



## The Keys to High Retention

One of the most frustrating things in our business is when, after working hard to get a client, they leave after a short period of time. In fact, rather than being a client, they've really become a customer.

Why does this happen? Even though we sold them the policy they needed, they up and go. Why do they leave? Sometimes they leave due to circumstances out of our (and often their) control. It could be a move out of the area, loss of a job, divorce, etc. But more often they leave for other reasons. Many clients/customers leave because of rates – or so they say. But the truth very often is that the excuse of rates is really a symptom, rather than the problem. Even more importantly, it's not that they found a better rate that's the real issue. The real issue – or symptom – is that *they were shopping rates at all!* Which brings us to the real question. What problem is rate shopping a symptom of? Why would they be rate shopping at all?

People generally look elsewhere because of one or more of the following reasons:

1. Wrong Kind of Client (relates to how you acquired them)
2. Lack of Credibility (relates to how you made the sale)
3. Absence of Relationship (relates to systems)

Let's discuss the cause of each problem and how to avoid or overcome it.

### 1. **Wrong Kind of Client** (relates to how you acquired them)

Cause: If you find your clients through passive methods – internet leads, yellow pages, newspaper ads – then there is generally only one thing they are interested in - a good rate. After all, they have nothing else to go on. There's no other reason for them to do business with you other than your rates.

Solution: How do you avoid attracting price shopping customers? Attract clients instead using active prospecting methods. Active prospecting methods are: effective networking, generating client referrals, properly leveraging centers of influence, and just talking to people as you go (personal observation – an art in and of itself).

### 2. **Lack of Credibility** (relates to how you made the sale)

Cause: Plain and simple, if you just sell your client a good policy, you run the risk of being viewed as an insurance salesperson. And if that's the case, then when your policyholder meets someone they view as an insurance professional (as opposed to an insurance salesperson), they are attracted to them and will often leave you for them.

Solution: Become someone who other's view as an insurance professional. What's the difference between an insurance salesperson and an insurance professional? An insurance salesperson sells insurance and an insurance professional helps people solve problems. One sells. The other helps.



This is not simply a matter of semantics. The most effective way to illustrate this distinction is by offering an example. Let's use a multi-line property and casualty agent as an example. Someone who thinks and acts like a salesperson will provide a quote to a prospect for an auto insurance policy and may also try to sell them a homeowner's policy. Their focus is on selling one or more policies. In contrast, an insurance professional will make every effort to sit down with the prospect and truly assess their needs in full so they can suggest the best solution to the problems they uncover. Often it leads to a sale, but not always. However, when you do this, you 1) establish credibility, 2) build a relationship, 3) ultimately sell more products, and 4) develop more loyalty (retention).

Conducting one's self as a professional rather than a salesperson requires a shift in thought, action and words. Professionals offer solutions that may not even involve a sale. They may refer their client to other professionals as needed. They take an interest in their clients, not just their policies. The payoff is more than worth the effort.

### 3. **Absence of Relationship** (relates to systems)

**Cause:** If, after you make a sale, you either have no contact with a policyholder again or only speak to them when they call you, then you have no relationship with them and they are, in fact, a transactional customer rather than a client.

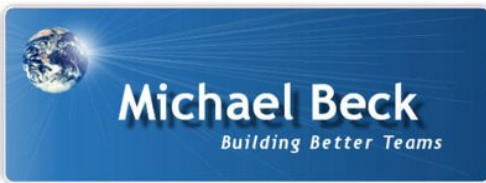
**Solution:** Obviously the way to create relationships is to interact with clients. But the challenge that most of us have is in finding the time to build these relationships. Which brings us to why Absence of Relationship is related to systems. In the absence of one or more systems, staying in touch with clients and the entire relationship-building process is a hit-or-miss endeavor. Without consistency, it is difficult for any relationship to grow. Additionally, if contact is infrequent no real connection develops, while too frequent contact simply becomes annoying and reflects poor judgment.

The key to consistent contact at an appropriate frequency is to implement systems. In order to implement systems you need contact management software or some other systematic means of generating reminders. If you don't presently have CRM (Client Relationship Management) software, then shame on you! Anyone who is in the business of marketing must have some software or some system for purposes of scheduling calls, to-dos, and meetings. [A couple of popular CRM software programs are ACT!™ and Goldmine.®]

Assuming that you have a CRM solution in place, we need to answer three questions:

1. Which of your clients should you build relationships with?
2. What are some practical ideas for staying in touch and building those relationships?
3. How often should contact be made?

The answers to these questions are dependent upon one another. Staying in touch with clients requires both passive and active systems. Passive systems are those which are essentially on "auto-pilot" and don't require much of your personal time. Active systems are those which are dependent on your direct involvement. Passive systems can reach greater numbers of people because they



don't require your personal involvement. Active systems, on the other hand, require you to be more selective. You need to choose who will get your personal attention.

### **Passive Systems**

Due to their nature, Passive Systems can be used with every one of your clients, or more accurately, every one of the clients you'd like to keep. Some Passive Systems you can implement are:

- Printed or email birthday cards (annual)
- Printed or email anniversary cards (annual)
- Printed or email annual review reminders (annual)
- Printed or email thank you note (annual)
- Printed or email newsletters (monthly or quarterly)
- Email thought of the week (weekly)

All of these systems are good, but have only a marginal impact on their own. They're best used in conjunction with Active Systems.

### **Active Systems**

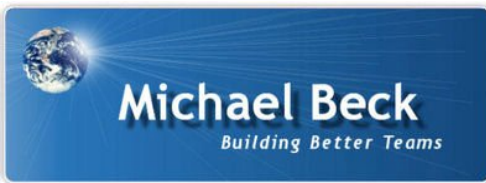
The very nature of Active Systems requires us to be selective with whom we choose to invest our time. Basically you'll want to nurture the strongest relationships with your best clients – your "A" list. These clients typically will be those who have multiple or sizable policies with you, are easy to work with, and/or have been doing business with you for a period of time. This group will generally comprise 10-20% of your book of business.

Some of the Active Systems you can implement are these:

(Use your CRM solution to keep your systems consistent and timely)

- Take your "A" list clients out to lunch for no reason (once or twice a year)
- Personally call just to say Hi and stay in touch (2-3 times a year)
- Personally call to thank them for their business (annual)
- Conduct "A" list client appreciation events, open houses and seminars
- Send "A" list clients a Thank You gift (annual)
- Ask for their help (don't you feel more of a connection with someone when they ask for your help?)
- Send referrals back to clients when possible

Clearly, these are just a handful of Passive and Active systems. Hopefully they'll get your creative juices flowing. Also, keep this in mind. While these are effective systems to be aware of, they're not nearly as effective as when you actually implement them!



In conclusion, anyone can turn their retention problems around as well as improve an already good rate of retention. By implementing more Active Prospecting methods, by shifting to more of a Professional attitude and demeanor, and by utilizing both Passive and Active Relationship Building systems, any insurance or financial services professional can boost their rate of retention, improve client loyalty, and generate more client referrals.