



Who's Really In Charge Of Your Agency

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Before we get started, I'll make a confession—I am a recovering producer. I've been through therapy for it. A lot of my therapy dealt with issues of control, of being in charge. Who's *really* in charge? That segues nicely into my topic: Gaining control of your agency. There are only three groups of people preventing you from doing that: producers, staff and customers. In this article, I'll offer some suggestions for removing them from the driver's seat as diplomatically as possible, and putting you back in it.

We have to establish why we come to work every day. We need to understand that we are *not* in the service business. We can give customers perfect service, but if a customer has a loss and anything prevents it from being properly covered, our service means nothing. We're in business *to protect people's stuff*, and if we're not focusing on protection, then we're not doing our jobs. And quite often, that's because we're not in control.

Here's an example of what we should be doing. I say to a customer (commercial or personal lines), "I need your signature on this bank draft card. We're putting your premium payments on electronic withdrawal, and let me explain why we're doing this. If your credit card payment is lost in the mail or delayed and your payment doesn't get posted, the credit card company is going to charge you a fee. But if your insurance premium gets lost in the mail or is delayed, your policy will be canceled. If you have an accident, you could lose everything you own. I know I don't want to put my fate in the hands of the U.S. Postal Service—and I'm sure you don't either. Sign the form." Do you think you'd have people signing? Yes.

But perhaps a customer says, "Wait a minute. I don't want to do bank draft." Your response, every time, should be: "No problem. You can pay me in full." Then the customer says, "Well, can't you do monthly?" You say, "OK, here's how much it's going to be monthly. I need you to sign this form. It says: 'The dangers of paying monthly have been explained to me. I understand I've chosen to let the company bill me. And I understand all my billing questions must go directly to the company. And I understand all my payments must be made directly to the company. And



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I understand if my premium is late or not received and my policy is canceled, I could lose everything I own.' So just sign the form." Is that too strong? I don't think so.

You can't let customers decide how you do business, because they don't know what's best. Some of you are probably thinking, "Wait a minute. I've got a half-million-dollar account. You're telling me I'm going to tell *them* what to do?"

Let me tell you something—it's not the half-million-dollar account, as a rule, that's the problem. It's the \$2,000 BOP on which you're making \$200 that's the problem. But for \$50,000 and above, maybe we *do* have some options. If a \$500,000 account says, "I want to do something different," you need to say, "Look, we may go along, but if we do, I want you to sign off on all of this, because it's not how we normally do business and you could get hurt." This is called being proactive.

Who's responsible?

Owners have responsibilities to their organizations. The organization comes first. If it's not strong, *nobody* wins. If Jerry works for me and doesn't do what I ask him, who's at fault? I am. I can't blame him if I allow him to disregard my instructions; that's *my* fault as a manager. How do we get the staff to do the right thing? I've heard owners say, "I want to get people onboard. I want to get people behind my approach to doing business, to see why this is the best way of doing things." Please understand, the moment you go down that path, you've already lost.

I have no right to get *anybody* to think the way I do, whether I'm right or not. The minute I say, "Jerry, I want you to agree with me, I want you to buy in," what I'm really saying is, "Jerry, I want you to react in a way that won't make me feel guilty for making you do this." The better approach is to focus on *behavior* and not attitude. I don't care what Jerry thinks. If he agrees, that's great. If he doesn't, that's unfortunate but irrelevant. I want to enforce behavior in our agency—which is to say, I want to enforce the way we do business.

This goes for customers too. If a customer calls up and screams and cusses at Debbie, I'm going to say, "Customer, you're gone. This is not how we do business." I know of an agency that, starting from scratch, grew to 150 people in 10 years. The president had a no-tolerance



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policy. He said, "I don't care how much business you bring to this agency, if you disrespect another person on our team, you are gone that very moment. *We don't do business that way.*" He wasn't interested in employees' beliefs or personalities. He was saying that certain behavior is unacceptable, whether you're a customer, CSR or a producer. When agencies start doing that, profitability goes up, and employee and customer retention goes up. The agencies start gaining control and start getting rid of problems.

Compensation and control

Let's talk about staff compensation. We need to base it on three criteria.

No. 1: *The work you do.* If you follow the procedures, you'll make more money. If you don't, you're costing me money and your compensation will reflect that.

No. 2: *Our profitability.* Staff always expects more money. They don't care whether the money is there or not. But people need to understand that profitability is something we *all* need to have a part in.

No. 3: *Efficiency.* You say, "Staff, this is how we do business. If you do it this way and we're more profitable, you're going to share in that. If you *don't* do it this way, we won't be as profitable and it's going to cost you money."

If I say, "Producer, put the application into the agency management system," and the producer says, "I don't want to do that," I reply: "Fine. Then I'm instructing my CSR to cut your commission in half." I'm not going to argue. I have control over the accounting, and I'm simply not going to pay for inefficiency.

Gaining control of service

What if we were to never again receive a phone call for a change request in commercial lines? Would that save any time? Would it do anything for our E&O exposure? Here's what to say:

"Customer, we have a rule. If you want me, in commercial lines, to make a change to your legal document—i.e., your policy—for your own protection, we require your written authorization." (Of



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course, the same rule should be adopted in personal lines to handle such things as phone-in requests for changing vehicles on auto policies.)

Would customers benefit? Yes, they could e-mail or mail or us their change requests on their own schedule. Accuracy would be improved too.

So how do you bring this about? First, give new commercial-lines customers what we call a New Customer Instruction Sheet, which covers procedures for submitting change requests and other matters. You say: "This is how we do business. If you need a change, this is what you're going to do. Let me explain the benefits to you."

It's a good idea to have the client sign the New Customer Instruction Sheet. This informs the staff that *this customer knows*. So if the customer tries to call in a change and protests that he or she was never told about the agency's procedures, the staff doesn't throw the contradiction in the customer's face, but they have the confidence of knowing the person *has* been told—and has acknowledged as much in writing.

Now that was easy for new customers—but what do we do about existing clients?

How about: "I know in the past we did 'X,' but there were problems with that. We're going to do 'Y' in the future, because we care about you."

For example, you could implement a policy requiring customers to provide written requests at least 24 hours in advance for certificates of insurance. An existing commercial-lines customer might say, "Are you serious?" Your reply: "Yes. One of these days you're going to be on a job site, waiting to get in, and the computer system is going to be down. The staff is going to tell you, 'We can't issue a certificate for you.' What's going to happen? You're going to be mad at me. On the other hand, if you give us 24 hours' notice in writing, I'll guarantee that you will *never* have a problem getting the certificate you need to get on a job site. Anyone who says you can call them anytime for a certificate is lying to you, because computer systems go down. (So do Web sites for self-issuing certificates.) I care enough about you to tell you the truth."



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Similarly, you can change your procedures regarding personal-lines phone quotes, so customers will have more realistic expectations: "Please understand, customer, that if you call me and say, 'I'm thinking about buying this car,' only the company can give you an accurate quote. We can't, so we're going to have to 'ballpark' it."

"You mean you're not going to give me an exact price?" the customer might say.

"No, I can't," you should reply. "It's not that I won't—I *can't*." That's true in most cases.

'Good service': A dubious value-added

Some agencies make "good customer service" their highest goal. But please understand—good customer service is worthless if it's not profitable. Furthermore, good service is something that customers just expect—like air in the room. They assume you provide it and so don't appreciate it.

How often have clients moved their business for \$50? You say, "Look at all the work we did. Don't they appreciate it?" No, it's air. As much as we want to think good service is special, it's just "air in the room" to clients.

You must rely on something else to hold clients, and that's your knowledge, relationship and ability to help them protect their stuff. Everybody else is all too willing to give in: "Whatever you say—I'll drop whatever I'm doing." You should focus on gaining control and protecting stuff.

Controlling your time

Here's how to gain control of your day. First, you must understand you have a finite number of minutes at your disposal. Too often we act as if we have an unlimited amount of time to work.

"I know this probably isn't the best thing to do," we say to ourselves, "but I'll just stay an extra hour today and get caught up," or "I'll just come in an hour early tomorrow"—and that becomes a way of life. Sixty minutes an hour for eight hours a day gives you 480 minutes for the day.



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Choose how you spend them wisely. I'm not trying to create a bunch of clock-watchers; I'm trying to create proactive people who make intelligent decisions.

I might say, "Staff, we're going to stop taking direct-bill payment questions." The staff says, "But that's what we're paid to do—the customers expect it." I'm not going to disagree with them. In fact, I'll *agree* with them. But I know we have to get revenue per employee up. We only have 480 minutes in our day. We must *choose* between answering direct-bill payment questions and doing renewal reviews. We can't do both. Customers can get answers to direct-bill payment questions elsewhere, but not renewal reviews. One does not really protect people, while the other does. If I must choose, I'm going to choose renewal reviews.

So how do we stop taking direct-bill questions? We use the aforementioned New Customer Instruction Sheet to explain to new clients that they are to obtain that information from the company. But what do you tell a 10-year customer who's used to having you answer direct-bill questions? You explain: "We have a new service for all of our preferred accounts. (Who are these "preferred accounts"? Everybody.) Let me transfer you to the 'new billing department,' which has all your up-to-date information." (Notice we didn't say, "Let me transfer you to the company," although that is where we send them.)

What if we could eliminate 50%—or even just 30%—of our direct-bill questions that way? I'm not reaching for Utopia; I'm simply saying let's start gaining control.

Controlling direct-bill payments

Why do people walk into our office to make direct-bill payments? The answer is because we've "taught" them to do it. Why? Because we think we'd better offer them *something*. But if that's the only thing we offer, we're already in trouble.

Consider putting a sign on the door: "Effective Dec. 1, we will no longer *be allowed* to accept direct-bill payments in our office." That approach has been used by hundreds of agencies in all kinds of settings. And in every single case it has worked. Not one agency has lost money—notice I didn't say customers. There's a difference.



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After customers read the sign, give them a sheet that says the same thing, and then tell them they have *three billing cycles* to accept the new system. Come Dec. 1, when they walk in, tell them, "I can't take your payment." Imagine the time and money that could save, while lowering your E&O exposure.

We're not trying to make people mad or run them off. We *are* trying to say, "This is how we do business—and we're serious about it."

Using e-mail to gain control

Have you ever said this to somebody? "Give me your phone number, so I can check on your question and get back to you with an answer." Too often, that just leads to phone tag and wastes everybody's time. Let's stop it. Instead, tell the client, "Give me your e-mail address." Not "Do you have an e-mail address?" or "Would it be OK to e-mail you the information?" but "Give me your e-mail address and I'll *send* you the answer."

I had an agency with about 18 people. I decided to tell them they were no longer allowed to mail anything out of the office without first asking the person requesting the information if it could be e-mailed or, if not, if it could be faxed. In the first 90 days of doing that, we cut our postal bill by \$1,500.

Let me give you another example of what you can do with e-mail. You can use Microsoft Outlook to schedule a date on which you wish to have an e-mail message sent. When a commercial-lines CSR sends a change request to a carrier, he or she has to follow up on it. That takes up staff time and costs the agency money. Instead, the CSR can use Outlook to schedule an automatic follow-up request in 45 days. Whether the CSR is in that day or not, the company will get the CSR's message saying: "Where is my endorsement? Please ignore this if you've already handled this. Thank you for your prompt response." Don't we get stuff like this from companies all the time? We can use this tool too.

Do you ever ask a customer for a federal tax ID number—then have to follow up to get it? Tired enough to do something about it? If your customer is using Outlook, you can schedule an event



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on your Outlook calendar and invite the customer to the event by clicking "Invite." Outlook will add the event to *the customer's* Outlook calendar, so it will pop up and remind him or her of your need for the tax ID. Some of you may think that's too "in your face" or intrusive, but I tell you there are agents who are doing this.

The benefits of control

One of our agency clients in California went from \$125,000 in revenue per person to \$175,000 in about five years. They went from \$2.5 million in commission income to \$7 million—and the growth was all organic. How? The owner had a vision of how he wanted the agency to run. He told his people: "Folks, I know where we're going. The train is leaving the station—get on or get off. Customers, I want every one of you to stay with us. But the train's going *this* way—either get on or get off."

We must stop living in fear of customers and employees, and define the agency's purpose. We need to decide who is in charge of our business. And the answer must be you. Whoever came up with the saying, "The customer is always right" was *definitely* a customer. When it comes to protecting stuff, the customer doesn't know what's best. We do.

I've been preaching this message for about 17 years, and our company has worked with approximately 2,000 agents across the U.S. and Canada. The ones who have accepted the message are starting to gain control. The staff is happier and more productive, stress is down and customers are satisfied, and *satisfied* customers—not merely happy ones—are loyal customers. We need to give people what they need in protection while operating our agencies efficiently enough to stay in business. To do both, we must be in charge.

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