

Agency
Consulting
Group

PIPELINE

For
Independent
Agents

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ISSUE 1

HELP, HELP, THE SKY IS FALLING!!!

We have all been experiencing the same economic conditions, but we may not all see it in the same light.

Last night my wife and I went out to dinner. As we were walking in the parking lot, I noticed the lot was full of late-model cars. As we entered the restaurant, the hostess said the wait will be approximately an hour. While we waited, it appeared to me everyone at the restaurant was spending between \$20 and \$50 per person for their meal. I noticed the capacity of the restaurant would hold 150 patrons comfortably.

As my wife and I were seated, I overheard a number of conversations about the terrible economy. And while overtones of, "the sky is falling" were buzzing through the air, it occurred to me that a normal mid-level restaurant on a weekday evening is going to generate over \$14,000 in dinner revenues. Perhaps the sky is not falling as rapidly as might be suggested.

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SALES COMPETITION PROGRAM

Many agencies would like to institute an engaging competitions program within the offices to promote sales activity.

For many years Agency Consulting Group, Inc. has designed and tailored Sales Competition Programs to create healthy competition and add some fun to sometimes high pressure and tedious agency jobs. These programs are created as the back-end of our Asset Protection Model, Cross-Selling and Active Referral Training that converts your staff from being "demand providers" into becoming "proactive providers" of services that your clients and prospects need, but may not be aware that you even have available.

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NEIGHBORHOOD MARKETING

Television, Radio, Newspapers, Billboards – all have been used by agents in the attempt to interest residents of their geographic area in purchasing their insurance products from the local agencies. These are prime examples of Shotgun Advertising, more useful to build name recognition than to actual drive prospects to the agency door.

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CONCENTRIC MARKETING

Agents have used shotgun marketing, targeted marketing, focused marketing and all forms of advertising in their efforts to win a growing client base. We have always found that the simplest approach is usually the best approach, and is likely the least expensive approach, as well.

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Over the last six months we have been handling a record number of calls from agents seeking help hiring producers, teaching new and experienced producers how to build relationships instead of simply quoting, and figuring out how to increase productivity to offset reduced revenues. These are rational desires. Adding producers makes sense because the more people we see, the more clients we can attain.

We are more than happy to assist all of the agents who are looking for positive solutions to today's problems, but we find an awful lot of agents who have succumbed to the media madness and are spending a lot of time running in circles chanting the title to this article. While it may be popular to be sympathetic about the condition of our clients' and prospects' business condition, but it is also condescending. If we bemoan our own business problems, the clients look upon us as being no better off than they. Would you really want to do business with someone who is having the same problems making ends meet as you?

Here's the reality of 2008 that will continue into 2009.

1. The insurance market, tailing the overall economy, is and will continue to be SOFT. That's not a BAD thing. It means that all of our carriers will be hungry for new business and will need to save their current clients - at least until the reinsurance market dries up.
2. The business economy is in a recession. It may get worst depending on when the banks start lending again.

People still own homes, cars and businesses and most must have insurance to keep their risks of catastrophic loss in check.

This last point is the most important one for us. **INDIVIDUALS AND BUSINESSES WILL CONTINUE TO SPONSOR INSURANCE!** Our jobs are to make the acquaintance with more individuals and business owners and build relationships based on common-sense and their rational need for protection for their assets.

So, Buck Up, Sparky! The sky is NOT falling. The weak businesses may not weather the current economic slowdown, but the strong businesses who are responsive to their customers will survive - and so will the strong insurance agencies. We have experienced a record number of mergers and acquisitions of (formerly) price-driven agencies whose producers can't cope with everyone having soft rates and declining premiums.

However, the relationship driven agencies are surviving and are generating new business through referrals and additional marketing for growth.

If you ever ask an agent, "How's Business?" and you hear the response, "Never Been Better!" they are probably one of Agency Consulting Group, Inc.'s clients. Insurance clients want to associate with successful professionals, not with pitiful souls whose businesses are suffering as much as their own. Prospects figure that successful business people have the keys to progressing in a slower economy and will put their faith in those agents who celebrate success in a difficult market.

The economy in the U.S. is a "head game." It is based on perception and the public's lack of confidence fed by the politicians and the media. Unfortunately, these charlatans don't realize the impact they have on the U.S. public. Tell them the earth is heating up often enough and public believes it. Tell the banks they MUST loan money to folks who have no way of repaying the loans and then crucify the banks for placing bad loans - they are an easy target. Force the auto manufacturers to grant excessive benefits or face union strikes, the end result is bankruptcy that can only be allayed by our funding their bailout.

Then tell the American public that the "economy" is in a recession. We're not in a recession. We're in a CONVERSION. The 2008 year, is on record, as the coldest year in the last decade. Most banks did not get greedy with sub-prime mortgages and they will eat up the few hundred who were gullible enough to believe the government when they were assured that nothing would happen if they gave bad loans to people who couldn't repay them. And we WILL bail out the American auto industry because we can't afford to lose

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5 million jobs. Meanwhile people will continue to work for the foreign auto industry in other parts of the country that are managing a profit on lower costs. They will provide products and services to the industries in peril and to the rest of us. And we will insure those companies and individuals.

Stop ducking those falling pieces of sky and start marketing to an ever-growing number of individuals and businesses that desperately need your help and counsel regarding safeguarding their assets at a manageable cost.

SALES COMPETITION PROGRAM

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In 2008 we have created a standardized Sales Competition Program that works in tandem with our Sales Training to promote cross-selling, referral generation and a reward system that pays for itself many times over in increased agency revenues.

If you have enjoyed Agency Consulting Group, Inc.'s Asset Protection Model, Cross-Selling or Active Referral training, then you might want to avail yourself of this product. It provides a record keeping method for incoming calls, outbound calls, policies sold and revenues generated (although we have changed the categories for many current agency users to their specific needs) by the week, month and year-to-date. Data is only entered one time then it populates all monthly and annual fields with very easy print screens to keep everyone aware of the standings at any time.

The rewards for the program's success are left to you. (Or Agency Consulting Group Inc. can assist your agency). Success is based on the revenue potential of the products being sold.

If you would like to learn more about our Sales Training, Asset Protection Model, Cross-Selling Module, Active Referral generation or would just like to see a sample of the program (free 30 day samples available), a phone call to 800-779-2430 will put you in touch with David Diamond, our Marketing Director who will be happy to provide you with either the program or any training information you might find profitable.

NEIGHBORHOOD MARKETING

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A more selective, targeted approach that we have developed is called Rifled Marketing. The specific program for personal lines is the Neighborhood Marketing Program. Here's how it works.

The agency selects neighborhoods that have several things in common: Age of dwellings, construction (often having just four or five house types), common protection class, relatively common market values.

An employee or contract employee drives the entire neighborhood taking pictures of each home. These pictures are printed on full sheets and framed in an attractive, but low-cost plastic or cardboard frame, bagged and hung on the homeowners' doors. You must be careful to note each address and place the right picture on the right home.

The back of the picture is printed with a message that indicates that the agency's representative was in the neighborhood inspecting your clients' homes and took a picture of the resident's home. You thought that the resident might appreciate an updated photo of their home and that your agency could insure the home for as little as \$XXX based on an estimated value of \$YYYYYY. Invite the homeowner to call the agency if they would be interested in a quote tailored to their specific needs and requirements (don't forget to include the agency's telephone number).

During the year, you will deliver specific flyers with messages that are important to the homeowner for that specific geographic area and the season of the year (i.e. windstorm, brushfire, flood exposure, hail, etc). You can design these subsequent drop-offs yourself, assign us that responsibility within the design of your marketing program or subscribe to one of several good newsletters that include these types of articles for your use. You should contact these prospects no fewer than 3 times (five is better). Some agencies provide give-away material for prospects to visit their offices (better with local

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offices, of course). Most will use agency-branded magnets as the prime drop-off since magnets never seem to be discarded.

If you begin a new neighborhood every week or every month (depending on the size of the community and number of desirable common neighborhoods) you can create thousands of new prospects who recognize and will use your agency name when the need for insurance arises.

This sounds like a simple, straightforward marketing program. It is. But it is not cheap. You may not spend as much as Yellow Page ads and mass media marketing programs, but it will work better to drive customer to your door. You should expect to spend an average of \$1 - \$2/household/contact and it works best when there are multiple neighborhoods all triggered at different times for the same marketing program. At an average of 100 homes per neighborhood and adding one neighborhood/month, the cost of the marketing program could exceed \$10,000. At one neighborhood/week, the cost could be over \$40,000. But at an average \$700 premium per homeowners and \$1,000 average annual premium per auto policy and with an average 1.5 insurance policies sold/household, it would only take 65 annual sales to pay for the monthly program and 260 annual sales to pay for the weekly program. And this implies no expenses on renewals, allowing the revenue to flow through to the bottom line.

If you think that marketing involves a single ad or a single letter (with or without follow-up), this program is not for you. It implies an investment in on-going marketing and advertising and requires both follow-through (following all four steps) and management (identifying every response from each of the steps in each neighborhood program and tracking revenues received vs. costs associated with the program). But if you are serious about growing personal lines, here's a method that will work.

Use the link below to calculate the actual payoff requirements for your own agency's average premiums and commissions.

http://www.agencyconsulting.com/Marketing_Conversion_Calculator.xls

NEIGHBORHOOD MARKETING

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Many years ago, we tried a simple, but direct marketing approach with a personal lines agency. Knowing that most independent insurance agencies convert the greatest part of their business within a few miles of their location, we created a marketing program that reached residents close to the agency first and worked outward in growing concentric circles to market to an ever-increasing population base. We used our Neighborhood Marketing Program that takes photos of houses in a development and delivers those pictures to the homeowner with a quote to insure the house. Radiating that program using the agency location as the center of the growing concentric circles resulted in maximum exposure to the residents of the area most likely to purchase insurance. It was a raving success and has been used throughout the U.S. for the last decade.

Shortly afterwards we expanded that concept to commercial agencies who wrote general commercial lines. Using the same concentric circle approach we established a visitation program for the producers supplemented with a five step marketing campaign to every business within a small concentric circle around the agency (its most likely constituents anyway). We found that "Familiarity Breeds Clients" and the program worked as well as the personal lines program. As the agency's marketing efforts continued to grow, we grew the concentric circles and "touched" every business with the same series of messages, that we were the local professional independent agency making itself available to the businesses to analyze their insurance programs – no sales pitch, no obligation. It was a free "check-up" to assure the business owner that his insurance program was sound, or provide him with alternatives. Most small businesses were flattered that an agent would actually come to visit them.

Whether you are a personal lines agency or a commercial agency, plan to begin a disciplined

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marketing program to expand the activity of your producers. Most producers spend more time in the agency than with clients and prospects. That must change if you expect your producers to grow their (and your) books of business. Activity generates sales. A concentric marketing program will cause the activity to begin. A multi-step (minimum 3/yr) marketing program to the people or businesses that you meet will result in a steady flow of new business.

Don't let the soft market freeze your agency. Keep driving for more clients. During the soft cycle, new clients make up for the lower premiums generated by your existing book of business. As the market hardens the growth in clients that you drive during the soft market will make you a lot of money as rates and premiums increase.

Specifics:

Make your concentric circles small (1/2 mile radius) and grow them as you penetrate the residents and business owners within each concentric circle.

Create a disciplined approach. Use the Neighborhood Program (call us for a description or for assistance) for personal lines for developments in which all of the houses are of similar construction, age and protection class. Send a letter of introduction to the businesses within the concentric circle in a Drip Marketing campaign (sending only as many letters each day as can be followed up by your producers in the next few days) followed by personal visits for the producers to introduce themselves. Tell the producers that the purpose of the visit is NOT to sell insurance. It is simply to make friends and build new relationships for themselves and for the agency. Follow-up marketing material and visits will be used to build those relationships until the prospect ASKS THE PRODUCER to be his agent. No quotes will be done until that stage is reached. If a relationship is not going to happen (the producer will know that within 15 minutes of the first visit), that prospect is not pursued and the producer continues to move through the concentric circle.

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Have a Prospect Bank that includes every prospect that is included in the concentric circle including a notation of when they were visited, by whom, the results of the visit, inclusion of any "intelligence" gathered during the visit (that would be valuable on subsequent visits) and the next logical step for that prospect (including a time-line). In this way, you, as the agency owner, will know a) how many prospects have been seen, b) the extent of the relationship-building skills of each producer, and c) whether the producers are following up with each prospect to continue the relationship-building process toward making the prospect your client.

Agency Consulting Group, Inc. Role: We can create the Neighborhood Program and/or the Concentric Marketing Program for your agency. We can train your producers into the relationship approach to sales. We can create a Prospect Bank for you. We can provide a management reporting device to tell you exactly where you stand with the numbers of prospects and their track toward becoming your clients. Call us at 800-779-2430.

HAVE A SAFE AND PROSPEROUS NEW YEARS



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