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Agency Culture

Take a look at the health and morale of your agency—and do it today!

BY PAT ALEXANDER

I've written about agency culture before, but it's an issue that continues to resurface. Culture affects singular and multi-agency locations alike. Some offices in a multi-location agency can be perfectly healthy, while others are broken. The same is true within a singular location. Some departments can be healthy, while other departments are not. It may be only one team or a couple of people who have issues. However, if only one person has a culture issue, it affects the entire agency at some level. And don't be fooled; a single location agency often has multiple cultures, systems, and procedures.

In my career I have worked for or consulted with agencies that fit all types of situations. I have also worked for insurance carriers and found similar situations. While I am no longer surprised by these issues, I continue to be amazed that

our industry tolerates members of staff who do not follow the rules established by the employer. Often, only the opinions of one or two employees in an agency are heard. The agency operates on these opinions rather than on things that would actually cause the agency to run better and more profitably (e.g. good organization, research). I am also amazed that employers don't do a better job of defining, implementing, monitoring, and enforcing the rules.

I have had a number of agency owners tell me that making and enforcing rules causes morale problems. Others tell me that it is so difficult to find good staff, so they don't always enforce the rules. Or, worse yet, they enforce the rules selectively. Any owner who thinks staff is not aware of this situation is blind to the morale issues this causes.

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Agencies located in areas where there aren't many experienced insurance professionals are often guilty of a “no rules,” “minimum enforcement,” or “selective enforcement” approach. The staff usually doesn't have many options for leaving and finding another similar job position. So, the employees stay but they become disgruntled. Unhappy individuals don't provide the best service to clients, nor do they do their best work. Most importantly, they know that everyone in the agency is not treated equally, a factor that worsens the situation.

How culture affects clients

The attitude of a staff member is transmitted to your clients. Stop and listen to a phone greeting and conversation between your staff members and the clients or insurance carrier personnel. This is a great way to monitor the pulse of staff. Listen to the tone of their voices. Listen to the words. If a staff member is always telling a client how far behind they are, the client may begin to believe that your agency can't really handle their account.

Making and enforcing rules creates a staff with great morale. I have managed small staffs, managers with staff, and have been responsible for an entire agency staff. During my career, I have had to be told about problems with morale. I was probably too busy to pay attention, and that was a mistake. That said, these experiences taught me how to create a great work environment: you must establish, explain, implement, and enforce rules in a timely, consistent, and fair manner.

Implement

What do I mean by implement the rules? I find that many owners and managers believe that putting out a memo, e-mail, or manual gets the job done. Successful implementation of rules, procedures, workflows, etc. means verbalizing them. If you are a one-location agency, this can be done in a mandatory meeting. Attendance by everyone—including all owners, producers, managers, and staff (even part-timers)—is essential. If you are a multi-location agency, schedule a conference call with all locations or an online meeting. It is important that everyone hears the same message.

Everyone needs to hear the following:

- These are the rules.
- These are the results when you follow the rules.
- The rules apply to everyone.
- The rules are effective today.
- This is what happens when you don't follow the rules.

This may sound tough to some of you. But remember, the agency is a business. The agency is in business to serve the client and to make a profit. Many businesses have very rigid operating rules, such as the banking and mortgage industries. If you work in these industries and don't follow the rules, you don't have a job. Why aren't insurance agencies willing to make and enforce the rules?

When staff is happy, they tell others. This can help you find good, well-qualified staff. Offices with poor morale have trouble finding and retaining good staff. Most importantly, positive attitudes are transmitted to your clients, insurance carriers, and the general public. Think about an employee who is so happy that a discussion with an acquaintance turns into a new client. In our everyday lives, we have casual conversations with many individuals. If I am at my spouse's company party and someone asks me where I work, I am going to respond. If my response lets people know what a great company I work for, they might think, "Wow, this agency sounds like a business I would like to handle my insurance." That might transfer to someone who makes the purchasing decisions for a large commercial account.

Bottom line

It is a fact that no business stands still. A business is either growing or declining. The normal annual attrition rate in an agency is 8% of revenue. This is loss of clients due to death, mergers, sale of business, loss to another

agent, etc. Just to stay even each year, you must replace this 8%. To grow, you must replace this 8% and add additional revenue. Growth is also important to your carriers. An agency that is not growing is a concern to a carrier. The carrier begins watching agencies in decline and may cancel the contract. Continued growth is a challenge. To meet this challenge, you need a plan and a good, stable staff.

I encourage you to step back and take a long, hard look at your agency. What is the health and morale of your agency? If health and morale aren't in good shape, no amount of implementation of standards, procedures, and workflows will help improve these or your bottom line. ☐

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