

Supplement the Revenue Goal with a Plan

“Nothing is more terrible than activity without insight.” – Thomas Carlyle

Based on year-to-date statistics, the average agency will lose 12% of its renewal book in 2011. If this attrition rate is consistent into 2012, the organization will need to generate 17% of the prior year book in new business in order to grow organically by 5%. Rather than throwing in a 5% organic growth goal for revenue budgeting purposes, consider using strategic producer plans to formulate the goal. New business production expectations from each producer or department should be your starting point. Then, factor in market considerations (risk compression, rate attrition/increases and lost business) to estimate the renewal book. The next step is justifying the new business budget for each producer. Factor in realistic expectations for the sales staff and include activity plans to support the numbers.

Included in the planning process should be weekly goals not only for new business production, but also for the activities and behaviors that ultimately drive new business. Provided that these metrics are available, producers can incorporate the weekly goals into their individual activity plans. The following illustrates a scenario based model which uses past performance in order to set future goals:

	Scenario 1			Scenario 2			Scenario 3		
Producer	Mark Smith			Mark Smith			Mark Smith		
Annualized New Business Goal	100,000			75,000			50,000		
Target New Account Size	15,000			7,500			2,500		
# of New Accounts Needed to Hit Goal	7			10			20		
<u>Sales Process Ratios</u>									
Attempts to Appointment Rate	15			25			50		
Initial Appointment to Close Rate	30.0%			25.0%			10.0%		
Proposal to Close Rate	75.0%			50.0%			30.0%		
Mark Smith	Annual Target	Monthly Target	Weekly Target	Annual Target	Monthly Target	Weekly Target	Annual Target	Monthly Target	Weekly Target
Total # of Attempts Needed	350	29	7	1,000	83	19	10,000	833	192
Total # of Appointments Needed	23	2	N/A	40	3	1	200	17	4
Total # of Proposals Needed	9	1	N/A	20	2	N/A	67	6	1

Each individual producer plan should be tailored around the current book-of-business (average account size, capacity, historical performance, etc.) as well as their performance on new business opportunities (proposal to close, initial appointment to close, lead sources, etc.) High-growth agencies have taken the annual producer goal setting process to the next level. Agencies that consistently achieve high growth rates have implemented more sophisticated tracking tools such as online pipeline management systems or sophisticated CRM (Customer Relationship Management) technology. Justifying the top line revenue budget by instituting producer plans provides a more realistic vision for the agency and better focus for the individual producer's new business activity.

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