

# STOP Sabotaging Your Agency!

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anagers confront a serious retention challenge that will progressively become more difficult. The production pressures on managers combined with their eagerness to help their agents can lead to expensive and counter-productive practices. One of these practices is the heavy reliance on product leads. This involves the agency buying leads from the home office or other sources and actively encouraging agents to buy leads so they have someone to call. Why is this counter-productive?

First, it is a low payoff strategy. It channels agents into smaller cases. Larger cases come from referrals. Yet, we see many managers "strong-arm" agents into buying leads from the home office or from commercially available sources. This emphasis on purchasing leads creates a low ceiling for case size. Agents just replay the first year in the business repeatedly. The quality of prospects and the quality of cases don't progress. Purchased leads can keep agents alive on life-

support for a while. However, just surviving while permanently connected to life-support tubes is not a formula for significant success or long-term retention.

Second, heavy use of purchased leads drives out more profitable and more fulfilling activities. Home office or commercially purchased leads typically are the result of a product ad or direct-mail campaign. While better than nothing, these lead programs focus the agents' and agency's attention to people with specific product interest. So, what's wrong with that? The downside is that mass-marketing lead programs draw agency resources away from developing a strong competency in serving specific groups and building a strong position in profitable target markets. The focus becomes "Let's look for someone to buy a long-term care policy" rather than focusing on "What group of people can we serve uniquely well with a full range of products and services?" This week's fix comes at a high

## In Brief

- Reliance on product leads is a counter-productive practice.
- Commit to developing referrals as a core competency.
- Mentor trainees and provide encouragement.

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long-term cost.

In today's marketplace, consumers have many more cost-effective choices for financial products. To prosper in this marketing environment, agents and agencies need to distinguish themselves in serving the needs of particular groups and building a strong presence among them. We know from previous research that target marketing is a strategy that becomes progressively more profitable every year for both the agent and the agency. Agent retention is 300-500 percent higher in agencies that commit to building strong positions in profitable markets and leverage referrals. Effectively leveraging association meetings, publications and authorizations provide significant marketing advantages for both the agent and agency. In addition, building alliances with other professionals creates an important source for larger cases.

Third, heavy use of provided or purchased leads fosters a dependency that can be very difficult to break. When agents know that their manager will bail them out with product leads whenever their calendar is light, they can easily become "addicted to the quick fix." There is much less urgency in developing a strong referral system or a strong competency in serving a profitable target market.

### What is the Alternative

Commit to develop referrals as a core competency and grow a referral-driven culture.

Developing referrals as a core competency involves all aspects of the agent's and agency's operation including recruiting, training, sales management and marketing. We have observed major differences between those agencies who merely encourage referrals and those that are committed to referrals as a fundamental way of operating. Let's contrast agencies that provide "Initial Support and Promotion" with those where referrals are an "Integrated and Expected" way of doing business and see where your agency stands. (Diagram 1.1)

Agencies where referrals are

"Integrated and Expected" place an ever-present emphasis on referrals: in reporting, on-going training, agent reviews and development plans and agency communications. They recognize that referrals must be tracked, modeled, coached, practiced, celebrated and reinforced. It is a way of operating and career-long development process because there are progressively more profitable ways to leverage this strategy. They continuously work to elevate the quality of referrals to capitalize on the huge differences between getting a name and a power referral.

These managers personally model the behavior whenever they sell and they systematically secure recruiting referrals from their agents. Since current agents are frequently the best source of recruits, these managers meet at least twice a year with each agent to identify suitable candidates for the agency. When interviewing candidates, these managers assess the person's background to get a feel for their comfort and ability to generate referrals. In addition, these managers are very careful about promising leads as an inducement to recruit an agent. Rather than promise leads, they offer marketing tracks that will allow the agent to move far beyond the umbilical cord of leads.

Agencies that provide "Initial Support and Promotion" initially may train and encourage agents to seek referrals. They may provide a range of referral approaches and allow the agent to select one with which they are comfortable. Beyond the initial months, the management focus is on cases written this week with little emphasis on the source of the lead or where the policy was sold. One agency manager portrays it as "Just sell baby!"

### What Can Agency Managers Do to Develop a Referral-driven Culture

1. Model referrals when you sell and recruit. The personal example of the management team is a powerful signal. Make sure anyone accompanying your trainees learns the system and uses them in any joint calls, personal selling and recruiting. Let

- your producers experience the process as you secure recruiting candidates from them.
- Standardize a system around which you can develop advanced competence. Referral systems differ in the type of referrals they generate. Find a referral system that fits well with your overall marketing strategy and standardize it. As your agency develops experience with a system, you will build a rich history of successes and learning. Capture and use these successes as well as additional ideas to develop advanced tracks that experienced agents can leverage. As you develop competencies within the agency for advanced cases, you should also develop competencies for advanced referral strategies.
  - Establish very clear expectations, measures and feedback process. Track referrals weekly and in enough detail to provide specific guidance on how to improve. Skill development requires frequent feedback in the beginning. Measurement and feedback should continue beyond initial training and throughout the career. If this is a change in your communications with veterans, you may

- have to re-sell them on the profit in referrals, the need for specific goals and the power of tracking.
- Make public your emphasis on referrals. Make frequent and consistent reference to referral effectiveness in both group and individual meetings. Highlight successes that come from referrals such as big cases and the overall percentage of commission generated from referrals.
- Create structures for cross learning and cross celebrating. Create study groups or briefing meetings where people who are truly interested in this effort can come together regularly to share learning and to celebrate victories. Consider outsiders if they can contribute.
- Provide encouragement and models of success, especially with trainees. Look within and beyond your organization for examples of those who are successful using the strategy and system. Celebrate early victories that may not be sales, especially for trainees. Initially, you will need to celebrate effort, new learning and expanded thinking. Be on the lookout for any sign of progress and praise it - both privately and, with permission, publicly at organizational

- meetings.
- Be consistent, persistent and patient. A culture can not be fixed - it must be growing. Creating a new culture is a long-term process. For people to make the changes, they will need models, reinforcement and coaching. Experienced producers will be won over one person at a time. Recognize that it may take time.

Can there be a role for purchased leads in a referral driven agency? Yes. In the initial months, trainees need marketing assistance as they develop competence and confidence. Providing leads can be part of that assistance. However, the emphasis still needs to be on developing referral competence and rapidly weaning them from relying on purchased leads. Modeling in joint calls and mentoring from senior agents and managers are vital steps in this effort. Purchasing lists and directories can also be very helpful in providing names for qualification and rapidly penetrating a target market. A direct mail campaign to a targeted group can be a useful tool when it is part of an integrated marketing plan. ☺☺

I/R Code 9965.00: Retention of Associates

### DIAGRAM 1.1

#### Initial Support & Promotion

Initial referral training during early weeks

Experienced agent receives occasional coaching reminders and annual planning

Focus on quantity of mass market activity (e.g. mailings)

Heavy reliance on purchased lists or tele-marketing leads (e.g. mortgage leads)

Situational or occasional emphasis

Recruiting promises of lead programs attract those who are or will be poor referral generators

Referrals are viewed as low-cost source of high quality leads

Agency manager demonstrates example through heavy reliance on mass market activities for recruiting (i.e. newspapers)

Smaller case size and lower ratios (contact/appointment, appointment/close)

Lower long-term agent retention

Heavier reliance on product promotions

Alliances with other service providers are not a priority

#### Integrated & Expected

- Comprehensive initial training over several months
- Close initial supervision - frequent role play, joint calls, interview reviews
- On-going monitoring throughout their career
- Experienced agent study groups
- Focus on quality and consistency of focused activity activity (e.g. certain type of referrals: within a target market or target demographic or channel)
- Very little reliance on lists or leads beyond first few months and then only to support target marketing or assist in referral generation
- Consistent visibility and reinforcement in all agency meetings & communications
- Best Practices emphasis
- Potential referral-generating ability is significant factor in recruiting
- Referrals are viewed as a **fundamental operating principle** and the **primary agent strategy** to secure strong positions in desired markets
- Supported by agency activity within target markets
- Agency manager demonstrates example through heavy reliance on internal and external referrals for recruiting
- Progressively larger case size and higher sales ratios (contact/appointment, appointment/close)
- Higher long-term agent retention
- Heavier reliance on target marketing
- Proactively develop alliances and give referrals