

IA

INDEPENDENT AGENT

3 Ways to Grow and Thrive

Increase your agency's bottom line with these tools. The best part? They're free.





—Cynthia Young
President, Encompass

Get Ready, Get Set ... Sell

As the economy hints at a recovery, we will begin to see increases in revenues, payrolls, business investments—and Americans will buy more new cars.

This means that more auto insurance customers will be out shopping. Statistically, more than half of these shoppers are also in the market for homeowners and other coverages, too—and are willing to switch if price and value are right.

Here are other consumer statistics* you'll find interesting:

- 33% of all auto insurance shoppers are “serial” shoppers—those who have shopped three or more times in the past three years.
- Nearly 2/3 of all shoppers request at least one quote online.
- Bundled shoppers (auto and home) gravitate toward offline channels for quote and bind.
 - Bundlers are less likely to shop.
 - 25% of bundlers shop for insurance. Of these, about 1/4 defect.
- 41% of non-bundlers shop. Of these, about 40% defect.
- 43% of shoppers make their final decision within three days.
Shoppers who spend one week or more shopping have the highest switch rate.
- 54% of consumers switch for a better price, down 3% from 2009.
- Brand image comes in a distant second as a reason for switching, at 18%.
- Among non-switchers, price is the top reason for remaining with their current provider (42%), followed by service experience (21%) and brand image (20%).

**Source: JD Power Insurance Shopping Study, 2010*

Is your agency positioning itself to attract and retain these consumers? Here are some things to consider—if you haven't already put them to practice:

Get to know your customers

Once you write the business, protect it! Provide great customer service. This will help you cross sell ... and retain. Then, be sure to ask for referrals.

Get online

Nearly half of all American adults use online social networking sites to communicate. If your agency doesn't have an online presence, consider it. Do keep in mind, though, that your content must be up-to-date, so designate someone in your agency to monitor your page and regularly engage followers. And don't forget that social media is meant to complement your current marketing strategy—not replace it.

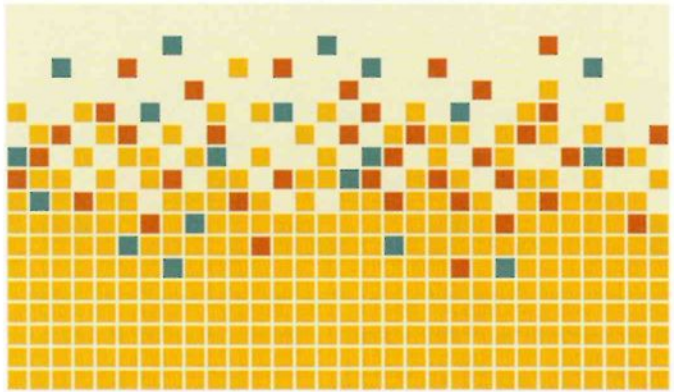
Get involved

If you're not active on boards of civic organizations, non-profits and banks in your community, get involved! At Encompass, we recognize the importance of community service. In fact, we award \$1,000 grants to many of the organizations for which our agencies volunteer.

By implementing these tips, you'll be prepared to attract shoppers and hold onto the customers you have. And, you'll be better positioned to grow profitably.



It's a challenging time for agents as well as carriers. The prolonged soft market and difficult economy have combined to make the sales environment challenging. But is your agency leveraging all of the tools available to grow your bottom line? Take another look at how you spend your time (**Periodization**—p. 3), what you are doing online (**Get Social**—p. 5) and the privileges of a commitment to Encompass (**Unlock Special Benefits**—p. 7) to see where your agency can increase efficiency—and profitability.



Part 1: Periodization

Tap the Power of Time

What if your agency could achieve its 2012 year end results in just three months?

June marks the beginning of summer. Fast forward three months and kids will be back to school and the leaves will be starting to turn. But what if in three months your calendar said 2012, instead of September 2011?

Compressing the goals, activities and results of an entire year into just 12 weeks is at the heart of a management concept called periodization—or The 12 Week Year™. And it's catching on—from sports legends to sales reps. But is it just semantics? And what can it mean to your agency?

Brian Moran, CEO of Strategic Breakthroughs and co-author of *The 12 Week Year* and *Periodization: 12 Weeks to Breakthrough*, says the periodization system began in Eastern Europe in the 1970s for athletes training for the Olympics. In sports, periodization is a focused training regimen that concentrates on one skill at a time for a defined time period—typically four weeks. After each training period, the athlete moves on to the next skill, creating maximum capacity for each skill or goal. In the system, each day is treated as a week, each week is a month and 12 weeks is equivalent to a year.

In expanding this philosophy to business, Moran found that periodization creates high performance and life balance, causing a fundamental shift in the way people think and act. He says for years people have gone through their work and personal lives focused on annual results, incorrectly thinking that there is always plenty of time in the year to catch up. He wanted to know why people behave differently in November and December versus July and August—and then he realized that people have to break out of an annualized mindset.

Users identify 12-week goals that are both numbers-based and activities-based—and provide a way to measure the success of the execution.

Why it Works

What makes *The 12 Week Year* different from the literally thousands of self-help sales books that fill the shelves of managers? Moran says it conquers two of the biggest obstacles to successfully implementing any management philosophy: execution and urgency.

"This system takes the focus off of the idea, because in the end, you have to implement," Moran says. "It creates a clear line of sight designating when you are executing and when you are not. In the end, you have greater control over actions than outcomes. Measuring execution is the most effective metric you have. As CEO of your life, are you operating at 90% or 50% capacity?"

“With the recent recession, agencies have been doing a lot more with less. They have lost folks who have not been replaced. That makes it all the more critical to define those two or three things that will pay off.”

—Derek Lambert
Regional Sales Manager, Encompass



You can focus on quarterly goal setting, but when taken to its fullest potential, this is not merely a quarterly system. “You really embrace the 12 weeks as a year [philosophy], there is a sense of urgency that doesn’t come with other systems,” he says.

Periodization in Practice

Encompass understands the performance challenges many agencies are facing in the wake of a soft market and prolonged recession. And it’s not just empathy—as a carrier, Encompass was feeling the pressure too. “Like a lot of companies, we were coming through a period of no to slow growth,” says Ken Branch, vice president of sales at Encompass. “We were looking to 2011 as an opportunity, but we needed a catalyst—something that would create a sense of urgency and a process that the leadership team could wrap its arms around.”

As a leader tasked with focusing hundreds of employees on one mission, Branch says periodization gives him a real-time look at results and the ability to change strategies mid-stream based on results. In the past, he says, he may have waited for month-end results before talking about needed adjustments. “Now, those conversations are happening across the organization daily,” he says. “That sense of urgency has permeated our entire organization. If there is something that is inhibiting production, people work with a strong sense of urgency to get it fixed.”

This change in perspective has dramatically improved results—now people have moved from focusing on long-term incentives to short-term incentives. Since the beginning of 2011, the company’s new business performance has improved significantly over the prior year. “There is nothing I can attribute it to other than execution,” Branch says. “People are looking at the numbers, seeing what they need to do and doing it.”

Leverage it for Your Agency

Moran says the system can work for individual producers, as well as their agencies, regardless of their current level of production. He worked with one producer in particular who now sells in 12 weeks what she used to do in 12 months. “She didn’t go to new markets,

she didn’t offer different products, she didn’t take on bigger clients—she is just more consistent at the things she thought she was already doing consistently,” Moran says. “You have to install *The 12 Week Year*™ as your operating system.”

Branch says to successfully implement the system at the agency level, agency leadership first has to agree on daily and weekly sales targets and then create transparency around those numbers. Tell producers how their performance stacks up against their peers—and when people do achieve their goals, he says to “celebrate the heck out of it.” Sales leaders are highly energized by achieving their daily/weekly targets and being at the top of the list; those in the middle and others are motivated to move up.

Beth Massa, Encompass territory sales consultant in Monmouth Junction, NJ, says the system definitely translates to transparency around goals at the agency level. If your agency has committed to doing a certain amount of pieces of business in a year, look at where you are and what producers and CSRs have to do every single day in order to reach that target. Re-evaluate on a daily basis.

“Agents who are successful know their numbers,” Massa says. “They know the retention and new business levels they need to achieve to maximize compensation.” In her work as a field consultant, she is baffled by the fact that some agencies she calls on don’t know whether they have written two or 22 pieces of business with Encompass in the last quarter. “The successful agents have their finger on the pulse of what’s happening in their agency,” she says. “And if they are not on track, they know it in March—not December.”

Tap the Power of Periodization

Want to tap the power of *The 12 Week Year*™ to improve sales results at your agency? Go to 12weekyear.com/gettingstarted for a free “getting started” e-mail course that extends and expands on the concepts in the book *Periodization: 12 Weeks to Breakthrough*.

Part 2: Social Media

Use Social Media for Sales Success

The web is a powerful marketing tool, but most agencies have yet to leverage it.

Think Facebook and Twitter are just for kids? Think again. Nearly half of all American adults use online social networking sites to communicate. If you aren't speaking to customers online, consider this:

- Facebook has more than 500 million active users, and nearly half of active users log in on any given day.
- Twitter has more than 175 million registered users. Together, they send out 95 million tweets each day. Most Twitter users in the United States have either a college or graduate-level degree.
- LinkedIn, a business-oriented social networking site used primarily for professional networking, recently topped 100 million users.

Take the Leap

In addition, 95% of Americans in households with \$75,000 or more in income use the Internet, compared to 70% of other Americans. With 86% of these users going online daily, how are you leveraging web-based tools to get your agency in front of them?

Hans Eskelsen's agency, Thomas & Associates in Stanwood, WA, made the decision to jump into social media about two years ago.

"We were looking at retention numbers [and thought], 'How do we contact our clients? How do we get a better relationship with our clients?'" Eskelsen said. Coming from an agency with 14 staff members, including six producers, he said that Encompass really drove home the importance of social media in his mind.

The agency's first step was to go in these platforms and establish the agency's name—including basics like updating their address and including a picture of their building.

"The second initiative was to update our website, make it so that it was more user-friendly," he said. "It gives you the links to social media sites; it's now more modern than it was. That was a huge investment we had to put in there."

And Eskelsen is right—a social media presence can be time consuming. On Twitter, for example, content must be up-to-date and engaging. Designate someone in your agency to monitor your page regularly to engage followers. Also, keep in mind that social media is meant to complement your current marketing strategy—not replace it.

For Eskelsen, whose agency favors Facebook but also tweets three or four times a week, the time investment has been worth the outcome.

"The cool thing about all of this is it's free. The biggest cost is time," Eskelsen said. "Once you initially get it done, it's so easy to maintain. You can link a lot if it together, which makes it so much easier to do."

Send the Right Message

For Mike Barbara of the Otterstedt Agency with multiple locations in NJ, one of the best things about using social media is being able to differentiate his message to consumers—and set it apart from the messages direct carriers are sending.

"Unfortunately my take is the direct writers are sending the wrong message, which is simply a price war," Barbara said. "We're trying to re-engage on a value proposition basis."

Social media outlets have given the Otterstedt Agency different ways to do it. The firm hired an advertising agency, creating a campaign, "Shopping in the Dark," to use across platforms and even take advantage of their own quick response (QR) code to drive prospective customers to their website.

"[Shopping in the Dark] is a unique multiplatform ad campaign to basically reintroduce the value proposition into insurance," Barbara said. "We want to cut through the clutter of the price wars the direct writers are doing. It's a campaign where we advertise not our agency, not anything to do with insurance—just shopping in the dark." The Otterstedt Agency uses humor in its advertising to show consumers that they wouldn't shop for clothes or food in the dark—so why would they shop for insurance blindly based on price? The agency is using this analogy to reintroduce to consumers the value proposition that independent agents have to offer consumers over direct carriers.

Barbara said the agency is using many different approaches to do that, including traditional media, some print ads and even billboards. "We introduced some guerrilla marketing—basically people handing out pens, stickers and so forth," he said.

And then there's the QR. It looks like a bar code and typically can be seen in electronic stores, and in many magazines or print marketing pieces. With a scanner app on a smart phone, people can click a button and immediately be taken to the agency's website.

"We introduced the QR code on a sticker that was on the front page of *The Bergen Record* (our local newspaper). People could scan it with their phone, and go directly to ShoppingInTheDark.com," he said.

Measuring the ROI of Going Social

Believe it or not, social media can drive business results.

“We are seeing an improvement in our new sales, both to new clients but also additional sales to existing customers. It’s helping our branding overall to our clients. By re-engaging them, or engaging them in a different format, it gives them a better idea of who we are, and it makes the relationship less transactional and more personal.”

Mike Barbara said the agency didn’t have an exact goal or set out to make a certain amount of money. He says the plan was to use new media to engage the public at large and existing clients, hoping the engagement would translate into sales. “We’ve been very pleasantly surprised,” he says.

“We also did some cable TV advertising with it as well, where it’s just a dark screen with people talking in the dark, trying to fumble their way through and figure out what they’re buying.”

Although the marketing hook to get consumers to visit the site might not be specific to insurance, the campaign lures users to the site—and then the agency can be more direct in its messaging. “When you get to the Shopping in the Dark site, it plays another 15-second commercial, then brings you to a special landing page in our website. We’ve had tremendous response in the months that we’ve been running this campaign—I think we’ve gotten more than 2,000 hits,” Barbara says.

Get Started—Now

For Andrew Hsu from digital media vendor Acquity Group, helping clients leverage the digital channel more effectively is what he does for a living.

Hsu said that for independent agencies looking to get into social media, LinkedIn is an important tool to consider. “It’s important to ask, ‘How do I create the right kinds of connections? How do I create the right relationships with consumers?’” Hsu said.

While Facebook and Twitter are important tools for relationships and advocacy, agents must think about other platforms as well.

“There are some basic elements around the practice of great social media marketing that are starting to emerge that in general would apply to [independent agents],” Hsu said. “They’re relatively simple things like be simple and know who you’re speaking to. Keep in mind the audience that ultimately is going to engage with you.”

Hsu also recommends that after a catastrophic or major weather event, independent agents should send out a note via social media to make sure people know to contact you. “It’s almost that advocacy component between Twitter and Facebook to create the relationship that helps retain customers,” he said.

For independent agencies that have not yet started with social media, the time to act is now—regardless of whether the efforts are a fast moneymaker or a slow pipeline to create new sales. Despite all of the new outlets social media offers, in the end, it all comes back to the core of sales: the relationship.

Bridge the Digital Divide with Customers

They lead online. The web is their first stop for research and is changing the way they interact with agents and carriers. They are happiest when tweeting, texting or posting on Facebook.

Want a picture of an Encompass customer? It’s a digital story. They:

- Lead in technological adoption, including the web, smart phones and tablets.
- Use the web more often, and to complete a wider range of activities.
- Go to the web first to research companies and products.
- Are happier if we stay in touch via digital.
- Use the web most for news, financial sites and for booking travel.

Part 3: Gold Key

Get the Key to Increase Sales

Program offers tools to enhance agency efficiency and profitability.

Whether it's a credit card or a grocery store, it seems that almost every business has a loyalty program. But what if a loyalty program actually helped you provide better customer service and run your agency more efficiently? The Gold Key agent program is designed to do just that. It's not just perks for the sake of perks—it's perks to help you improve your agency's overall results.

For the agent, though, it all starts with having access to the right coverage. Marla Folsom, vice president of personal lines at Horizon Insurance in Phoenix, AZ, says that in order to qualify for a program like Gold Key, which requires a certain amount of production, the carrier first has to offer the right product. And for her customers, she thinks Encompass is a great fit.

Product over Price

"Our personal lines department is focused on the coverage we sell the insured rather than the price," Folsom says. "When you sell coverage, look for broadest coverage—Encompass offers that. Their product is top of the line when compared with similar carriers."

Encompass Regional Sales Manager Derek Lambert says agents like Folsom who are participating in the Gold Key program tend to take the holistic view when selling coverage, which ultimately leads to more success for agents and their books of business with Encompass.

"In general, the agents who are in the program focus on a package product with home, auto, umbrella—as many coverages as possible and put all together into one policy with Encompass," says Lambert. "Cross sale is critical. But for the most part, agencies don't do it."

Getting the Edge

And once agents are successful in the cross-sell of Encompass products, Gold Key agents have a leg up on servicing their clients. As a perk of the program, Gold Key agents have access to a dedicated underwriter—a rarity in today's market.

"The experience level in the [Encompass] underwriting department is huge," Folsom says. "Gold Key agents call a special number and get the same underwriter. It is the biggest perk that many agents see in the program."

Alan Leclerc, Encompass regional sales director, says underwriter access in the Gold Key program is the first thing many agents mention because the benefit helps them run their agencies more efficiently.

Get the Gold Key Perks

Want to leverage tools that will help your agency be more successful? Encompass Gold Key agents take advantage of these exclusive programs:

- Special 800 number to call Claims, Help Desk, Encompass Agency Care Center and the Risk Management Center
- Dedicated underwriter
- Preferred placement on the Encompass Agency Locator
- Free access to webinars by industry experts
- Enhanced marketing support

"Product and price are important, but when you speak to the people producing the business, [service] is what's really important," Leclerc says. "In the middle of the transaction, they don't want to get stuck. When they use the phone, they want somebody to answer. They don't want to go through a phone tree and wait for 20 minutes."

Pile on the Perks

Folsom also points to a series of free educational webinars that Gold Key agents can access as another important perk. The sessions enable agents to get free or reduced-rate access to high-level sales and customer service training. She notes that a recent session focused on CSRs, honing in on guidance for how CSRs should talk to clients, and offering areas of improvement.

Vicky Lindsey, personal account executive and personal lines manager at Brown and Brown, Austin, TX, likes the fact that the Gold Key program offers promotional tools for agents.

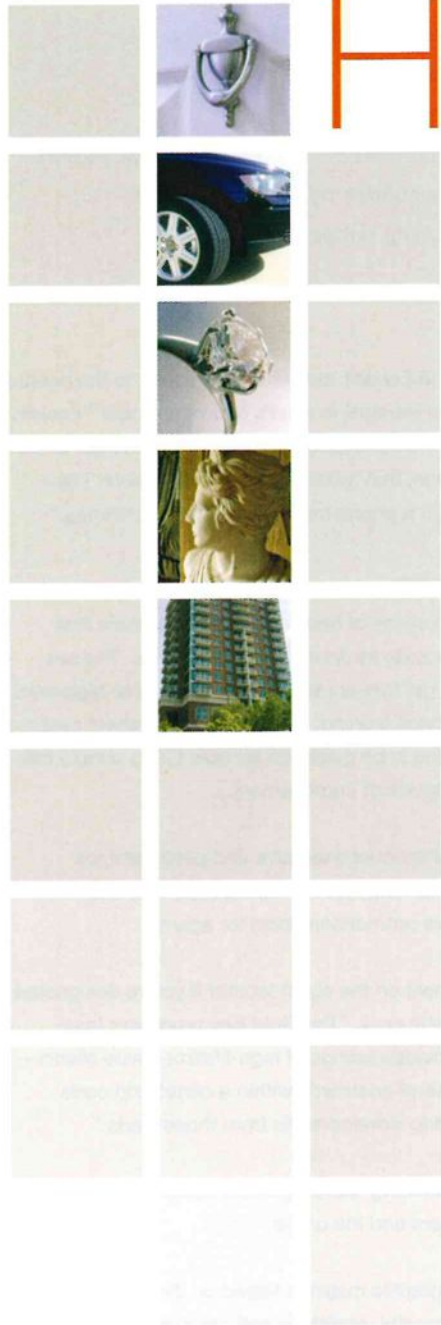
"You get higher placement on the agent locator if you're designated as a Gold Key agent," she says. "The Gold Key program's lead-generation program provides listings of high-lifetime-value clients—and an opportunity to send postcards within a certain zip code. Then you can follow-up to develop sales from those leads."

Lambert says these marketing campaigns are designed with success in mind for both the agent and the carrier.

"We do targeted demographic mailings based on those things we know will be most successful, profitable and competitive for the agency and Encompass," Lambert says. "We help [Gold Key] agencies grow their business in their market as a reward for proving their commitment to Encompass."

Want a simple way to grow your business?

Here's One.



It's the Universal Security Policy, only from Encompass[®]:

One policy for home, auto, valuables, personal umbrella and more means it's easy to provide your customers with complete protection.

One company offering higher internal limits, guaranteed replacement cost and unlimited accident forgiveness - features you won't find with other policies.

One bill annually means higher customer retention. And you'll be happy to know we have a renewed commitment to price consistency.

One satisfied customer after another. Our overall customer claim satisfaction rating of over 96% speaks for itself.

Plus, selling the Universal Security Policy provides unique benefits for you:

Superior income potential including competitive compensation, profit sharing that increases with your production level and bonus growth factors of up to 150%.

Superior support from a nationwide network of sales and education teams. And with an increased investment in technology, we're making it easier than ever for you to do business.



Home | Auto | Valuables | Personal Umbrella

Quote Encompass first. To get started, visit encompassinsurance.com



Source: Encompass Customer Satisfaction and Loyalty Tracking Survey, March 2011. Encompass Insurance is a Trusted Choice[®] Company Partner. We are committed to the independent agency system and our confidence in our agents' unparalleled value. Package policy is not available in all states. Certain restrictions may apply. Encompass Insurance Company, Northbrook, IL and its affiliates. Availability from a particular company varies by state.