

AGENCY **GROWTH SOLUTIONS**

# Why Most Insurance Sales Training Fails



WHITEPAPER

## WHICH IS TO BLAME: UNFIT PRODUCER OR FLAWED TRAINING?

Every year, a majority of the time, energy, and money invested in insurance sales training is wasted, often eroding results instead of improving them. Agency principals and agents view sales training as an essential building block of a successful insurance sales career. Yet they are frequently disappointed with the training outcomes and end up believing the lack of success was because the selected salesperson was just not fit for the role. It is far more likely that the training, not the person, was flawed.

There are three primary reasons insurance sales training fails:

1. The insurance buyer has changed, but the sales training has not adapted;
2. Most training is not aligned with recent neuroscience and behavioral economics research about how buyers make change decisions; and
3. Assessment of individual needs, customizing solutions to those needs, and ongoing coaching and benchmarking is lacking.

## THE INSURANCE BUYER HAS CHANGED

Insurance buyers and their buying process have dramatically changed. These changes have evolved due to the Great Recession of 2008 as well as the continuous expansion and ease of access to information.

If you read the history of the Great Depression, you will discover that those who lived through that era were impacted and changed for the rest of their lives. Their decision-making processes, especially with financial consequences, were forever altered. The economic meltdown of 2008 has had a similar, lasting impact on how business decisions are influenced and made. Insurance buyers today are:

- Overwhelmed, time starved, distracted and stressed;
- More risk adverse, greater reluctance to change, and more likely to defend the status quo;
- More likely to utilize a team buying process to spread the risk of the decision.

Insurance sales training has mostly failed to adapt to the changed buyer, and as a result, the vast majority of insurance producers have not adapted their sales processes. Consequently, organic new business growth for most producers is eroding, and the gap between the best producers and the laggards is expanding. Too many producers are playing an old game by the old rules and are struggling to understand why what has worked in the past no longer works.

Even though many insurance buyers engage in a process to evaluate their agent, insurance program, and options on a regular basis, only 8% to 13% change agents in any given year. Today's buyer is even less likely to change.

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Resistance to change is to be expected, but this resistance has strengthened due to a greater aversion to risk as well as the lack of time and resources to devote to an effective process. Buyers today need more compelling reasons to change, than in the past. Too few insurance producers have learned how to provide it, and much of their past training did not address the challenge.

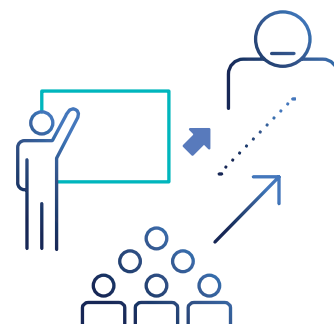
It is likely insurance producers have noticed an increasing number of their prospects engaging in team buying. Team buying, much like team selling, brings greater complexity to the sales process. It is becoming increasingly common for a producer to engage with the Chief Financial Officer (CFO), the Human Resources Director (HR), the Safety Director or Risk Manager, and perhaps the Chief Executive Officer all at the same time in the same meeting. This dynamic presents new challenges for the producer, especially for those who deploy a capabilities presentation" early in the sale process.

Capabilities presentations, especially those espousing the features and benefits of the agency's value added services, carry significant risk within a team buying process. Typically, the capabilities presentation dog and pony show includes a description of the agency's safety and loss control, human resources, and claims advocacy services. If positioned and presented at the wrong time and in a ham-handed manner, the capabilities presentation only serves to threaten one or more of the participants in the room who can influence the buying decision. It's not a good idea to create an environment where one or more people on the buying team want to undermine and sabotage your efforts because you are perceived as a threat to their job and livelihood. This is not to suggest that agency capabilities are not valuable to the sales and client retention process. However, how they are positioned and deployed must be altered to fit the new buying process.

As mentioned, insurance buyers don't need insurance producers in the same way they needed them in the past. Insurance-related information for insurance buyers used to be only available through insurance producers. Obviously, this is no longer the case, as the ease of access to information continues to evolve, aided by the increasing use of mobile devices. Much of the information previously only shared by insurance producers is now available on-demand, 24 hours a day.

This does not suggest that insurance producers are no longer needed and their intellectual capital and knowledge is of no value to buyers. Quite the contrary, buyers need effective producers now more than ever. Information is ubiquitous, but knowledge is scarce. Producers who play the role of a purveyor of information are no longer needed, but producers who can assist buyers in navigating complex problems are in high demand.

Most sales training has not adapted to the changed buyer, so producers have not changed their process. Buyers and sellers are moving apart and, in many ways, speaking different languages. As Charles Darwin said, "It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change."



## APPLYING NEUROSCIENCE AND BEHAVIORAL ECONOMICS RESEARCH

Most insurance sales training was developed before the latest neuroscience, technology, and behavioral economics research seriously undercut our old understanding of decision making, persuasion, and motivation to change. For the first time, neuroscientists are able to peer into the brain and see how it actually works.

The latest neuroscience research is being fueled by functional magnetic resonance imaging (fMRI) technology. Research scientists can now view how the brain lights up when a person is asked to make risk-based decisions. They discovered that information flows through the brain in a specific way and on a specific path.

In order to understand the impact of the discovery of this information pathway, it is important to understand the three parts of the brain. They are:

1. **THE REPTILIAN BRAIN** - Survival part of the brain, as it regulates breathing and blood flow as well as instinctual behavior related to fight or flight.
2. **THE LIMBIC BRAIN** - Emotional and feeling part of the brain, leads us toward what makes us feel good and fend off what does not;
3. **THE NEOCORTEX** - Provides us the unique benefit of advanced thought.

Thanks to the fMRI technologies, scientists learned that information flows from the inside out – from the reptilian, to the limbic, to the neocortex. Thus, the brain is hard wired to feel first, and think second. Plus, the neocortex is lazy and will not engage unless the reptilian and limbic parts of the brain indicate there is a survival risk and a feeling of attraction. Logic and reason are factors in the insurance buying decision, but typically come in to justify a decision driven by emotion.

When we simplify the definition of selling, we can confidently say that selling is a process to assist people in making change decisions. No new sale is made unless the prospect decides to change. Today, we know more than ever how those decisions are made.

However, since most sales training was developed before these scientific discoveries, much of the insurance sales training in the marketplace leads producers to unknowingly sabotage their sales efforts.

In addition to neuroscience discoveries, Daniel Kahneman, winner of the Nobel Prize in Economics, demonstrates that when people evaluate an outcome comprising similar gains and losses, they prefer avoiding losses to making gains. Most studies suggest that losses are twice as powerful, psychologically, as gains. This is known as loss aversion, which refers to people's tendency to strongly prefer avoiding losses to acquiring gains.

When you assess the sales techniques of most insurance producers in the context of the recent neuroscience research and the work of Kahneman and others, you have to deduce there is a big problem with insurance sales training.

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## WHAT'S MISSING: ASSESS NEEDS, CUSTOMIZE SOLUTIONS, COACH, AND BENCHMARK

You will rarely find a group of insurance producers who possess the same level of experience, technical capabilities, and sales acumen. However, most insurance sales training programs seem to assume otherwise, or simply have not developed a process to customize their program. Yes, a common foundation of knowledge and vernacular is necessary for all participants. However, few programs assess for individual needs, customize training and coaching to those needs, and benchmark and measure progress.

Insurance producers move through several phases during the course of their career. New and inexperienced producers have very different needs from the recently validated or matured professionals with established books of business. Again, there is commonality among all of the phases, but each phase and individual has distinctive needs.

In addition, it is critical to assist new producers to become proficient with what Timothy Ferriss, author of *The 4-Hour Workweek*, calls the “minimum effective dose.” Sales training should include what will assist new or inexperienced insurance producers to create results quickly. Too many training programs overwhelm new producers with information that is counterproductive in the early stage of their career.

Also, producers—at any stage of their career—may continue to struggle to create consistently robust pipelines and predictable revenue. Sales training without lead attraction and nurturing training often leaves the producer with no one to sell to. New producers, and many other producers for that matter, cannot rely solely on referral networks to get into new business opportunities.

Insurance sales training often commences or an initiative is launched with a one-day or multi-day workshop. Research clearly indicates that without systematic, ongoing learning and reinforcement, approximately 50% of the learning content is not retained within five weeks, much less applied. Within 90 days, 84% of what was initially learned is lost. Workshops and face-to-face training are necessary, but far from sufficient. Specific plans customized to an individual’s needs get results. Workshops alone usually create outcomes that fall short of expectations.

Agency principals should set the stage for producers and address several essential questions on behalf of or in conjunction with the producers, such as:

- Who is our Perfect Client Type?
- What is our Value Proposition?
- What are our Unique Capabilities, or which do we need to develop?
- How do we assist clients to improve their outcomes?
- Why should a client do business with us, as opposed to any other option?



The insurance producer role is already complex and challenging. It becomes more so without the clarity of message and focus that answers to the questions above will deliver.

Finally, measuring progress through a carefully selected set of metrics assists all stakeholders. In the event the leading indicators of success are below benchmarks, there is time to intervene and bring just-in-time coaching to the insurance producer. Although revenue generation is essential to a successful insurance producer career, it is a lagging indicator. Revenue does not predictably occur without a serious focus on the leading indicators, as well.

Our profession's training is fragmented. Most sales trainers assume that producers will receive or already have their technical training and expertise. They also assume that insurance producers have learned how to attract prospects and build a strong pipeline with predictable results. However, the organization has to integrate these processes. It is usually outside the capabilities of individual producers.

## EXECUTIVE SUMMARY

Agencies and insurance producers invest significant amounts of time, energy, and money into sales training. Much of the insurance sales investment is wasted, and will continue to erode as an opportunity to drive revenue growth and profitability, if you have not assessed:

- Is your sales training and process in alignment with the behavior of today's buyer?
- Is your sales training and process in alignment with recent neuroscience and behavioral economics research on how buyers make change decisions?
- Is your sales training and process in alignment with an assessment of individual producer needs, customizing solutions to those needs, ongoing coaching, and measuring the right metrics early and often?

Why has so much insurance sales training lacked these dynamics? One can only speculate, but change is tough, not only for insurance producers, but for trainers, as well.



## ABOUT THE AUTHORS

### FRANK PENNACHIO

Frank Pennachio has spent more than 30 years in the insurance industry as an agent and producer, expertise he's leveraged to personally train more than 1,000 insurance professionals. In 2009, he sold his agency and co-founded Oceanus Partners with his partner, Susan Toussaint. Oceanus Partners was acquired by ReSource Pro in 2019, and Frank now serves as Practice Leader, Growth Solutions, helping independent insurance agents and insurance carriers develop risk management expertise and drive new business.

Frank is an expert in the technical elements of workers' compensation, emphasizing the need for agents to understand all aspects of protecting an employers' workforce to provide true value. In addition, Frank is knowledgeable in agency sales and marketing strategies designed specifically to reduce reliance on contingency commissions and increase agency revenues.

Highly regarded as a speaker and thought leader, Frank regularly presents at conferences and publishes articles in outlets as Risk and Insurance, Professional Insurance Agent, WCEC, HR Magazine, and Insurance Journal. When speaking, he hopes to educate, entertain, and provoke his audiences to think in a new way about emerging challenges.

### SUSAN TOUSSAINT

For over a decade, Susan Toussaint has been training, coaching, and developing programs to help insurance professionals overcome barriers to organic growth. In 2006, she started Injury Management Partners, and in 2009 she co-founded Oceanus Partners with her partner, Frank Pennachio. Today, she serves as Vice President on ReSource Pro's Growth Solutions team and is focused on developing products and training that help clients attract, acquire, and retain profitable, right-fit business.

Susan is recognized as a thought leader in the industry and frequently contributes to national publications on topics related to prospecting and selling. She enjoys developing confidence in new producers and creating content that inspires others to think differently.

## FOR MORE INFORMATION

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