The Future of the Independent Agency

BY PAT ALEXANDER

As I travel the country, the first question I hear when I visit agencies is, "Where is the insurance industry headed?" Of course, nobody has the exact answer to that question. I believe I need more knowledge about what is going on in the reinsurance and insurance carrier worlds to be able to offer a view of what the future might hold. There is continued talk about insurance carriers going direct to the public and bypassing agents. Is some of that happening today? Yes. Is more of this going to happen in the future? Probably.

However, I believe that the majority of the public is overwhelmed by the task of trying to figure out their insurance needs. Therefore, I believe there will always be a market for independent insurance agencies. So what does an independent agency need to know in order to be around in the future? The short answer is that insurance agencies need to run lean and mean and use the right technology.

Run lean and mean

By "lean," I am not just referring to people—but rather, processes. Even in agencies that use the best technology available, many processes are completed outside the agency management system or duplicated both in the agency management system and somewhere else. This might mean keeping data in Word, Excel, or print. Most people tell me they can't trust the data in the system or that it takes too long to look up the information they need. Others tell me they need more training or that their system is too difficult.

All of these reasons are excuses for not changing. I continue to be amazed that agencies tolerate people who don't comply with the use of

> "Have you started to think about how social networking, text messaging, and other new technologies should be used in your business?

> **"** While you might not want to be on the bleeding edge of change, you certainly want to be on the leading edge.

systems or specific procedures. An agency that allows work to be done in this manner will not achieve the lean processes it wants.

When agency owners tell me that their service sets themselves apart from their competition, I have to wonder how. How do you achieve even good service with bad processes? I often see people jumping through hoops and putting out fires all day long. They make sure their top clients get the best service and hope that all is okay with others. This usually works in the short term, but sooner or later, something will go wrong.

Use the right technology

Once your processes are properly defined, your staff is following them, and you're monitoring compliance, what's next? Planning for the future. I have written before about working *on* your business instead of *in* your business. We are all very busy with the business of doing business. However, while working in our businesses, planning is often left behind.

If this cycle lasts for too long, one day you'll wake up to find that your competition has passed you by. They "suddenly" have services in place that clients want, and your agency will be unable to compete for their business.

Here's a case in point. An agency owner who I've worked with for a while recently asked me what I think about products that allow clients to issue their own certificates of insurance.

This became an important issue when the owner called on a prospect he wanted to write. The client outlined all of the services provided by his current agent. The prospect said he would not talk to the owner unless he could exceed the current agency's services. My client couldn't even match the other agency's services. The prospect was no longer a prospect.

My client then asked me if we had ever discussed allowing clients to issue their own certificates of insurance. I answered yes. In fact, I had also discussed it with the management team. The previous response from the owner was that he didn't think any clients would be interested. The management team told me their clients didn't use the Internet and wouldn't use these types of programs.

I always talk to agencies about the importance of being able to provide appropriate services to clients no matter what their level of access to technology. If any of your clients do online banking, I assure you they expect some type of online service from everyone else they do business with.

Some agencies don't recognize the fact that some of their clients are very technologically savvy while others are not. An agency should know its clients' needs and be prepared to exceed those needs. Don't get caught short and either lose clients or fail to properly handle a prospect. Have you started to think about how social networking, text messaging, and other

Key Messages

- ☐ Your data is your agency's lifeblood. Don't let it be compromised by improper or non-use of your systems.
- ☐ Always be forward-looking and thinking. Plan for the future. Invest in the appropriate technology.
- ☐ Look outside your industry. Know what is going on in related industries, as well as other service-oriented industries.
- ☐ Keep up with industry-specific technologies. How are they changing? How can they make your staff's work leaner?

new technologies should be used in your business?

Always look toward the future. While you might not want to be on the bleeding edge of change, you certainly want to be on the leading edge. Attend industry meetings that offer information about the future. Look beyond the insurance industry to learn what's going on outside your world. Even products that are not industry specific may give you the tools necessary to provide extraordinary information and service.

By the time you read this article, my Web site will have been redesigned into a blog-forward format. I will be blogging frequently and am working on products that I believe will enable agencies to take their processes and technology to the next level.

Stop by for a visit! ▣

Patricia Alexander, CIC, is a Consultant, Coach & Mentor. Her many years of experience in retail agency and MGA settings gives her a broad range of knowledge in agency operations. She is dedicated to educating her clients on using their technology to enhance and build their business and profitability. Subscribe to Pat's Blog via her Web site www.patalexander.com. She may be reached at pat@patalexander.com.

Subscribe to The Anderson Agency Report and you'll get a full team of experts on your agency doorstep every month…

➤ You'll get your own personal geek-squad that will try out all the new software and hardware (and gadgets) for you and show you the ones that work and will actually help you be more productive (without you having to pay for the duds!).

➤ You'll get your own high-priced efficiency expert who can spot weak links and information log-jams within your agency (at best, these are costing you time and money and, at worst, are a liability lawsuit waiting to happen!).

➤ You'll get an experienced middle-manager who will gently walk your rank-and-file employees through the essential learning necessary in order for your agency to integrate today's agency technology requirements.

➤ You'll get a big-picture, technology-savvy partner who intimately knows the "ins and outs" of the insurance industry (but a partner you never have to share profits with!).

➤ You'll get your own legal filing clerk and hot-shot attorney on staff, protecting you by making sure that you have full and necessary documentation at your agency's fingertips to protect not only you, but your clients, in the event of a potentially litigious "misunderstanding."

➤ You'll get a personal translator to communicate your tech needs into techie geek-speak so that your IT people are truly able to understand and implement what it is that you need.

➤ And probably, most important of all, when you subscribe to *The Anderson Agency Report* you'll get an organizational, efficiency, and strategic-planning expert working for you. Their job is to simplify, prioritize, and put into perspective the myriad of details (which can so easily bog an agency down!).

Test drive The Anderson Agency Report today!

NO-RISK Subscription Form

☒ Yes, I want to learn to use technology to increase my agency efficiency, customer satisfaction, and sales! Subscribe me to TAAR.

4 Easy Ways to Subscribe to TAAR

1. Order online at http://www.TAAReport.com/reprint/
2. Phone 303-404-0457. Be sure to mention special promo code: REPRINT9
3. Fax this form to 720-294-9797
4. Mail to TAAR | P.O. Box 6218 | Broomfield, CO 80021

Name_____ Agency _____

Address _____

City/State/Zip _____

Phone _____ Fax _____ Email_____

Payment Method

___Visa   ___MC   ___AMEX   ___Check for $299   (Payable to TAAR)

Credit Card# _____ Exp_____

Signature _____

Cardholder Name _____