

## **Balancing Sales & Retention**

***Jack Burke***

Strategies to garner new business and keep existing business

History can be a great teacher. In early times, mankind survived by way of the “hunter/gatherer” mindset. The men would go out in the morning to hunt for food and the women would gather the wild bounty of the earth. However there would be times when game became scarce or competition increased from nearby tribes. Likewise the wild bounty was subject to the vicissitudes of Mother Nature. Obviously there needed to be another way to provide the necessary sustenance for survival.

Thus, mankind involved into a balance between “hunter/gatherer” and “rancher/farmer”. People could both grow crops and enjoy the natural bounty, while the bounty of the hunt could be augmented by raising cattle. In many ways, that same balance continues today and serves as an appropriate analogy for insurance sales. The successful agency must develop effective methods to hunt and bring home new business, while properly nurturing existing clients for loyalty and retention. Success is the result of a balance between the two, as opposed to exclusive focus on either single category.

It seems like a simple formula, and it is – but implementation is not necessarily easy!

Generally articles about sales concentrate on gaining new business, but today I’d like to address the retention side of selling. When writing “Relationship Aspect Marketing”, I opened the book with some statistics that have held the test of time in relation to why businesses lose their customers:

- 1% will die
- 3% will move out of the area
- 5% will be lured away by other sales people
- 9% will be lured away by lower prices
- 14% will leave due to unresolved complaints
- 68% will leave because of indifference

In other words, over two thirds of the customers who leave you will do so because they feel that you don’t care -- that you simply take them for granted. Our inattention results in a withering of the relationship and it just goes away to a more ardent suitor. These clients didn’t just arbitrarily leave; we drove them away not giving them their due.

Relationships are like a skittish horse. They need attention on a regular basis. Hold back on the attention for too long and the horse becomes anxious and unruly. Additionally, relationships need to have boundaries set. If not, the expectations can get out of hand and destroy the relationship as well.

There's an old Sanskrit proverb that deals with the timeline of yesterday, today, and tomorrow. It was written in the fifth century A.D. by Kalidasa, an Indian poet:

*Look to this day, for it is life, the very life of life.  
In its brief course lie all the realities and verities of existence,  
The bliss of growth, the splendor of action, the glory of power –*

*For yesterday is but a dream, and tomorrow is only a vision.  
But today, well lived, makes every yesterday a dream of happiness  
And every tomorrow a vision of hope.*

*Look well, therefore, to this day.*

If we were to paraphrase that to business, it might go, “Yesterday’s efforts will not insure tomorrow’s clients, it is what you do today that counts.” So what do you need to do **today** to solidify and enhance your relationships with existing clients?

### **Multiplicity vs. Singularity**

In the past, client relationships tended to be singular in nature. The owner or CEO was the primary decision-maker, simply requiring the producer to maintain that relationship. Golf games and dinners were the primary methods in this relational buddy system. Today that has totally changed. Senior management may still be involved in the form of a COO or CFO, but insurance decisions are more frequently left to mid-level risk managers, committees, or even outside consultants. Today most accounts require maintenance touches at multiple levels, and these various critical contacts often have differing perspectives, needs, and concerns.

That being the case, today’s successful producer must keep a finger on numerous pulses and be prepared to bring various and sundry resources to the table in order to meet these differing needs on a professional level.

Today’s relationships need constant vigilance as well. As the saying goes, the only constant is change and the speed of change is escalating on an exponential basis in this challenging economy.

For instance, a large concern here in Branson recently partnered with a similar organization in California to provide additional economic strength for both parties. A merger of this sort, as always, resulted in a realignment of operations in order to maximize the value of each other’s core competencies. That realignment resulted in their moving the insurance decisions to a risk management department within the California operations. Although managing officials in Branson might sign the renewal contracts, they are merely implementing instructions arriving from California.

In this very common situation, insurance relationships can be in serious jeopardy – particularly if the respective producers are caught off guard. Long relationships with the

California risk management team are suddenly faced with new competition from the local provider. Likewise, the local provider is at risk from the old relationships that exist in California. Vigilant monitoring of a client's plans and activities provide an early warning signal that enables the impacted producers to begin creating and developing the newly required relationships. Lack of vigilance, on the other hand, can quickly lose the account to the new competition without a fight.

As business continues to bring more individuals into the process, some successful agencies are doing the same. Rather than relying on a singular relationship of producer to client, these agencies are utilizing a team approach to the relationship management of accounts. Such interaction at multiple levels, providing that the team is effectively sharing information with each other, can result in stronger relationships and a deeper understanding of the needs and concerns of your client. This enables the insurance agency to become more proactive in partnering in problem resolution and success strategies for their clients. Remember, as a professional, you are much more than an insurance "peddler". You are a true partner with your client.

### Managing Expectations

This topic could justify a book in itself. Unfortunately, most expectations are set by producers who tend toward exuberant promises in landing the account – and these are usually one-way guidelines:

*"If this happens, we'll do this..."*

Proper expectation management involves actions by both parties.

*"If you implement a wellness program,  
we can begin working towards stabilization  
health insurance premiums..."*

*"If you enhance your safety program, we can work  
together in reducing your experience mod..."*

A simplified example took place with our trash collector when we moved here. He knocked on the door, introduced himself and said, "I'd like to be your trash collector. If you will bag it up in large plastic trash bags, then I will pick it up once a week for \$10." He set the expectations and the boundaries. He explained what I had to do and what he would do, as well as setting a price. In doing so, he also positioned himself to "wow" us with services over and above what he had promised. That is the way a professional producer will establish relational boundaries, manage expectations, and cultivate the potential to deliver beyond a client's expectations.

As we move further into 2011, today might be a good time to take a moment and really assess how well you nurture your client relationships. I've often said that if we put 50% of the energy expended in developing new clients to nurturing our existing ones, we

would have the best of both worlds – high rates of new client acquisition, coupled with excellent client retention. We have the technology for frequency in touching the client, but nothing is more powerful than the personal touch that acknowledges the unique needs and concerns of an individual client. It lets them know that you truly value their business.

Take a lesson from ancient mankind. Drive your prospects from the bushes and shoot straight to bring home the new clients, but never forget to nurture the cattle that will sustain you in times of austerity. By keeping your activities in balance and harmony, you can have the best of both worlds.

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