3 REASONS WHY AGENTS LOSE CLIENTS

By Susan Toussaint, VP, Growth Solutions

Attraction, acquisition, and retention are the three legs of the client continuum stool. A majority of agent time is spent focusing energy and resources on the front two legs, attraction and acquisition, as confidence is high that once a prospect becomes a client, there is a high likelihood that the client relationship will last a decade or more.

Supporting that belief are industry retention rates, which continue to hover around 87%-92%. Unfortunately, these numbers are just part of the story when it comes to client retention. Surveys that focus on the buyer tell a different story and heed a warning that agents would be smart to listen to.

Business owners and decision makers are not happy with a majority of their professional service providers. Complacency, failure to provide insight into new and emerging risks, and the inability to grasp the unique challenges facing them based on the seat in the organization they hold are causing frustration for today's decision makers.

Surprisingly, these same issues also contribute to the high retention rate many agents enjoy. Why? Because prospective agents are rarely skilled to address these issues, and as a result, the buyer falls into the status quo mindset that where they are, is good enough.

But clients do leave, and when they do it can hurt financially and emotionally. Often, agents are caught off guard, believing that the relationship was good because no issues had surfaced or been discussed.

In this article we'll look at three reasons why clients leave and what you can do about it. After all, the goal is more than retention, it is retention with intention.

COMMODITIZATION

Among all the reasons why agents lose clients, the one that is most predictable is commoditization. Commoditization doesn't happen overnight. It is the long held belief by some buyers that all agents, and for that matter, all carriers are the same. It is a belief that is often reinforced in the sales process by agents who are unwilling or unsure of how to lead their prospects to a new way of thinking and doing.

If the buyer isn't helped to see that their commodity thinking, which often leads to bidding and quoting, is harmful to their business and prevents them from getting what they really want, they will remain a commodity buyer and treat their agent and carriers likewise.

As such, this means that you can predictably expect them to shop the market and entertain other agents on a regular basis. Because they don't expect, nor have they received value from their relationship, they will be easily persuaded to leave their incumbent agent for a lower price, which in their mind is the best determination of value.

To avoid the commodity trap, agents must master a sales process that disconnects their value from price, and leads their prospects to and through an approach that focuses on risk identification, mitigation, and management, strategies which will yield far greater value for the client and loyalty for the agent.

Losing a client is never easy, and we can all expect to from time to time. The key is to implement strategies that help to build ongoing, meaningful, and measurable relationships to limit the surprises and the unexpected losses of good clients.

COMPLACENCY

Agent complacency, while not as predictable as commoditization, can also be expected, particularly when processes aren't in place to prevent it from occurring. Unintentional complacency arises not because agents are lazy, but rather because a process for remaining engaged with clients outside of the renewal timeline rarely exists.

Complacency is a default behavior brought on by inertia, and as such, can easily be corrected with a modicum of determination and planning. To effectively combat complacency, agents must set in place a front-end sales strategy that assesses their prospects' risks and threats. By leading prospects through risk assessments and gaining agreements as to how issues will be addressed, agents can develop an action plan, or service plan.

The action plan, which becomes the framework for the client engagement and holds both the agent and the client accountable, is the antidote to complacency. Quarterly meetings to assess processes and address previously discovered risks, coupled with a mid-year review to identify new and emerging risks, not only prevents complacency but also guards against competition.

CHANGED BUYER

Perhaps the biggest threat to losing a client exists when the "buyer" or key decision maker changes. The new buyer within an existing client relationship can be, and often is, a significant threat to maintaining and growing the relationship as they had nothing to do with selecting the incumbent agent and therefore have limited loyalty.

In fact, many new buyers desire to prove themselves and their value by assessing existing relationships to determine if they are effective and efficient. In addition to their own personal agenda, they have a responsibility to their company to ensure that the resources for which they are now responsible for are being protected.

Too often, agents are on defense when a new buyer enters the picture. They struggle to convey the value they have brought to the relationship, often times because that value is not part of a formalized, documented, and ongoing action plan.

Upon learning of a new buyer, agents must reach out and bring them close, not by telling them what benefit they and their agency bring to the table, but rather by assessing the goals, objectives, and priorities of their new client. In doing so, they can incorporate these new goals into the existing structure of the organization's action plan.

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ABOUT THE AUTHOR

For over a decade, Susan Toussaint has been training, coaching, and developing programs to help insurance professionals overcome barriers to organic growth. She enjoys developing confidence in new producers and creating content that inspires others to think differently.

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