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Is This Happening in Your Company?

There's this meeting. Several people are huddled in a conference room going through a stack of paper and talking on a speakerphone when one of the people at the table says, "We quoted this account last year but didn't get it. They were facing a big rate increase from ABC insurance company because of a rash of workplace injuries they had. We beat their quote but didn't get the account. Do we know why?"

So the person on the speakerphone says, "Oh, yeah, I remember that. ABC softened their bid thinking they could get them to reduce the accidents they've had. ABC's pretty aggressive that way, you know."

"So what happened? Did they do it?" someone else asks.

"Well, I don't know. ABC's been over there -- I've seen their van in the lot a few times -- but haven't talked with anyone recently, so I can't tell you", is the response.

Then, after a collective, albeit somewhat frustrated, "Let's find out!", another person at the table continues with, "I know this business. We've got several on the books just like it, and the accidents they typically have can be prevented. Back strains, falls, an occasional burn…we've got a new program that we can tailor and implement in their shop to prevent these problems, and I know they'll go for it if we can just go through it with them. ABC doesn't do that stuff. They just talk about it. What were they thinking? I'll bet their losses are higher than ever!" Then he says, "Set up an appointment to talk to this account and I'll come with you. Another person adds, "I think I should go too -- to explain what these claims are costing them. Lost time comp isn't the issue; it's medical. It's eating their lunch!"

Then, the first person to talk says, "That's good. Let's do it. Get an appointment set up with this account as soon as you can and let me know. I'll schedule a follow-up conference call to discuss how it went and our next steps -- so we can get them on the calendar. We can make some money on this account, so let's get it. Oh, one more thing – Fred, matching shoes this time, OK?

Now, if we're done with that, let's talk about this other account. We've talked about it before. It's…"

Quite a meeting, huh? Were the play-by-play to continue, you would hear the participants talk through and develop a renewal strategy for a profitable account they are in danger of losing. Ever been in a meeting like this? The people at the table are: an underwriter, a loss prevention guy and a claims adjuster. And the person on the other end of the speakerphone is an agent. Collectively, they're turning over rocks, looking for ways to grow their company's business with more profitable business. Most companies don't have meetings like this. But this is a marketing organization, and it does.

If your product line is a commodity, you may not need this approach to be successful. But if you depend on good, solid, growing relationships between you and your customers and agents, then you probably need to do this.

Many of the executives I talk with know that, today, marketing is not just their sales reps' or agents' job any longer. It takes virtually everyone in the organization to work like the people in this story do, but it just doesn't happen. They tell me they stress the value of this collaborative approach in annual planning meetings and press for joint development of aggressive strategies and plans. Occasionally, they even tell me they change key players to make it happen. Unfortunately, they then tell me they see little meaningful, long-term improvement. Sales increases its new business submissions -- for awhile; Underwriting, Claims and other areas improve their sales rep/agent relationships -- for awhile; then the energy needed to continue these efforts subsides and everything falls back to what it was before.

But that doesn't have to be the way things work. These historically separate, sometimes antagonistic, parties can work effectively together, and they can keep doing it without constant pressure. Speeches

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help. So does joint planning. But unless something more fundamental is in place, these steps alone are almost guaranteed to have limited success.

So, how do you build an organization that works the way the people in the story work? What are its fundamental ingredients? Clearly, having the right success measures in place throughout the organization is part of the solution. Sales and Underwriting collectively own new business results. Claims and other areas join them when it comes to persistency/retention, loss ratio and overall customer satisfaction. Unfortunately, these areas are often unwilling to accept even shared responsibility for these results because they don't own and can't control them. So that means structure is often part of the solution too. If you tear down the barriers separating these areas and refocus them on the customer, rather than on the work they do, they won't be able to avoid these accountabilities. They won't have any place to hide.

While no one structure is best for and can work effectively in every company, there are several approaches and techniques that work better than others. The key is to put the right professionals together in a manner where each is focused on and has all the functionality it needs to own and be responsible for the business success of an entire segment of the company's customer base.

Do you see the potential here? Can you envision how having these disciplines working side-by-side with your sales reps and agents for the same customers would work, especially if they are collectively accountable for the business results they achieve? Excuse me a moment, but…WOW! In addition to what you've already heard, just imagine these additional conversation topics:

- What are our results so far this year? Where have we succeeded and where have we failed?
- Which accounts can't we afford to keep? Which ones would we be happy to see ABC take?
- Where are our other opportunities and challenges?
- Overall what needs to be accomplished? What <u>can</u> we do now? What will have to wait?
- What will it all cost?

Sounds a lot like an annual planning session, doesn't it? Well, it is if it's done once a year like most companies do it. But when it's done regularly – scheduled, choreographed and executed, as the normal course of business, continually throughout the year -- it's a customer management process. And it includes timely tactical adjustments, both internal and external, that are continually assessed and refined as the year unfolds. Were it in place, you could then be assured that your customers that need touching were being touched -- timely, substantively and beneficially. Remember, that's not the sales reps' or agent's job alone any longer. If you want involvement and accountability for results, it's also the underwriter's job when issues demand it, the adjuster's when issues demand that, etc. And these touches would be planned and coordinated so you don't have multiple people sitting in the customer's lobby at the same time not knowing what each other is there for.

An organization that works like the one described also is actively managing its sales reps and agents. They have a process to identify prospects, set submission numbers, hit ratios, premium goals, loss ratio…etc. And they create a detailed plan for each sales team and agency that they monitor. Again…WOW! Everyone actively involved; everyone with a vested interest in success!

And, finally, they would have a reason to achieve the best possible results -- motivated to not only set and meet aggressive goals, but to surpass them…repeatedly. I'm not talking about the typical, company-wide, year-end bonus program so many companies have. I'm talking about a program the participants can control and is designed to generate rewards commensurate with the results they achieve. Why not reward exceptional results with exceptional rewards? If designed properly, it needn't cost anything.

Do you want a marketing organization? You can have one but, as you can see, it requires more than speeches. It requires building the right working environment. And we can help you do that. If you think you're interested (your competition is, you know), give me a call. It's what we do. Also, feel free to check our website (McDonaldConsultingGroup.com) for other topics of interest.