

Simple Strategies for Agency Growth

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Ask agency owners about their goals and one of the most common answers you'll hear is that they want to grow. What they're not always as clear about is how they plan to achieve that growth. Fortunately, there are some very simple strategies that offer excellent ways to build up your book of business.

First, Where Are You Now?

It's hard to know how much to grow when you're not entirely sure of how you're doing. Ask most agency owners about their current performance and you'll either get vague answers such as "we're doing pretty well" or some single measurement, such as "our revenues are 7 percent ahead of last year" or "we've written 126 more policies than last year."

Developing and monitoring more specific (and more meaningful) metrics will give you a clearer view of your agency's current financial position. More important, it will provide a benchmark against which you can measure your growth efforts. Which metrics matter most? That depends entirely upon what's most important and most useful to you. In addition to financial metrics, such as commission income, you can develop other quantitative metrics, such as the number of clients on the first of each month, how many policies the average client has and how many new policies you open each month. Once you've created and begun to track those metrics, you can establish monthly targets, giving you a way to review your progress every 30 days.

Deepen Customer Relationships

Before stepping up costly advertising and other efforts to find new clients, take a closer look at your current book of busi-

ness. Have your clients placed all of their types of coverage with your agency? For example, do you have clients who have a homeowners' policy with you but turn elsewhere for their auto coverage? Do your automotive clients turn to you for life or disability insurance?

Marketing experts say that it takes six times as much money and effort to sell to someone new as it does to increase business from someone who already knows and trusts you. In other words, selling current clients on additional coverage (or up-selling them to higher-profit policies) will cost you one-sixth of what you would normally invest in finding new clients. An additional advantage is that the more policies clients have with you, the less likely they'll be tempted to take their business down the street when another agent offers a lowball quote on their car insurance.

Outthink, Don't Outspend

For many businesses, the standard way to grow is to invest money in advertising and other marketing tools. That can work, but it tends to be costly, and it may be difficult to track the effectiveness of your effort. If you do decide to take that approach, make sure you establish measurable objectives and monitor your progress. You should be able to determine clearly whether your investment is paying a reasonable return. If it is, don't hesitate to increase that investment, because the return will be likely to grow, too.

However, trying to grow by throwing large amounts of money into marketing efforts rarely provides satisfactory results. Instead, focus your effort on finding smarter ways to grow your business that don't require such large upfront expenditures, such as the strategies that follow.

Ask for Referrals

If clients are satisfied with the products you sell and the service you provide, they may



be willing to recommend your agency to friends and relatives. However, they may not think to do that on their own. One way to encourage them to make referrals is to send a letter asking for them to do that on your behalf. A friendlier, less openly aggressive way is to send a handwritten thank-you note at renewal time with a couple business cards and a P.S. saying, "Have a friend who may be looking for an agent? We hope you'll share our card."

When you do get new business as the result of a referral, always make a point of thanking the client. At a minimum, send a handwritten thank-you note. For even more impact, enclose a gift card for a local restaurant or something useful, like coupons for free car washes. The amount of potential long-term revenue from those referrals far outweighs the small cost of those gifts. Your clients will appreciate your generosity (and mention it to others).

Improve Productivity

Making your agency more productive means you'll be able to handle more business, and also that you'll handle that business more productively. For starters, put value on your own time and make sure you're using the limited number of hours you have each week in the most rewarding ways. Don't be afraid to delegate tasks to your employees. If your time is best spent selling, you shouldn't waste it handling clerical functions that an employee can assume on your behalf.

Consider adding technology that will allow your team to work smarter and faster. You may hesitate before investing in upgraded computers or a better copier, but if those devices improve productivity, you'll recoup those upgrades in no time.

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Add New Lines

If you believe that you've already tapped out your existing clients' needs with your current product mix, consider expanding into additional coverage areas, such as long-term care insurance or commercial lines that may be needed in your area. Take a close look at the other agencies in your area to see if you can detect any gaps in the marketplace. If a particular client segment appears to be underserved, it may be an excellent target for your marketing efforts.

Expand Your Footprint

Once you've built up a solid book of business in your community, consider

expanding into other nearby areas. Look for areas that don't have an abundance of other agents. You can reach into those communities using direct mail programs; join local civic and business organizations, such as the Chamber of Commerce; or even open a branch office for your agency.

The good thing about strategic approaches is that they generally provide long-term growth, instead of brief boosts to your bottom line. In addition, that growth tends to build on itself over time, increasing your income and enhancing the value of your agency. 

Rick Dennen is president and CEO of Oak Street Funding, which provides commis-

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