

Book 1

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# Specialization

The Master Key to Agency Transformation



TROY KORSGADEN

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The Master Key to Agency Transformation

By Troy Korsgaden

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— Troy Korsgaden

## Foreword

As a new insurance agent more than 25 years ago, I struggled like every other insurance agent. After many years of this, I established systems that literally transformed my agency into one of the most successful in the nation. One such system is what I call, "Specialization."

Through Specialization, I changed the organizational structure of my agency from a team of generalized sales associates to a team of specialized associates; this was key to building my agency, and I hope I can persuade you that, through Specialization, you can do the same.

Now, if it seems overwhelming to think of changing the entire organizational structure of your agency, please understand that you don't have to change overnight. You're going to grow your agency over time, with each step growing out of the one you took before, and with each new step funded by revenues produced by the last. The truth is, it won't take much of your time to make the organizational transformation I recommend in this guide. In fact, in the long run, the changes you make will actually free up a lot of time you're currently putting into running your business.

This guide will lead you step by step through the entire transformation process from transitioning from a generalized agency to a specialist agency. You will be amazed at how these structural changes will provide a foundation for unprecedented growth.

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# Section One

## Introduction

### Inventing Specialization

When I first started my agency back in 1983 I was young and confident. On my first day, my manager, Jay Green, said, “Here — here’s a big book of business for you,” and he handed me the phone book! Jay told me to call everyone in the city and ask for the opportunity to be his or her insurance agent. Young and wide-eyed, I started dialing for dollars. As dumb luck would have it, I actually got some appointments and sold some insurance. I sold some auto, a few property policies and even a few life policies. However, it didn’t take long before the focus of my attention turned to service and away from marketing new business. The immediate effect was a drop in sales and flat, or in my worst months, even reduced revenue. Out of fear, I started dialing for dollars again.

My phone work had an immediate positive effect on new business, but once again my focus turned to servicing the policies I had written. This cycle of sales and then service continued for almost seven years until finally I committed to hiring some help. The role of my first employee was to help me make outbound calls in order to drum up new business and to create some kind of consistency in my service appointments. I’ve written a lot about this particular position, my “relationship manager,” because it was held by a part-time employee, but netted me full-time results in production and retention. My relationship manager set so many appointments that the paperwork multiplied along with the sales, and suddenly I found I needed a real, full-time customer service representative.

I’m sure you know how challenging it can be to find a good employee, so you can imagine how long it took me to find my first full-time staff member. But I finally found someone I thought would work out and I began the training process. Trying to teach my new employee everything I knew about the insurance business took a long time, but pretty soon there were two of us selling policies, and the agency saw a jump in revenue. That’s the good news. The bad news? After awhile, I realized we were back to doing more servicing than selling. Only this time it wasn’t just me, it was me and my employee. Both of us were spending all our time processing paperwork and fixing problems. No matter how long or hard we worked, we were just barely managing to keep the paperwork under control. I decided I needed to hire yet another employee to take up some of the slack.

But truthfully, I’d pretty much had it with training. Out of sheer impatience, I decided not to put in the time it would take to teach the new employee everything. Instead, I was just going to teach her auto. Since she only had to come up to speed on one line of insurance, her training went quickly and in what seemed no time at all, she had become a profit center — she was earning enough to pay her salary and also to repay my investment in hiring and training her. She was so successful, in fact, that I ended up turning all the auto business over to her. Without realizing what I’d done or what it would mean to my agency, I’d invented my first specialist. And what a blessing it was, turning all the auto over to one employee! Since I didn’t have to spend time on auto anymore, I had more time to attend to other parts of the business, and so did my other employee. Selling time increased for all of us, so of course sales



did, too. Service time decreased, and so did the sense that work was out of control. Best of all, revenue took a leap forward.

That was the beginning of the transformation that took my agency to where it is now — one of the most successful in the business. Sure, I took some hits over the years as I worked out the kinks in what became my new organizational model, but it was clear from the time I trained my first specialist that I'd stumbled over a way to build my agency beyond my wildest dreams. I wish I could tell you that that change grew out of a shrewd piece of business analysis, but to be honest, the organizational system I developed came about mostly because I'd become so frustrated and impatient. I tried a quicker, easier way to run my agency, and it turned out that my new system represented one of those rare instances in which taking the easy way out pays off big time. That's how it worked for me, and in this guide I'm going to show you how my specialist model for agency organization can work for you, too.

## Generalist Agencies Versus Specialist Agencies

What do I mean by a “specialist model for agency organization?” It's pretty easy, really: Specialization means training each employee to develop a deep expertise in only one line of insurance, with just enough knowledge of all the other lines to recognize a sales opportunity and to pivot to it. There's more to the concept, of course, and I'll get to the nitty-gritty details in the next chapter, but that's the basis for my entire system.

When most agents train their employees, they try to teach them everything there is to know about the insurance business — to make them into junior agent clones. Every person in the office is expected to be able to sell and service each and every line of insurance. That kind of structure, in which every staff member is a generalist who knows how to do everything, means that not only does the agent have too much to learn and do, but so does every one of his or her staff members! You know what this kind of agency looks like because almost every one you've ever walked into looks the same. The agent has one or two overworked employees struggling to keep up with paperwork piled on their desks and on shelves all over the office. At the same time, they're trying to take care of all the different aspects of customer service. The phone rings and someone in the office has to interrupt the paperwork he or she has been working on to answer questions for an unhappy client. Meanwhile, the agent is nowhere to be seen — he or she is out running around trying to make new sales. Everyone working in the agency is taxed because there's too much work to be done, too many details to get everything done correctly, too much paper piled up to avoid missing some deadlines, and too few profits being made.

A specialist agency is different. If you're lucky enough to get to see one, you'll see a high-performance work team in action. The office positively hums with activity. The receptionist is juggling incoming phone calls and greeting clients who like to walk in to pay their bills because it brightens their day to chat with her. The fire account executive is about to close the sale of a homeowner's policy, after which she'll pass the paperwork on to her fire customer service rep for processing so she can move on to her next sale. The commercial account executive is out, finalizing details on a large deal with a local manufacturer, while at the same time his commercial customer service representative is finishing up the paperwork on a policy he sold the day before. The life account executive is on the phone with the life company, sorting out why the validations she faxed yesterday aren't showing up as having been processed yet. And the auto account executive is meeting with a client who, having bought an auto policy from her, prefers discussing life insurance with her rather than with the life

account executive. Have you noticed that someone is missing? You're right. The agent has taken the afternoon off to play a round of golf. Everyone in the office is busy, but no one is overwhelmed. The agency is more profitable than ever and still expanding.

Which kind of agency would you prefer to own: one with a generalist staff or one with a specialist staff?.

## Why Doesn't the Old Way Work Anymore?

If you've been in the business for a while and you're like most other agents, you're probably frustrated and wondering why your agency isn't doing as well as it used to. For years your agency did fine with just a receptionist and two part-time staffers. You met your goals, and you bought the house, the boat and the vacation cabin at the lake. You're still doing all the same things you used to do, but in the past few years profits have fallen to where you wonder if this year you're going to be losing money servicing the policies you've sold. What's gone wrong? Why don't the old tried-and-true methods work anymore?

There's no single problem at work here — it's complicated! Both the insurance industry and the market have changed. Competition has increased. New, upstart companies are selling directly to customers through television ads and the Internet, and by doing that, they're able to cut costs and undersell companies that rely on locally based agency distribution systems. To complicate things further, the array of products offered to consumers has exploded, so agents have to learn more and more every year. Easier access to information in the communications age puts price-comparison shopping at customers' fingertips, making it harder to sell, especially given the low prices offered by the competition. At the same time, increased legislation has made the business convoluted beyond imagination, and the addition of financial services swells our work even more.

All that might look like disastrous black storm clouds looming on the horizon, but those clouds have silver linings. Looked at in a different light, more products mean more ways to meet the needs of your customers. More products also mean that many customers are overwhelmed by choices. Some will simply make decisions on the basis of price, buying the cheapest policies available, but those aren't the clients you want for your agency, anyway. The clients you're looking for are those willing to pay a premium for service — the ones happy to pay someone else to help them understand the myriad choices out there and help them select what they need to protect their families and assets. The service you offer will become more and more valued as clients of Internet-based companies find that in a crisis, they have to fight their way through the confusion and paperwork themselves. Focus on the benefits you can offer your customers and potential customers, sell on that basis, and you'll see there's more opportunity than ever for your agency to grow and prosper.

Unfortunately, these changes in the business mean that doing things the old way just won't work anymore. To be profitable, an agency needs more sales than in the past, but a single agent is limited by the number of hours in his or her day. The old way to get by was to invest in hiring and training a new junior agent. The new employee spent months learning to underwrite auto, to generate auto quotes, to sell auto, and to input auto. After all that, your employee had to learn how to service the product on a go-forward basis, and that was just auto. Then your employee was off to classes to learn fire, and then off to study commercial, and then away again learning life. All that training meant that it took a very long time before the new staff member moved from the expenses column to the income column in the agency

books. And what if, heaven forbid, the junior agent left the agency? Everything you'd invested in training disappeared out the door in an instant.

The solution is to stop trying to make your agency staff members into clones of yourself. Every staff member doesn't have to be totally proficient in every line of insurance. You can reduce training time and expense by requiring each employee to be completely proficient in only one product line. But here's an important point: having staff specialists doesn't mean that each can focus exclusively on his or her own specialty. My auto specialist needs to know enough about all the lines of insurance to be able to recognize opportunities to cross-sell and to be able to work with clients on other lines so that customers aren't needlessly bounced around. Being a specialist doesn't mean the employee isn't licensed in other lines; specialists need to be able to give presentations and sell lines other than their own specialty when the occasion arises. For that reason, I require all my employees to be licensed in both property and casualty, and in life. What, then, is the difference between a generalist and a specialist employee?

The first and primary difference between a generalist and a specialist employee lies in the degree of knowledge required about a product line. It's only the specialist who needs to know all the nitty-gritty details of his or her specialty — the depth of knowledge it takes to do all the back-room work, and the network in the company in order to be sure policies are issued smoothly. For example, suppose you have a life specialist and an auto specialist, and one day the auto specialist sees the opportunity to pivot and make a life sale to a woman who inquired about her auto coverage. Of course, the auto specialist makes the sale, but that's not who will do all the backroom work. The paperwork will be handed over to the life specialist, and the life specialist will be responsible for making sure everything is submitted correctly. The life specialist will also be responsible for shepherding the policy through the authorization process to be sure everything goes smoothly until the policy is issued.

### Two Primary Differences Between a Generalist and a Specialist Employee

1. Only the specialist needs to know all the nitty-gritty details of his or her specialty — the depth of knowledge it takes to do all the back-room work, and the network in the company in order to be sure policies are issued smoothly.
2. Only the specialist has targets for that line of insurance, and only the specialist has the responsibility to meet goals for sales in that product line.

The second difference between a generalist and a specialist has to do with accountability. Only the specialist has targets for that line of insurance, and only the specialist has the responsibility to meet goals for sales in that product line. So while your life specialist may regularly make an auto sale here or there, remaining in the agency doesn't depend on that. On the other hand, the auto specialist has weekly goals that must be met as a condition of continuing employment, and the life specialist has weekly goals that likewise must be met. Since they're only held accountable for a single line, accounting becomes far simpler and there are no longer any valid excuses for not meeting their goals. As a senior agent, transforming your agency organization toward specialization will allow you to make the most of your staff and to increase productivity and revenue.

I've made the case for why you'd want to specialize if you're an agent who has been in the business for a long time. But maybe you haven't been in the business for, say, fifteen years. What if you're a new agent? Is specialization something you need to worry about? Well, if you're just getting started in the business, the good news is that if you begin building a specialist agency from the beginning, you'll never find yourself with many of the problems that are facing more established agencies. Specializing from the start is the easiest possible way for you to achieve success for your agency.

And what if you've been in the business forever and are thinking of retiring soon? Why would you want to move toward specialization in the twilight of your career? The answer is simple: saleability! Let's say you plan on selling your agency two years down the road so you can enjoy the profits you've worked so hard to build throughout your career. Maybe you want to travel or retire to a warmer climate, or maybe you'd like to spend more time playing golf and enjoying your grandkids. Before your vision of your retirement years can happen, you have to sell your agency. And the truth is that a typical mom-and-pop agency simply isn't going to have near the value as an agency with a high-performing team of specialists who are in place and fully functioning. Moving to specialization is an investment in the future that will guarantee a revenue stream that will ensure that you can enjoy your golden years to their fullest.

Whether you're an old hand in the insurance business or just starting out, changes in the economy and in our industry mean that running a successful agency requires changing the structure of your business. Transforming to a specialist model will require an initial investment of work and capital, but it won't be long before your investment will pay for itself. And in the long run you'll find, just as I did, that making the change is actually taking the easy way out.

## Why Does Specialization Work?

Changing from a generalist organization to a specialist one will require a bit of an investment up front, but you'll get a big return for the investment. Some of the benefits of the change include:

1. Requiring a new staff member to learn just one line of business in full detail decreases training time. That means training costs decrease dramatically. And, because training is faster, the employee begins doing real work sooner, and that means it takes far less time for the person to move from the debit column to the income column in your agency books.
2. Because there's less for specialist employees to learn, there's no room for excuses about why they can't pass the licensing test, why they're not meeting their quotas, why a policy was canceled for lack of payment when the client just needed a reminder to write the check, and so on. Specialization makes it easier to set goals for each employee, and easier to track success. That will make both you and your employees happier.
3. Once your first specialist is up and running, everyone else in the office will be relieved of the responsibility for that product line. That means everyone else will have more time to sell and service other lines of insurance. Not only will revenue increase in the line the specialist is responsible for, revenue will increase on all the other lines as well. Furthermore, the reduced load everyone enjoys as the result of the specialist will translate

into fewer complications in everyone's jobs, and that will make everyone happier. You'll soon find that a more relaxed agency staff translates into increased customer satisfaction.

4. The system pays for itself. Income generated by your first specialist will soon repay the initial investment in hiring and training the person, and as he or she brings in additional revenue you can invest it in training your next specialist.
5. Specialized employees mean that should an employee leave the agency, less of an investment walks out the door. Remember, training time for a replacement is shorter than it used to be when staff members had to learn everything. But there's another reason a specialist organizational structure protects the agency in the event an employee leaves the job, and that's because a natural training system is built into the system. It works like this: As your specialist gears up, you're going to be surprised at how soon the person is selling so many policies that he or she needs help with paperwork and servicing clients. If you invest in a customer service representative to support the specialist behind the scenes, you've now set up a natural training ground, with the specialist training the support person. Should the specialist leave, the customer service representative will be well along the path to replacing the specialist.

What's not to like? We're talking about less time to train, less room for excuses, increased revenue all around, a system that pays for itself, a happier staff, and a natural training process that takes the pain out of replacing someone who leaves. It's a win-win all around!

### Is It Really Worth the Trouble?

If you're still wondering whether you should go to the trouble of transforming your agency, consider the success of agencies that already made the transformation. Every agency I've seen committed to specialization has flourished. I've also seen many agents begin the process but then get detoured right back into their generalist comfort zone. It's easy to be fooled into thinking you need employees who know everything there is to know about insurance. But if you truly commit yourself to the process and stay on the road to specialization, you'll find that the transformation process really isn't all that hard, and the results will amaze you. Transforming your agency from a generalist structure, with all its limitations on growth, to a specialist structure with an ever-expanding, high-powered work team is perfectly doable if you take things in small steps, beginning with hiring and training just one specialist.

## Section Two

### Beginning the Transformation

You've made the decision to specialize. Now what?

Begin with a simple exercise that illustrates how taking the first step toward specialization will allow you to spend more of your time doing the parts of the business you like, less time doing things you don't like, and at the same time grow your agency faster than you imagined possible.

## Exercise One:

### Diagramming the Present and Imagining the Future

The staffing chart below lists the most common lines of insurance that need to be sold and serviced, plus three other fundamental jobs necessary to running an agency — reception, appointment setting, and claims handling. In each cell in the chart, write the name of all the people in your agency who devote some part of their workday to that aspect of the business. Don't forget to write your own name in the boxes!

Does your name appear in more than four of the boxes? If so, you're in good company because most agents around the country are just like you. But if your name is in more than four of the boxes, you're either overworked or on your way to burnout or both! And if your agency staff members' names appear in more than four of the boxes, the same is true for them. It's time for you to begin to delegate some of your work, and time for you to relieve your employees of some of their workload, too.

But that sounds like you'd need to hire a new employee, right? And if you're like most agents, it makes you tired just thinking of the time and finances needed to hire and train someone. Don't despair! Getting your first specialist up and running may not mean hiring; it may just mean reallocating the workload.

How could that work? Take a look at the chart you just filled in. Is your name in the "Auto" box? How many hours every week do you spend working on auto? Don't just think of the time you spend selling it. Think, too, of the hours you spend processing auto paperwork, answering your clients' auto questions, and trying to fix problems concerning auto. Now imagine erasing your name from the auto box. Imagine that you will never have to sell another auto policy, or do the paperwork on another auto policy, or deal with another problem in a client's auto paperwork. How many hours would that leave you to work on other things? And how does it make you feel, imagining that kind of scenario?

But if you don't do it, who will? Even though auto doesn't bring in the largest commission per policy, it's the foundation for most agencies because it's what gets clients in the door. You can't just stop selling auto! True enough, but it's also true that selling auto is relatively easy. Maybe you already have someone on your staff who would be able to take responsibility for auto. What if one of your staff members was relieved of the responsibility for selling fire, relieved of the responsibility for selling life, relieved of commercial . . . and what if you and all your other staff members were relieved of the responsibility for selling auto? Wouldn't everyone in the office have an easier time all around, and more time to devote to other parts of the business?

Remember, we're just doing a thought exercise at this point. Don't rush out and turn one of your employees into an auto specialist yet. For now, just imagine what changes you might see in the day to day business in your agency if you made a change like that.



Let's think some more. Maybe auto is the wrong line for your agency's first specialist. Is there a line of insurance that, for whatever reason, you just don't like selling? Maybe you feel you're not good at selling commercial, or maybe you're uncomfortable selling life, but your name is in the staffing chart box for that line of insurance, right? Well, what if you could erase your name from that box? What if you could turn the responsibility for that line over to somebody else? If you could walk into the agency every morning for the rest of your working life knowing you didn't have to deal with that line of insurance, would you feel differently about going to work in the morning? Wouldn't you have more time to devote to parts of the business you actually enjoy? And wouldn't all that mean you'd be in a different kind of mood when you got home from work every evening?

Here's a clean version of the staffing chart. Ignore Reception, Appointment Setting and Claims boxes for the time being and just focus on the ones representing sales of the five major lines of insurance.

Write "specialist" in the box of the line you least enjoy selling. Now write your own name in the box of the line you most enjoy selling. Also, write your name in a box of another line you're good at selling, even if it's not the one you enjoy most. And for now, add your name to a third box. Write "specialist" in the remaining box. Imagine just for a minute what life would be like if your agency was set up in a way that your job was to oversee the business and to attend to just the three lines you've put your names under, and if you had a specialist responsible for all the other lines. Can you see how you might be happier spending time in the agency every day . . . and how your employees would be happier? Can you imagine how, with each person in the agency devoting his or her time and attention to particular lines, life would be less complicated, fewer mistakes would be made, and more time could be spent selling than is currently the case? And wouldn't that translate into higher client satisfaction, fewer lapsed policies, and ultimately, into increased revenue?

That's where reorganizing your agency can take you!

## Preparing for Success

If you haven't already, there are two important things you need to do before you dig too far into the process of transforming the organizational structure of your agency. First, you need to make sure that every single employee involved in sales is licensed in both P&C and life. Second, you need at least one part-time appointment setter in place and helping you grow your agency.

You can't move quickly enough to begin getting your current staff licensed in P&C and life if they aren't already licensed in both those lines. If each and every one of the members of your staff who talk to clients about insurance isn't licensed in both of these lines, not only are you possibly not compliant with the law, you're simply not making the most of your employees. It may sound harsh, but I require that every sales associate in my agency be licensed in both P&C and life within six months of begin working in my agency. In fact, they sign a special form acknowledging this requirement on the day they begin work:

## Korsgaden/Jansma Agency Requirements

The Korsgaden/Jansma Agency requires three things of all sales associates.

To continue working in the agency, within six months, you will have accomplished the following:

1. You will be licensed in both Property and Casualty and in Life. In fact, we expect you to be licensed in 45 days. However, by six months, if you have not passed both, you will no longer be an employee of the agency. Why? First, we need to be compliant with state insurance regulations. In addition, your being licensed will give you confidence, and we need confident and competent people working in our agency. We are a professional organization and team. In addition to being licensed, you will have learned two additional skills:
2. You will know how to ask underwriting questions on every line of insurance. You won't be asked to actually underwrite or rate, but you must know how to ask questions so that someone else can do these things for you.
3. You will know how to give a sales presentation on every line of insurance. Asking questions is easy. Giving presentations is easy. You will learn the front-room work — the sales part of the business — and someone else will be accountable for the back-room work, the paper processing. You will help them and they will help you. That is why we call our agency staff a "team."

By signing this form, you indicate that you understand these requirements and the implications for failing to meet them.

\_\_\_\_\_ employee's signature

\_\_\_\_\_ date

If you have sales associates working for your agency who are not licensed in these two insurance lines, you should begin the process of getting them licensed now. Arrange necessary training, set deadlines, and get them started on the path to being licensed sales associates for your agency. You don't need to wait to begin moving toward specialization until that is done — you can begin the transformation process at the same time you are getting your employees licensed — but do begin that today. Transforming to specialization is going to happen faster than you expect, and the sooner your employees are fully licensed, the quicker the changes can happen, and the sooner you'll be seeing the difference in your bottom line.

So what's next? Well, if you don't already have an appointment setter on staff, the second thing you should do is get one up and running so you can make sure you have clients sitting in front of you and your other sales associates every day of the week. That may seem like an unnecessary expense, but the success of your agency depends on you having at least one. A good appointment setter doesn't have to be a big expense. In fact, my best appointment setters have typically been part-timers such as business students from the local college who need work experience and money to pay bills, or women who have been home taking care of kids and now find they have time and the desire to work outside of the home.

Incidentally, training an appointment setter doesn't have to take a long time. With a little training and appropriate goals and oversight, your appointment setter will be paying his or her own way in no time at all. You can't afford not to have at least one, and soon you're going to find you need several.

## Exercise Two:

### Which Specialists Should You Develop First?

Specialization is all about letting go. It's about giving responsibility for a line of insurance to a single staff member, and in doing that, relieving both yourself and all your other staff members of the primary responsibility for that line. But first, let me make two things absolutely clear here:

First, remember that this is only about handing over primary responsibility for a line of insurance. Even with a specialist in place in the agency, everyone else still needs to recognize sales opportunities for the line, and they need to be able to pivot to set up the sale. They may even make the sale. However, sometimes they'll simply make the pivot and then set up the appointment for the client to talk with another team member specialist.

Second, as the Agent of Record for the agency, having specialists doesn't mean you simply turn everything over to the specialist and never deal with that line again. For one thing, like everyone else in the office, you'll be watching for sales opportunities as you're talking to clients about other matters and pivoting to set up the sale. More importantly, as Agent of Record, you'll still need to manage the work your specialists are doing. It will be up to you to set appropriate goals for your specialists, to track their performance, and to step in with training or other appropriate action when it's necessary. But once you have a specialist in place, you're going to be playing the role of the manager, not dealing with the entire daily grind associated with that line, and you'll find that the amount of time it takes to manage your specialist will be far less than the time you're currently spending.

And this brings us to the question about which product line you should delegate first.

The fact is, there's no single "correct" answer to this question. As much as we may talk about a "typical" agency, each agency is different, with its own history, mission, staff, book of business and current level of success. In addition, each and every agent has his or her own set of skills and preferences. The decision about which specialist to develop first has to be based on your agency, your vision, and especially on your passion. To help you get going I've designed a set of questions to help you make the decision about which line would be right for your first agency specialist:

1. Which product line are you most fired up to sell?
2. Which product line are you least comfortable selling?

**NOTE:** You're probably well aware of which lines you like and dislike selling, but if you're unsure, just take a look at your book of business - your passion is probably right there to see. If you've sold one line in a far higher percentage than any other, that's almost certainly the one you're most passionate about. And your passion should help drive your hiring decision. If you really enjoy the challenges of selling commercial insurance, you'll want to keep your own focus on that and develop specialists for other lines. If you're moved to sell life insurance, do that and hire specialists to take auto, fire and commercial off your plate.

3. What does your current balance of business look like? Quickly figure what percentage of your book of business is represented by each of the following lines:

Auto \_\_\_\_\_ %

Fire \_\_\_\_\_ %

Life \_\_\_\_\_ %

Financial Services \_\_\_\_\_ %

Commercial \_\_\_\_\_ %

4. Fill in the names of staff members who are licensed in the following lines:

Auto \_\_\_\_\_

Fire \_\_\_\_\_

Life \_\_\_\_\_

Business \_\_\_\_\_

Financial Services \_\_\_\_\_

5. Put a star next to the names of any licensed employees who are particularly good at that product line.

Consider your answers to the questions above to make the best decision for your agency about which specialty to develop first. Most likely, you'll see trends in your answers that point your way forward. For example, if your life sales make up less than ten percent of your book of business, it's likely you've written that down as the product line you're least comfortable selling. If either or both of those things is true, then life may well be a good bet on the best specialization for your agency. Don't give up a line you enjoy selling; give up one you'd just as soon not have to deal with on a daily basis.

Another crucial issue to consider is whether your current staff members are already licensed in more than one product line. If they are, and particularly if they've been with you for a long time, it's probably not in anyone's best interest to try to turn that staff member into a specialist. An employee trained and accustomed to working as a generalist is likely to feel slighted if restricted to a single line.

**WARNING:** If you already have generalized staff licensed to sell multiple lines of insurance, it's almost always best to show that you respect their experience by leaving them in that position. Unless you have a special circumstance — for example, a staff member asking to work fewer hours — instead of turning existing generalist staff into specialists, hire new people and develop them as your specialists.

For one thing, the employee may think he or she will make less money if restricted to selling one line. For another, sales associates accustomed to selling all the lines of insurance may feel their skills are being undervalued if you try to turn them into a specialist. Finally, you've already invested in training them in several different lines, so it may not be in your best interest to turn them into specialists, either. So if you have staff members who are trained as generalists, it's probably best to keep them just like that, but with one provision: As you develop other people into specialists, your existing generalist staff members, just like you, will have their workloads lightened as they're relieved of responsibility for whichever lines you've handed over to the new specialist.

Here's an exception to the rule of not trying to turn generalist employees into specialists, especially as your first specialist: Maybe you have several licensed generalist employees, but only one of them regularly makes life sales. If the others don't make many life sales while that one often surprises you with a life sale you didn't expect, it may be that by making him or her your life specialist, everyone in the office will benefit — you and your other staff members will have less to do because your life specialist will be accountable for all servicing. Everyone will still contribute to life sales and appointments, but your life specialist will be able to focus his or her entire time on this department.

If you have an employee on your staff who is only licensed in property and casualty and it appears that the person will work out well in your agency, it may be beneficial for you to relieve the employee of all responsibilities except auto. Or maybe you have fewer than two licensed staff members helping you with sales. If that's the case, it's time for you to hire. (Don't worry about the cost — we're going to help you move your new staff member from the "cost" column of your balance sheet to the "profit" column in less time than you can imagine possible.)

To review: some of the things to consider as you make your choice include:

- Don't give up a line that you enjoy selling.
- Don't hand over a line you're particularly successful at selling, even if you're not particularly enjoying it.
- Choose a line you think someone else on your staff has potential to become very strong at, especially if someone on your staff might enjoy taking over the line you're thinking of delegating.

Taking all those things into consideration, you should be ready to fill in your new version of the staffing chart. If you're nervous about making the decision, don't be! There is no wrong answer. There might be reasons for you to develop specialization in one or another product line first, but in the long run your entire agency is going to change, so your agency is going to grow and prosper no matter which line you develop first as a specialist position. So go ahead and make your decision. And while you're at it, use the same criteria to make a tentative decision about which line you'll develop as your second specialist position. In the staffing chart below, write "Specialist #1" in one of the boxes, and "Specialist #2" in another of the boxes. If you know the name of the person who will take on the position, write in the name, too. If not, just write "new hire." Now write your name only in the boxes that don't have a specialist, and write the names of any other employees in the boxes they'll continue to be accountable for.

Now take a minute to look at your new organizational chart and imagine what your work life will be like if you no longer have primary responsibility for the lines you've just assigned to specialists. How does it feel not to see your own name in those boxes? No, of course you're not there yet, but that's where you're headed. The journey you're about to set out on is going to be a fairly simple one, and imagine the rewards the destination will offer when you get there!

## Where Will Specialization Take You?

By deciding which line you'll target for your first specialist position, you've taken the first step in transforming your agency into a specialist organization. But before you dive in and make the change, let's look ahead at where specialization can take you. The fact is, you could make your life easier and increase revenue by developing just two specialists. In that case, your agency would look something like this:

To be honest, though, in today's economy developing just two specialists as shown in the diagram probably isn't going to get your agency to where you want it to be. The primary danger of remaining at this size is that if one of two specialists leaves, your agency will suffer while you find and train a replacement. If you add a third specialist plus back-room support for the first two specialists, you'll find that your agency has sufficient manpower to protect itself should someone leave. And that's the size of a nice, medium-sized agency. Take a look:

But specialization can take you as far as you'd like your agency to go. If you're a new agent or someone in the business for fifteen years or less, you probably want to grow your agency into the most lucrative agency possible, and that means you'll probably want to shoot for a minimum of seven specialists — one each for auto, fire, life, commercial, financial services, health and specialty insurance. Soon enough, you'll find that most of your specialists need back-room help, and you need both an office manager and a personal assistant to help you keep up with everything and everyone. In that case, your agency will end up looking something like this:

I know that looks like a lot, but remember, you don't have to hire everyone all at once! You'll begin by just adding two specialists during the first year of your transformation, and the additional revenues from those specialists will fund adding the next one, and so on. In time, you'll be the CEO of a booming agency.

But what if you want to grow still bigger? Well, certainly you could continue to grow even beyond the size of the agency represented in the chart above because with specialization, the sky's the limit. A word of warning, though: uncontrolled growth can cause all sorts of things to happen, and not all of those are good things, particularly if they take you by surprise. For example, if you're not paying attention, it's easy for your agency to grow beyond the capacity of your location, and depending on the real estate situation in your area and the timing of expansion, moving the agency can be an expensive proposition. In addition to increased rent, more employees can require more expensive phone systems and computer networks. I'm not saying you shouldn't continue to grow, or that you shouldn't undergo a move if growth calls for it. What I am saying is that you want to be aware in advance that further growth may require a move so that when the time comes, you can do that in the most efficient way possible. You also want to do a financial analysis to ensure that additional revenues from growth won't all be going to cover new expenses rather than into your bank account. Finally, it's important to realize that an agency can grow to the point where organizing becomes far



more complex. With too many employees, details can start to fall through the cracks, clients can begin to feel ignored, and you may find some of those clients you've worked so hard to bring into your agency are seeking smaller agencies where they'll receive the personal attention they were receiving from you. At each stage in your agency's growth, be sure you're clear about the balance of potential benefits and potential costs, and that you've made the conscious decision that you want to continue to grow.

How far you grow is up to you and it's possible you may choose to grow even beyond the last diagram shown. Just keep in mind that the chart might well represent the "sweet spot" for an agency — 15 to 18 sales associates, plus a claims expert, office manager, personal assistant for the agent and several part-time appointment setters. With that number, you'll have as many clients as can be easily managed. You'll also have established a natural training system and job ladder that will protect you in case a specialist leaves the agency. Finally, you'll be protecting your employees by giving them possibilities for advancement. You can be sure you'll be spending time supervising, but you'll still have time to act as an agent, which is why you got into the business in the first place.

Transforming your agency to a specialized organization structure can take your agency wherever you'd like it to go, and the beauty about a specialized agency organization is that once it begins to grow, it can almost grow itself. So think through all your options. Watch for signs that the agency is genuinely ready for growth. Don't expand beyond a size with which you're comfortable. Approach your transformation that way and you'll always be in the driver's seat, firmly in control of your agency instead of the agency in control of you.

## Section Three

### Planning the Change

Whether you want to grow your agency by adding just two specialist employees or whether you intend to continue growing your agency far beyond that, there are two things you'll need to do before you dive in and get your first specialist up and running. First, you need to schedule the different activities you'll be undertaking in the next year. Second, you need to communicate what you're doing and why, first to your employees and then to your clients. I advise scheduling things first because that will help you firm up plans, making it easier for you to then communicate what's coming to your staff and customers.

## Exercise Three:

### Planning the Next Twelve Months

To accomplish your goals, it's important to have a strong vision of where you're headed, and then to create a roadmap capable of taking you there. This exercise is designed to help you lay out the steps you'll need to take to develop two specialists during the coming year.

Developing just two specialists can make a massive difference in the average agency, and developing two in twelve months is perfectly doable, so begin with that as your goal for the year: two specialists up and running, with both bringing in new revenue for the agency. And, since you've already decided on the first two lines you'll specialize, you're already well on the way to beginning the transformation. You're ready to answer the following questions that will help you create a road map that will take your agency where you want it to go:

1. What product line will your FIRST specialist take over?

\_\_\_\_\_

2. Do you already have an employee who is the right person to become your first specialist or will you need to hire someone new? If it's someone in the office, who will take on the position?

\_\_\_\_\_

3. If you need to hire, will your office accommodate the addition of a new staff member? Yes / No

4. Do you have all the office equipment (desk, chair, phone system, computer, printer, etc.) you'll need to accommodate the first specialist? If not, list everything you need to acquire:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

f. \_\_\_\_\_

g. \_\_\_\_\_

h. \_\_\_\_\_

i. \_\_\_\_\_

5. What product line will your SECOND specialist take over?

\_\_\_\_\_

6. Do you already have an employee who is the right person to become your second specialist or will you need to hire someone new? If it's someone in the office, who will take on the position?

\_\_\_\_\_

7. If you need to hire, will your office accommodate the addition of a new staff member? Yes / No

8. Do you have all the office equipment (desk, chair, phone system, computer, printer, etc.) you'll need to accommodate the first specialist? If not, list everything you need to acquire:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

f. \_\_\_\_\_

g. \_\_\_\_\_

h. \_\_\_\_\_

i. \_\_\_\_\_

With your answers to the questions above in hand, you're ready to fill dates into your electronic calendar:

1. If you have someone on your staff who will become your first specialist, you're already ahead of the game. All you need to calendar is the date you'll begin training him or her for the new role. If not, add the date you're going to begin your candidate search and the date you expect the new hire to begin working. This date — the new specialist' first work day — will be the one and only date that's set in stone in your calendar. If you set the date for a month from today, treat that date as something you can't change, and do whatever you need to do to be sure you start your first specialist then.

2. Next, calendar a date about six months from the date you set as the first day for your first specialist: this is a rough estimate of when your second specialist will begin work. Don't be surprised if this date moves. The actual date your second specialist begins will depend on when your first specialist is bringing in enough additional revenue to fund the development of your second specialist. It's possible that you'll have to move this date back, but more likely, you'll find yourself moving it forward in your calendar. If you'll be hiring a new person for the job, don't forget to calendar a date to begin the candidate search about a month prior to when you expect the person to begin. And if the start date changes, don't forget to shift the "begin search" date accordingly.

3. Another floating date in your calendar should be the date your office may need to move. Think carefully about your present facility and location. How many specialists and

customer service representatives (CSRs) can you hire before you no longer have enough space to accommodate your growing staff? If you already have a fairly large staff and you're working with them to develop specializations in their favorite lines of business, you may not need to consider moving for a very long time. However, even then you may be surprised by how quickly you find yourself ready to hire yet more staff specialists. If you currently have a smaller staff and a smaller office, you may be able to add a desk or two for your new specialists and their CSRs, but eventually you'll probably still need to find a larger space for your growing agency.

Don't let the need to move take you by surprise! If you think carefully about the amount of space you currently have and how far you can stretch it as you add staff, you'll probably realize that after you've added a certain number of people you'll either have to stop growing or find a larger space for your business. Be sure the to-do item "seek larger space" is calendared in red letters at a date earlier than the date you've set to hire the employee that will tip the scales, making it impossible for you to do business in your current location. Also, be sure that

if hire dates come more quickly than expected, your reminder to begin considering a new location for your office also needs to be moved ahead in your calendar. You want to be sure you have time to carefully weigh your options so that when the time comes, you'll be able to make the best decision for the long-term growth of your agency and to be able to take advantage of any real estate deals that might pop up.

One exercise you'll definitely want to do before the time comes to move your growing office is to consider the cost of rent versus the cost of buying a building. This will vary by which part of the country your agency is located in. With real estate prices going through the roof in metropolitan areas of California, for example, purchasing a building may not be in the picture anytime soon. However, you will want to do a cost comparison anyway, because over time paying rent really adds up. Be proactive! Remember, progress is only made by moving forward.

4. Now calendar dates for any other activities your answers to the questionnaire in Exercise Three indicate you'll need to do to prepare for your new specialists. Do you need to expand your office telephone system or purchase furniture and office equipment? Calendar everything so your new specialists will be able to hit the ground running their very first day on the job.

Remember, your roadmap calendar should have dates for everything you'll need to do as you transform your agency, but the initial dates you enter are just best-guess estimates. You should be monitoring progress and checking your calendar at the end of every week to see if you can move things up. As your transformation process unfolds, it's likely you'll find things moving faster than you estimated. As you reach each milestone in your calendar, celebrate by moving the dates for all the subsequent actions ahead. There's good reason to stay on top of your calendar, because the sooner your first two specialists are up and running, the sooner you'll see your agency leap forward!

## Communicating the Changes

You've been doing a lot of work planning big changes for your agency, but you're still the only one who knows what's coming. Before you actually put your first specialist into play, you need to let your employees and your customers know what's coming. Communicating the what and why of the changes effectively will be crucial to successfully transforming your agency, so you need to develop a communication strategy that will reposition your agency in the minds of both your employees and your customers. Whatever you do, DO NOT SKIP this section of the book, and DO NOT FAIL to communicate the changes you're planning to your staff and to your clients. It's vital that you carefully plan how you're going to communicate the need for change! Don't think, "I'm the boss and they'll do what I say, so I can just wing it." The future success of your agency depends on your convincing your staff that what's coming is good, not only for the agency, but also for them. Whether you have just one or two employees or a large staff, communicating effectively will depend on having a communication plan in place, on involving your staff in the changes, and on communicating what's ahead more than once. Aim at having at least three strategy meetings with your staff members as you prepare them for what lies ahead.

**WARNING:** Don't skip over this section of the book! It's vital that you plan carefully how you'll communicate the need for change! The success of your agency depends on convincing your staff that what's coming is good, not only for the agency, but for them. Whether you have just one or two employees or a large staff, communicating effectively will depend on having a communication plan in place.

## Exercise Four:

### Communicating the Changes to Your Employees

Let's begin with the communication strategy for your employees. In my experience, it takes a minimum of three staff meetings to effectively communicate the change and get people on board. This may seem like a lot — you may be thinking too much — but if you convince your staff members to engage from the very beginning, as the change strategy unrolls they'll be pushing you forward, not pulling against you and forcing you to drag them along. Remember, your employees are likely to be suspicious of any change you make, and the bigger the change, the more suspicious they're likely to be. The only way they'll know the coming changes will be good for them and the agency is if you manage to communicate that to them, and good communication takes some time and planning.

#### Strategy Meeting Number One

One way to communicate successfully to your staff is by putting the spotlight on the message, "the agency is going to change" and minimizing attention on what that means for how your staff members are going to change. That's particularly true at your first strategy meeting. You should have two goals for your first staff meeting: first, to demonstrate why the agency needs to move towards specialization; second, to involve your staff members in driving the change.

Your first staff strategy meeting will begin with you explaining that the industry is changing, and that because of those changes, a mom-and-pop type of agency is no longer viable. You may want to use actual figures from your agency books to show the reality: You simply can't make enough money off just one or two products to maintain the agency anymore. If your employees clearly understand that, they'll see that their continuing employment at the agency depends on successful change. What could be more motivating to get them on board than that?

Next, you have to show that you have a clear and doable plan for success — that the agency is poised to take advantage of the clients you already serve, but that to be profitable you need to sell more products to your clients. The most convincing way to make your case is to show your employees the numbers. Put up a whiteboard and create a chart on it with a list of the products you currently sell, the numbers of policies currently on the books for each product, and the percentage each holds in the total book. Show that some lines make up a very low percentage of the book. Now let your staff members do a little math to figure out how much revenue could be made if, together, you increased sales in each line by amounts you feel are possible for your agency. The exercise should get your staff members excited because it makes clear that you're all sitting together on top of a gold mine. They'll also appreciate that you're making your case with actual data, and not just talking in generalities.

Next, since you already have the list of products sold in your agency on the whiteboard, have the staff members work together to write in the names of each person currently responsible for sales and service of each product. If you've been running a generalist agency, your name will appear after all the products, and most of your staffers' names will be listed under most of them, too. Once all the names are on the list, ask your staff to list any products that currently aren't being sold by the agency. (Having staff members talk about what insurance



and financial services products they have in their own households may help them identify products not currently sold by the agency, and that conversation will also help you make your point about the opportunities for sales that exist in every customer household the agency hasn't already tapped into.)

Now if you talk about the difficulty in learning just one line of insurance, something your staff members are already perfectly aware of, you can begin to introduce the idea of specialization in a way that isn't threatening. Exactly how you proceed here depends on your current staff and whether you'll continue to use them as "senior generalists" or whether you intend to have them develop specialties. Either way, show them a diagram depicting the structure of the agency as you see it in five years. If you will continue using your existing staff as generalists, let them know that. Reinforce the high regard you have for them and the value they bring to the agency. Say clearly that they have the same licenses you have and will always be treated as the experts they are. And, because of that, they will always be treated differently than new hires. But let them know that all new hires from that date forward will become specialists who will be held accountable for a single line of insurance.

Be very clear about the benefits of the new structure to your employees. The biggest benefit for them is that they will no longer be responsible for the line covered by the new specialist. For example, if you hire a life specialist, that's something current employees can take off their plate — sales and service of life policies will no longer be their immediate responsibility, and they will no longer be held accountable for life sales and service. Does this mean they won't sell any more life insurance? Of course not. They're experts just like you and they sell all products. But they'll no longer have to meet specific quotas in that line, and service will be done by the new specialist. What's not to like about that?

Now that the overall structure of the agency-to-be is beginning to take shape in their minds, diagram it so they can see everything laid out clearly. Draw an organizational chart like the ones included in the previous chapter (see pages 21, 25, 38, 40, 42 and 44). Model yours after the one that best fits your plan for your agency. Place yourself in the chart. Now place each of your current employees. Also, be sure the chart includes positions for any experts you intend to hire in the future.

If, on the other hand, you intend to shift your current staff so that each takes on a specialty, you'll be working from the same chart for your agency of the future, but this time you need to assure your staff members up front that you're going to be talking to each of them individually first. This way you are sure you understand their special skills and interests, and they will know that as a team, you'll be sorting out duties so everyone will be happy as they develop their new specialties. Remind them that specializing means they'll have less to do because they'll only be completely responsible for one product line. This is a good time to also remind them that skills they've already developed on other lines will go a long way toward making them successful at cross-selling and up-selling, and that the agency will depend on them continuing to do that to be successful. Show them that the plan includes hiring customer service representatives who will provide support as needed as staff members increase sales in their new specialties.

End this first staff strategy meeting on a high note, with a brief description of your vision of the agency as a future insurance superstore for both insurance and financial services, one that will allow everyone at the agency to prosper in the coming years.

## Strategy Meeting Number Two

You'll want to hold your second staff strategy meeting within a week or two of your first one. That week or two will give you time for some one-on-one discussions with each staff member. You'll want to spend time listening to what they like doing in the office, what they feel best suited for (which doesn't necessarily match what they like best), and what roles they might be happy to relinquish.

Be sure it's clear that you're not making any promises beyond a commitment to do your best to ensure everyone is happier than ever before as the agency moves forward. Tell them that these conversations are just preparation for the planning to come, so that you can be sure you understand the likes, dislikes and special skills of every staff member. Don't be surprised if your staff members all say, as happens in most agencies, that their expertise lies in auto and fire. That's okay — they were trained to be generalists, so naturally they're experts at more than one line of insurance. Shift the focus from what they believe their expertise is to what they like and dislike. That's where you're likely to begin seeing differences that will help decide the best directions for each employee.

Once your individual talks are finished, it's time to move on to the second group meeting, which may be a good time for staff members to participate in developing the office of the future. Your chats during the week will have ensured that you won't face big surprises at what unfolds during the meeting. Using the whiteboard, have your employees take turns writing down what they feel they're best at, which lines they like best, and which tasks they would be happy to let go. Let them compare lists and discuss areas of overlap. If you're lucky, what each employee feels good at will be the same as what the person likes doing, and each will like a different line. If two seem headed for competition on a single line, you need to be prepared to help them sort out what makes sense for them and for the agency. If you can, go back to the chart of the structure of the agency five years down the line and write the name of each staff member in the appropriate place. Reassure them that the change won't happen overnight, that the changes will be exciting, and that they'll wind up liking the changes because their work will feel less harried. Let them know that by making this change together, you're going to become a high-powered work team that can drive the agency to successes that will amaze them. When they leave the meeting, they should understand that while change can be uncomfortable and that there may be some work to be done at the very beginning, the payoff will be that in the future, they get to spend their days doing the work they enjoy most.

## Strategy Meeting Number Three

The third time you meet to discuss strategy with your staff members, you probably won't want to meet as a group. Instead, you may find it best to once again spend time with each staff member to listen to how each feels about the changes and to address any lingering concerns. It's a good time to address any misunderstandings and reassure your staff that if they'll only be patient as everyone goes through the pangs of the changes together, it won't be long before they find they're enjoying their time at work far more than in the past.

## Exercise Five:

### Communicating the Changes To Your Clients

The second part of your communication strategy involves repositioning your agency to your customers. Your customers don't know and probably don't care about how your business is structured internally. What they do care about is good service. Keeping that in mind, you can begin communicating about repositioning your agency in a variety of ways. The important thing is that your communications to your clients be clear and consistent.

As a first step, you might want to create an agency brochure that lists all the product lines offered by your agency. Mail it to every household you serve with a cover letter personalized with the customer's name. Include a response card so the customer can quickly indicate any products he or she might be interested in. Be sure the response card can be easily returned by mail. It's also important from the very beginning to be sure everyone in your office develops the habit of ending every customer conversation with the phrase, "We are pleased to be a full service agency, and we've added staff to better serve your insurance and financial service needs." Keep your communication on-going. Each time you hire a new specialist, send a letter to all your households introducing the new staff member. Be sure to include the specialist's business card. In addition, send a press release to the business section of local newspapers announcing each new specialist hire.

Bear in mind that communicating changes to your clients should be in addition to the other, regular communication you maintain with them. In my agency, we make sure we reach out to every client at least seven times every year. Remember, your customers won't know how important your agency is to them and what great service you provide unless you tell them — over and over and over again. Each message you send, whether it's through the mail, e-mail, or over the phone, will reinforce the positive experience the customer has when they interact in person with agency personnel.

## Section Four

### Dive In and Make the Change

#### Get Your First Specialist Up and Running

You've made the decision to change, you've planned and calendared everything, and you've communicated the change to your employees and clients. Now it's time to dive in and actually begin the transformation.

Your first step in getting your first specialist up and running depends on whether you're going to transform an existing employee or hire someone new. If you're hiring, it's going to take a little extra time because you need to find the right person for the position. If you're working with existing staff, you're ready to begin. Honestly, though, there's no magic involved in getting your first specialist up and running. You're going to be doing essentially the same thing you've always done when you've hired or trained a new employee. It's just that this time, it's going to be a lot easier and faster because only one line of insurance is involved.

If you need to hire, go ahead and begin the process. Once you find the new staff member, begin training. As I've said, all this will proceed just as you've always done, but you'll be surprised at how much more quickly and easily the process goes!

If you're working with someone who's already on your staff, you're ready to begin. You'll need to meet with the employee to be sure the person understands his or her new role. In the Appendix, you'll find a description of the specialist positions that can be tailored for auto, fire, life, health and commercial. After you've gone over the new position with your specialist, he or she should sign the page indicating an understanding of the new role and new duties, weekly goals, and that failure to meet the goals is grounds for dismissal. Since your employee is already doing the work he or she will be doing as a specialist, you probably won't have to do much extra training. You may, however, want to do some one-on-one work helping the new specialist hone skills in the new specialty.

#### How Do You Know When to Hire the Next Specialist?

If your vision calls for you to hire and train five new specialists over the next five years, how do you know what hire dates to enter into your roadmap calendar? Well, the simplest way would be merely to say that you're going to hire one new specialist every year, and space hire dates out twelve months from each other. In fact, though, your specialists probably won't take a full year before they're pulling in profits, so you'll probably be able to fast-forward your hiring dates. I suggest that you calendar your initial estimated hire dates one year apart. Then, after your first specialist has been in place for a number of months, use the table below to see if they're already pulling in profits. When the figures show they've become a profit center, move up all the hire dates in your road map. Plan to hire your second specialist a month or two from the date your first specialist begins bringing in money. Our studies show this is typically within the first six months.

The following figures may look confusing at first glance, but don't let that scare you off! It's really not that hard, and to make it even easier we've filled in a lot of blanks for you. For the sake of example, let's say the first specialist you hire is a life specialist who will be accountable for life sales and service. We're going to make very conservative estimates here. Just fill in any missing numbers into the following table and do the math to see whether your new employee has become a profit center:

### IS IT TIME TO HIRE YOUR NEXT SPECIALIST?

#### Income

Life Appointments per day	4
Life Appointments per week	20
Conservative sales rate	20%
Life Sales per week $(20/100) \times 20$ appointments =	4
Average sales commission for life policy	\$ _____
New weekly commissions	
(average commission x 4) sales =	\$ _____
New monthly commissions	
(weekly commissions x 4) =	\$ _____
Expenses	
Monthly salary and commission	\$ _____
Monthly overhead	
(phone, office supplies, utilities, etc.)	\$ _____
Total expenses (add the two lines above)	\$ _____
Now subtract expenses from income:	
Estimated new monthly commissions	\$ _____
Estimated monthly expenses	\$ _____
Total:	\$ _____

If the number on the last line is a positive number, it's time to begin thinking about hiring your next specialist. Your first one is not only paying his or her own way, but also contributing to agency profits. The great thing? Notice that this is all new business that probably would not have come in without a focus on selling life! Also, notice that this doesn't even consider the bonuses that typically accrue when certain levels are attained. A final benefit is that if your life specialist has been working to sell life to your auto and fire customers who hadn't bought life policies before, the life sale increase will increase your household density, and research shows that higher density means higher rates of customer retention.

## Continuing the Transformation

And on and on it goes, adding specialists whenever the last one has moved from the debit column to the profit column in your agency books. What could be easier? There is, however, one more aspect to consider as your agency grows and transforms, and that is that you are likely to find, as I did, that your specialists are so busy selling that they need back-room support to maximize production.

Early on as I was transforming my own agency I began to notice a teeter-totter between sales and service. In a month when sales went up, service went down. The next month we'd swing the other way, with service up but sales going down. I finally figured out that my specialists were becoming so proficient at selling policies that they had become overwhelmed trying to service all the policies they'd sold. They'd be forced to take time off sales to service existing policies, and sales would subsequently fall. Then they'd catch up with service and sales would increase, but then we'd go back to needing to service policies.

The logical solution to this "problem" — and notice that this is the kind of problem you want your agency to have! — was to hire someone to support the specialists by taking care of the service work for them. That's where customer service representatives come in, because they benefit the agency in several ways. First, CSRs relieve the specialists of paperwork, allowing the specialists to focus on sales. At the same time, the CSRs are learning the business, and that on-the-job training will allow them to step into specialist positions as your agency grows. Also, should you lose your specialist, the CSR will already be trained to step into the role, so losing a valued employee no longer causes crisis in the agency. Finally, when you hire a CSR, the person will clearly see that the agency offers the possibility for promotion. CSRs will realize that if they do good work, someday they may become specialists too — that there is room for increased income and growth. Those factors make for happy employees, which makes for happy clients — a powerful combination for an increasing bottom line.

How will you know when one of your specialists needs a supporting CSR? Believe me, if you're doing basic tracking of production, you'll know when the time comes! If you're monitoring sales versus service, as you should always do, when you start to see a flip-flop between one and the other in one of your lines, it's probably time to look into hiring a CSR to support that specialist. My experience has been that it takes about twelve months for my specialists to reach the point where they need support, so in your roadmap calendar, add "hire CSR to support specialist" twelve months after the dates you've entered as hire dates for specialists.

## Dive In and Make the Change!

You're ready to begin the next chapter in your agency's future. Dive in and make the change!

Agents say, "Hey, Troy, there are only 24 hours in any day. How do I get the most out of those 24 hours?" My advice is simple. Take the specialization process one step at a time. If you take the steps, hire the staff, train them to be specialists and to pivot every conversation to another line of insurance, your agency will grow and prosper.

Step by step, develop your vision of how you want your agency to look in five years, lay out a road map that can turn your vision into a reality, and then develop your communication strategy to your employees and customers. Look in your heart to discover what you feel most passionate about. Perhaps it's life insurance, perhaps it's financial services, perhaps it's commercial. Then spend your time writing the business you like the best. Accept the fact that you can't do it all. Hire specialists to handle the other product lines. When you have a high-performance team of specialists who are experts in their line of insurance, they'll know how to make professional presentations to customers and they'll know how to do annual reviews. All of that will happen whether you're in your agency or out networking (or playing golf.) It won't matter whether you're there or not because each specialist is accountable for delivering the product to the customer and delivering the required sales results. Set this up and I assure you that you'll genuinely be amazed at how quickly your agency grows.

Specialization is the wave of the future. Catch the wave and you will win.



## Afterword

Congratulations on beginning your agency transformation process. Hang on to your hat! Your agency is about to go into high gear. The levels of growth you're likely to see may surprise you.

In this guide, I've focused entirely on transforming the organizational structure of your agency. To keep things clear and simple, I haven't addressed specifics of some aspects of the transformation. Other books and materials I have created cover other essential aspects of growing an agency, from marketing and sales to systems and procedures. You may learn about these at [www.korsgaden.com](http://www.korsgaden.com).

I look forward to seeing you in the future, and hearing about how you've transformed your agency.

## Job Descriptions

1. Agent/Owner
2. Operations Manager
3. Receptionist
4. Agency Contact Representative (ACR)
5. Customer Service Representative (Auto/Home)
6. Customer Service Representative (Commercial/Life)
7. Account Executive (Auto)
8. Account Executive (Life/Health)
9. Account Executive (Homeowners)
10. Account Executive (Commercial)

## Agent/Owner

1. Develops long- and short-term business plans, mission statement and goals for agency growth and profitability.
2. Plans and communicates all policies and procedures to staff.
3. Creates marketing programs and delegates responsibility for each program to appropriate staff member.
4. Writes new business policies for all lines, but may focus on areas of interest such as commercial or financial services.

5. Manages all agency producers and contracts, or delegates this responsibility to the operations manager.
6. Plans and directs compensation for all associates or delegates this responsibility to the operations manager.
7. Ensures that the agency meets all company/state requirements for record keeping.
8. Ensures that employee evaluations are conducted at regular intervals.
9. Conducts regularly scheduled staff meetings to discuss agency focus goals, challenges and solutions.
10. Conducts all annual reviews. If agency is departmentalized, then account executives conduct some reviews.
11. Reviews problem accounts and assists in providing solutions.
12. Oversees financial record keeping and budgets. Monitors profit/loss in each line of business.

#### Key Functions:

- Sets marketing focus and initiates action plans to achieve goals.
- Conducts client annual reviews daily.
- Keeps staff motivation and morale high.
- Attends seminars/meetings/conferences to gain knowledge; shares with staff.
- Ensures that all office manuals and procedures are updated as needed.

#### Operations Manager

1. Oversees the day-to-day operations of the agency and implements programs to meet long-term and short-term goals for agency growth.
2. Staffs the agency and performs annual employee evaluations. Works directly with the agency accounting department to establish and control compensation for all associates.
3. Maintains personnel files: payroll, vacation and sick leave, employee reviews, etc.
4. Possesses thorough knowledge of and ability to implement all agency policies and procedures.
5. Assists agent/owner in establishing a budget and monitoring revenue and expenses.
6. Is licensed and proficient in writing all lines of business.

7. Manages all agency producers. Tracks production and servicing of each department. Reviews client accounts and assists in problem resolution as needed.
8. Oversees and manages processes for marketing campaigns, customer service and underwriting issues.

#### Key Functions:

- Keeps the agent/owner informed of progress toward agency goals and any problems within the agency.
- Meets with each account executive on a regular basis to ensure that agency sales and profit goals are being met.

#### Receptionist

1. Answers all incoming calls. Directs calls to appropriate person promptly and efficiently. Takes messages off the answering machine (if applicable) and distributes to the appropriate individual.
2. Greets all clients coming into the agency in a friendly and helpful manner.
3. Receives and processes insurance payments. Balances accounts and reviews all entries for accuracy. Makes any necessary changes.
4. Stamps and sorts daily outgoing mail and bimonthly bulk mailings.
5. Sorts and mails all client birthday cards on a weekly basis.
6. Sends miscellaneous letters – life, birthday, at-risk, etc. – daily.
7. Maintains inventory of office supplies and forms. Places orders weekly.
8. Prints & distributes all employee calendars every morning.
9. Works well with other employees; is a team player with a positive attitude.

#### Agency Contact Representative (ACR)

Hours: Monday – Thursday, 2 - 7p.m.

Objective: Set a minimum of ten appointments per day.

1. Makes 40 dials per hour using scripts provided by the agent/owner. Calls include:
  - a. Warm calling
  - b. Cold calling

- c. X-dating
  - d. Scheduling annual reviews
  - e. Setting appointments
  - f. Confirming appointments
2. Agent/owner or operations manager determines the focus of the calls.
  3. Tools:
    - a. Central marketing reports
    - b. Call requests
    - c. Hit lists
    - d. Referrals
  4. Confirms all appointments one day in advance. These are great “warm-up” calls to begin a productive appointment-setting day.
  5. Records all appointments on the producer calendar/ schedule, client profile notes and an appointment sheet. Retains copies of the appointment sheet for the ACR and operations manager.
  6. Notes all calls on an agency contact tracking sheet.

#### Customer Service Representative (Auto/Home)

1. Provides customer service to assigned policyholders. Provides quotes on auto policies, including antique, stated value cars, motorcycles, boats and RVs. Requires mastery of rate classes, territories and discounts.
2. Aids in preparing annual review appointments for auto/home account executives or the agent/owner. Gathers all information needed for the review including quotes, upgrade information and current policy information.
3. Cross-sells life and other products at every opportunity.
4. Updates information in agency database system, e.g., contact information, coverages, etc.
5. Inputs comprehensive, collision, liability and property damage claims. Answers questions regarding laws and provides information on preferred body shops, glass companies and rental car options.
6. Follows up on all claims to completion and/or the satisfaction of the customer. Reports all claims problems to agent/owner and devises a solution to satisfy the customer. Advises the agent/owner of any problem that cannot be resolved quickly.

7. Takes and receives payments with proper account numbers. Responsible for daily ACA and any needed corrections on misapplied money, etc.
8. Answers phone if receptionist is unavailable and sees that all messages are clear and delivered to the person intended. If agency is computerized, the message is typed into the computer or passed along via e-mail.
9. Coordinates thank you/welcome letters for new households.
10. Reviews monthly pay/cancel list and sends cancellation postcards weekly. Calls clients prior to cancel date.
11. Sets up and maintains files on all new business accounts for auto/home.
12. Always asks for referrals and thanks customers for their business.

#### Customer Service Representative (Commercial/Life)

1. Provides customer service on all commercial policies assigned, including personal liability, umbrella, coverage changes, lien holder changes, certificates of insurance, etc.
2. Prepares new business applications, and all information and materials needed for policy issue (photos of building, payroll information, etc.) Sends to underwriting with all required forms.
3. Follows up with underwriting to ensure policies are issued in a timely manner. Answers all questions from underwriting and advises account executive of any problems.
4. Prepares issued policies in a professional presentation form, checks to make sure all coverages and premiums are included and issued as requested; sets a delivery appointment so account executive can deliver new business policy to insured.
5. Aids in preparing annual review appointments for commercial/life account executives or the agent/owner. Gathers all information needed for the review including quotes, upgrade information and current policy information.
6. Updates information in agency database system, e.g., contact information, coverages, etc.
7. Follows up on all claims to completion and/or the satisfaction of the customer. Reports all claims problems to appropriate department heads and devises a solution to satisfy the customer. Advises the agent/owner of any problem that cannot be resolved quickly.
8. Sets up and maintains files on all new business accounts for commercial/life.
9. Coordinates with the life account executive and prints quotes needed for business life insurance, annual reviews and new business.
10. Coordinates all commercial and life direct mail and solicitation programs.
11. Always asks for referrals and thanks customers for their business

### Account Executive (Auto)

The Producer must be properly licensed in all lines that the agency offers and complete continuing education requirements as necessary.

1. Solicits and writes new business on autos, boats, RVs, classic cars and motorcycles.
2. Coordinates with the agent/owner and/or operations manager to provide assistance in determining proper coverage.
3. Provides underwriting and rating for new accounts.
4. Maintains knowledge of new products. Pursues a program for development of personal and business skills.
5. Actively solicits expiration dates from new clients.
6. Develops agency relationship with existing clients.
7. Meets the production requirements and goals assigned by the agency manager.
8. Maintains a sales record each month and provides a copy to the agent/owner or supervisor.
9. Logs and tracks all canceled policies and gives a copy of the log to the agent/owner.
10. Monitors auto policy lapse information weekly and makes changes, updates or phone calls to clients as needed.
11. Sends solicitation letters to party "B" on auto claims in appropriate situations.
12. Ensures that all required waivers are signed; keeps copies of insured drivers' licenses on file.

### Account Executive (Life/Health)

The Producer must be properly licensed in all lines that the agency offers and complete continuing education requirements as necessary.

1. Actively solicits and writes life and health insurance products.
2. Completes a needs analysis in order to meet the specific needs of each client. Provides life/health quotes as needed.
3. Processes, underwrites, and verifies the accuracy of all life and health applications and changes.
4. Orders and follows up on physicals and attending physicians' statements until the point of policy issue.
5. Follows up on life and health applications. Corresponds with underwriting offices until each policy is issued and paid.

6. Develops mastery-level knowledge of all life, health and long-term care products offered through the agency.
7. Processes all life and health applications in a timely manner to meet all cutoff and production dates.
8. Coordinates appointments with agency specialists to ensure all client needs are met.
9. Refers to the agent/owner for proper follow-up all life and health policy inquiries concerning cash value balance, withdrawals and/or cancellations.
10. Sends all appropriate written follow-up, e.g., letters and thank you notes, to client.

#### Account Executive (Homeowners)

The Producer must be properly licensed in all lines that the agency offers and complete continuing education requirements as necessary.

1. Solicits and writes homeowners, mobile home and renters policies, as well as home warranties. Markets to current book of business to increase product density.
2. Coordinates input and processes all homeowners policies, new business and/or changes and corrections with the homeowners CSR. Maintains accurate information on households and ensures that all phone and fax numbers are entered. Gets e-mail addresses and emergency contact information for each household.
3. Inspects and underwrites all homeowners applications. Maintains client files with front and rear photos of dwellings, all outbuildings and secondary structures.
4. Actively solicits expiration dates from new clients.
5. Meets the production requirements and goals assigned by the agent/owner.
6. Develops agency relationships with existing clients.
7. Gathers information on households to provide life quotes on all new business and annual reviews.
8. Executes realtor, mortgage company and title company marketing programs.
9. Maintains a sales record book each month and provides a copy to the agent/owner.
10. Monitors and evaluates fire-loss ratio.
11. Logs and tracks all canceled policies and provides a copy of the log to the agent/owner each month.

## Account Executive (Commercial)

The Producer must be properly licensed in all lines that the agency offers and complete continuing education requirements as necessary. This position requires an excellent knowledge of business. The individual must have the ability to handle all aspects of commercial insurance, from sales to service.

1. Actively solicits and writes new commercial business.
2. Processes applications and follows up to gain any necessary pieces of information to complete the transaction.
3. Coordinates with the agency contact representative on commercial-specific calling campaigns.
4. Communicates with underwriting on the qualifications and eligibility of new submissions. Follows up on changes for existing policies.
5. Delivers the policy to the client as a professional package.
6. Processes change requests and issues certificates for the client. This requires good communication skills to ascertain client needs and formulate a solution.
7. Actively seeks x-dates on commercial account prospects and follows up in a timely manner to win the business.
8. Visits each commercial client at their place of business four times a year to discuss any changes needed and build the relationship with the customer.
9. Reviews renewal information and provides assistance to the agent/owner to retain the policies.