



BROKER/ADVISOR PERSPECTIVES

INSIGHTS FOR AND ABOUT BROKERS/ADVISORS
ACTIVE IN THE SELF-INSURANCE MARKETPLACE



W

hy Agencies Fail When Hiring Insurance Producers

Being a business owner is not for the faint of heart. The number of critical decisions to be made every day is exhausting.

- Are we meeting the needs of our clients?
- Are we even sure what those needs are?
- Where is our next competitor coming from?
- How can we protect our profit margin?
- Who do we need to be in 24 months?
- Of course, this list could go on and on and on and . . .

Written by Kevin Trokey

However, there is one question that I just don't see insurance agency owners taking seriously enough:

How do I ensure the success of the salesperson I am about to hire?

EVERYTHING IS ON THE LINE

Of course, every new hire (in any position) is a decision to be taken seriously, but the decision of a producer is a little more critical. This is a highly compensated position with a lot of financial risk for the agency. The agency depends on this position to bring in new revenue and, at the same time, also depends on this position to help retain revenue. And, however this producer operates in the market impacts the very brand/reputation of the agency.

Sadly, while the decision as to whom to hire to fill this position should be the most scrutinized in an agency, way too many agency owners take the "let's just see what sticks" mentality. Or, at the very least, they don't do everything possible to ensure the highest likelihood of success.

HOW IRRESPONSIBLE!

There is too much on the line for both sides to not do everything you can to ensure the relationship will be successful. The producer is committing their career, and a significant part of their personal life, to the agency. At the same time, the agency is putting resources, reputation, internal confidence, and growth opportunities on the line.

Even in an ideal situation where everything is done the way it needs to be done, making a successful producer hire is challenging. But, when done the way it is typically done in this industry, successful producer hires are all but impossible.

Ensuring the success of a new hire is one of the greatest responsibilities of any business owner.

HISTORY REPEATS ITSELF – BUT DOESN'T HAVE TO

I see agency owners making the same hiring mistakes over and over again. And, by this, I mean the same mistakes happen in agency after agency and also, within each agency, they keep making the same mistakes over and over.

I was coaching an agency owner who was somewhat angry that their young producer who had been on board for not quite a year wasn't producing. The owner explained how sure he had been that this young woman would be successful. In this candidate, he saw a boldness and a willingness to take risk that he admired. She had fairly spontaneously made the decision to upset the apple cart of her life in pursuit of a personal ambition. Now she needed a "professional ambition" to balance the decision.



SEEK TO UNDERSTAND

And, maybe surprising to you, those didn't really bother me; it was these last two that did.

I always ask lots of questions before I start giving advice. I asked the owner to explain a few things.

- *Did she have insurance experience?* No
- *Did she have sales experience?* No
- *Did she have a network of connections?* No

- *How well did she test as compatible for the role?* We didn't test her
- *Tell me how you trained her once she started.* Um, we didn't

Now this owner had already recognized the need to change their ways (which is why we were talking), and they were already significantly more successful at producer hires than the typical agency. But it's easy to get distracted by a "good opportunity."

As an agency owner, you can get angry at young producers all you want, but most of the factors that will determine their success are within your control as the employer.

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4 MISSTEPS AGENCIES MAKE AS THEY RECRUIT/INTERVIEW PRODUCERS

- **They are looking for the wrong traits.** Instead of looking for someone who has a great “network of connections”, they should be looking for someone with a great level of intellectual curiosity.
- **They don't know how to interview.** All too often we have sales people doing the interviewing, as agency owners are typically sales people themselves. What a horrifically bad idea! The interviewer ends up talking 90% of the time and leaves feeling good about the conversation, but not having learned anything meaningful about the candidate.
- **No testing.** I don't just mean personality profile testing (which is critical); I also mean a way to test their ability to think critically and handle themselves in a sales situation (think role play and case studies).
- **A “we're different” bias.** This industry is notorious for re-churning the same batch of questionable candidates. Chances are most candidates have already worked at, and failed at, other agencies and/or with insurance carriers. Agencies ignore the failed history of their candidates, somehow believing that history won't repeat itself. If the candidate hasn't found success in the same role somewhere else, there's a pretty good chance they won't find it with you, especially if you are making the first three missteps above.

IT DOESN'T END WITH THE HIRING PROCESS

Read back through these four missteps (no, seriously, read them again) and tell me it isn't a miracle that an agency ever gets a quality hire to their first day of employment. Of course, at this point, even with a quality hire you have only gotten them to the starting line.

Believe it or not, in most agencies a new-hire producer is tripped right out of the starting blocks. After all, it's what happens, or doesn't happen, after that first day that will ultimately determine success.

Here is what the new producer can look forward to once on board in a typical agency scenario.





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- No sales leadership
- No market differentiation
- Lack of ongoing education
- Won't be fired even when it is in everyone's best interest

WHAT SALES PROCESS?

If there is a single common denominator woven into all of these missteps, it's the lack of a formal sales process. A vast majority of the agencies we talk to have no formal sales process. Providing quotes at renewal is NOT a sales process; it's an increasingly commoditized, automated, transactional, and decreasingly valued part of what brokers do for their clients.

Without a sales process, how can you evaluate a candidate as a fit? How do you train them? How do you coach them? How can you ensure their success? How do you protect your financial investment? How can you protect the very brand of your own agency?!

If you will take the time to build (or adopt) a sales process that focuses on your ability to make your clients more successful at what they do and assists them in making better buying decisions, you will have the necessary foundation for agency and producer success. If you won't put forth that effort, then I suggest you don't try to hire another producer. It's not fair to them and it's not fair to the rest of your team.

DON'T BE A FOOL

An effective, well-defined sales process will provide the litmus test you need to attract and properly evaluate a candidate. It will help ensure the success of that producer once on board. It will ensure you meet the increasingly complex needs of your clients. It will allow you to successfully address the items in my "once on board" checklist above. It will become the foundation of your agency.

Successfully hiring insurance producers is never going to be foolproof, but it doesn't need to be as hard as we make it. Those who have and effectively use a sales process are moving as close to foolproof as possible. Those who ignore the need for a sales process, well, they are simply providing proof of fools. ■



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Kevin Trokey is the Founding Partner of Q4intelligence, a marketing and sales enablement firm committed to the preservation and transformation of the independent agency system. He writes prolifically regarding the many challenges being faced by today's agencies, providing guidance to overcome those challenges. He is a frequent industry speaker and was recognized by the National Association of Health Underwriters as their speaker of the year in 2016.