

# The 2.0 agency model

Attract, manage and retain customers in a competitive environment

By Susan Toussaint

**F**or many people the beginning of the year symbolizes a time of hope and opportunity, both professionally and personally. By now, most professional insurance agencies have set annual goals and objectives and have outlined the strategies necessary to fulfill their visions of success.

While each year arrives with its own challenges and opportunities baked in, 2012 brings a unique set of uncertainties and issues: a potentially hardening market; the still fragile economy; and an election year. These macro issues only compound the problems many middle-market agency owners must address as they seek new ways to compete for fewer customers in a shrinking marketplace.

Given the increasing complexity and competitiveness of today's marketplace, agency principals and owners must assess their current agency models to determine if their structures provide the competitive edge and flexibility needed to win and secure business.

Many agencies have spent these past few years hunkering down and trying to ride out the economic uncertainty. Wisely, others have used the time to sharpen their competitive edge by better understanding the new realities of conducting business in times of greater complexity and uncertainty.

What have these forward-thinking agencies learned?

## Change attraction strategies

First, the process of attracting prospective customers has changed



considerably. Individuals and employers no longer have the time or manpower to meet with a stream of candidates to evaluate potential agency relationships. They seek relationships with agencies that bring leadership and capabilities to the table. They are looking for value in a relationship even before the first meeting.

Agencies that recognize this have begun the process of reframing their prospective customer messaging and marketing strategies. They're reinventing themselves as thought leaders and assembling customer-centric content (e.g., articles, whitepapers, blogs and video messages), which can be leveraged through multiple communication channels, such as emails, Webinars and newsletters.

Recognizing that "content is king," they've moved away from

discussing agency features and benefits and moved toward creating business-alignment conversations. They know that relationships aren't built, but earned.

This new breed of agency has adopted a long-term approach of delivering customer-focused value without an immediate expectation of a business relationship. The new marketplace demands this "dating period." Individuals and businesses want to better understand what value agencies bring to the relationship. If this value isn't articulated clearly and delivered early in the relationship, potential customers will move on or worse, they'll focus solely on price and commoditize the agency and relegate it to a transactional service provider with little perceived value.

In addition to developing ongoing, value-rich content to attract

new customers, imaginative and entrepreneurial agencies are branching out to offer nontraditional business relationships (e.g., fee-based consulting services for risk management, human resources and other services that highlight their unique agency capabilities). This allows them to create opportunities for themselves and their customers to engage in business relationships outside of the traditional placement of insurance.

## Technology matters

If content is king, then technology is queen. Agencies that have been slow to adopt new technologies find themselves at a disadvantage and at risk. Whether it's used to deliver messaging more efficiently to prospects and customers or to manage pipeline and producer activities, technology must be incorporated throughout the agency's enterprise. Far too frequently agencies still manage leads and business development activities on paper. This antiquated approach increases customer acquisition costs over the long term.

Business opportunities or leads, regardless of their stage of development, should be considered agency assets. After all, agency resources (i.e., marketing collateral, time and dollars) along with compensation to producers have been invested in developing these assets. Electronic management of these properties secures and preserves them as agency collateral rather than producer property.

Losing a producer to the competition is painful. Losing the market and business intelligence gathered by that producer because it wasn't captured and stored electronically on an agency management system or customer relationship management tool is excruciating.

Electronic interfaces with customers are inexpensive and convenient. Messaging distribution channels (e.g., blogs, emails and interactive websites) provide agencies with the opportunity to message to hundreds if not thousands of potential customers with a click of a button. This convenience means that relevant and valuable customer focused information can be shared with prospects and customers frequently and consistently, improving business

relationships while positioning the agency as a business partner rather than a service provider.

Electronic marketing activities only require producers and marketers to capture one simple piece of business information: an email address. Simply put: vanguard agencies recognize that, in today's electronic age, without an email address they don't have a prospect.

Agencies also must make that information available to producers and others by using technology that is convenient to access. Utilizing cloud-based CRM tools allows producers to access and manage customer activities anywhere, eliminating desk time and increasing productivity. By selecting easily accessible technologies and requiring producers to use them, agencies can reduce the cost of customer acquisition, secure customer intelligence within the agency and improve producer productivity.

## It's about the brand

If the producer is the hunter and gatherer of new business opportunities and the customer service teams are the cooks who ensure that the relationship is well served, what role does agency leadership play in the marketplace?

It is incumbent on the leadership to develop the agency brand and to hold the agency team accountable to protecting the brand. Establishing a brand takes forethought, commitment and planning. Agency leadership must answer the questions: "Who are we?" "Who do we want to be?" and "What value do we deliver in the marketplace?" These three questions require significant insight and must be asked and answered so prospective customers can understand clearly the value that a business relationship will bring.

When an agency is unclear about its brand, it becomes the individual producer's burden to develop and project the agency message. This is a daunting task and outside the expertise of most producers. Individual messaging leads to marketplace confusion and ultimately brand erosion.

A strong brand and consistent messaging around a compelling value proposition that is supported by

consistent and effective processes will attract customers and build agency loyalty.

## Value-focused processes

Establishing effective messaging and attracting new business relationships is just the beginning. Successful agencies know that in order to build long-term mutually satisfying relationships they must deliver with value-focused processes.

Value-focused processes are about executing on the promises made in the messaging and sales process. They measurably improve the outcomes customers achieve through the business relationship.

There must be a link between the agency's value proposition, its processes and the outcomes that are delivered to the customer. We often say that implementation begins in the sales process. Frequently producers "sell" a customer on working with them, but don't have a strategy for delivering value once the sale is made. When an agency is clear about its capabilities and resources and uses them to attract the perfect customer type, businesses that need those resources and capabilities, it can develop value-focused processes to deliver their resources and capabilities.

This connection between sales and implementation reduces costs and frustration for all stakeholders. Agencies can better leverage resources, producers sell with confidence and customers receive the resources they need to improve outcomes.

Opportunity exists for agencies to grow in today's complex and challenging environment. To grow profitably, agencies must pay attention to creating and tending to prospective customer relationships as well as the processes and the manner in which they engage with customers. ■

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