet you may be able to guess. Quit paying commission of any kind on those accounts. What about first year only you ask? Don't fall into that trap as you will be begging producers to continue spending their valuable time down market, making it much harder for them to put up the new business number they could be posting. Quit thinking about what you can sell to a producer and begin to ask yourself, what would be the best thing for a producer.

New Business Scorecard

What we are saying here is put the old fashion banner up on the wall showing how much new business each of your producers has written to date. Put it in the kitchen or break room for all to see. It should look something like your United Way chart that shows how you've done with your fundraising. These don't even need goals listed to be effective, simply a public display of how each producer is fairing. It is a simple but proven fact that performance increases simply by measuring and publishing the results. Take advantage of this simple and powerful fact--you'll be helping everyone that call themselves "producer."

A Day Off

This one may have surprised you when I listed it above. I was simply seeing if you were paying attention. Here's the concept. Select a day of the week that no producer can come into the office for any reason.

NONE. If you are a producer and Tuesday becomes your day out then it is just that, a day out of the office that should be devoted to selling. It is 20% of your work life and is the minimum you should be out anyway. It's also a very powerful message to the service staff. Set your voice and email up to let people know you are out for the day and you'll be amazed how the service train will keep on rolling without you. Since most humans are reactive and not proactive by nature, this gives producers a much greater chance to be successful in writing new business. They will more than likely set new business appointments simply as a reaction to needing to fill their calendar for an upcoming day now that they know they are expected to be out of the mother ship.

Marketing Panel

This is a very simple concept. The idea is to set up a group of people or only one person if you are a very small agency that will review each submission a producer develops. The difference here is that we want to ask several questions of the producer before the submission ever makes it to one of our markets.

- Does the prospect really have any problems you've identified - do they have real pain? If a prospect only needs us for what we bring to the table that is different or better than what they currently have, have we identified anything really to add value or are we merely going to market to get another quote hoping we will have the lowest available price.
- Can we solve the problems identified? Just because we have identified some areas where the prospect needs help and perhaps where they are currently being underserved by their current broker, can we really help? Do we have the right loss control to deliver on the promise we are making?
- Have they indicated they would fire their agent and hire us if we solve the problem(s)? We could do a great job of finding problems with an account; recognize that we truly do have the expertise to follow through with solutions, only to learn that the prospect could never fire their broker. We have spent all this time and energy, not to mention what we are doing to our hit

ratios, on a prospect that no matter what we did would never ever be a customer. Why not get this out in the open long before a submission is ever even started.

The power behind this concept is that producers will be much more focused on the three items above if they know that we will not send the account to market if the questions above are not answered in a satisfactory manner. Furthermore, we know that without the answers to the questions above it becomes much more difficult to write any piece of new business.

Team Selling

Why is selling in a team of two or more people so much more effective than selling solo? We know that two heads are better than one and we also know that there is strength in numbers, but their seems to be one more dynamic at work as well. We simply do a better job of selling when someone else is observing our work. Typically, we are more apt to do a better job of selling on value and not being led down the path of cheapest quote wins if someone is there beside us watching. If we are alone we can tell whatever story we prefer, but when a peer is accompanying us our storyline is written by an objective bystander whether we like it or not. That is accountability at its best. Don't forget how much we can gain if the other party we sell with is in a department outside of our own. If we continue to open doors for the benefits guy and him for us, what kind of tremendous differences each of us could see?

Compensation

How does compensation play into accountability? Don't forget accountability as I've defined it is simply helping someone produce as much revenue as possible and make as much money as possible. If a renewal commission is too high it hurts a producer in two ways. First of all if an agency is paying more than 25% or so, they are not able to provide the level of service support a producer needs to write new business, hand off the bulk of the service and move on to write more new business. If a producer is being paid

40% on renewal business then he or she is receiving around 15 points of commission that really should be going to service staff. If it is not split in such a fashion then it leaves the producer to do more service. Producers can argue the fact all they want but there are only so many pennies in every dollar.

Tracking

Lastly, the best thing we can do for every producer is track everything. If you can't track it then we can't manage it, or more importantly improve upon it. If I want to run a 5-minute mile, what good would it do me to run on a track each day if no one were timing me? How would I ever know if I were improving or not? Typically, the producer that is not hitting his/her new business targets is not doing enough prospecting. But how would you know that if you didn't keep up with how many prospecting calls he or she was making. If we are tracking all producers in an agency we can benchmark each relative to one another to see who is great at prospecting, closing, etc. By doing so we may figure out who can help another producer with prospecting, etc. If we don't track then we would never know. At the very least we should track how many prospecting calls we make to get an appointment, how many new business appointments we go on and how many accounts we sell. By tracking these very basic components of the sale we'll know with out a doubt what areas require more activity or training.

Back to where we started, accountability isn't about micro managing; it's really about helping someone achieve their full potential. By looking at your producers and applying the nine concepts outlined above you just may begin to help someone write more new business than they have ever written before and at the same time see the growth numbers in your agency hit record levels. So go ahead, step up to the pump and hold somebody accountable. I'll bet they will end up thanking you.

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