

# Help Me

**S**ign on as a big commercial client with most independent agencies and you'll get a hearty welcome. But Rick Gregson gives his commercial clients something else: a warning. "We tell them we're going to have working meetings with them," says the president of GBP Risk Solutions in Tucson, Ariz. "We say we'll stay as long as they want, but that our goal in these meetings is not to sell them more insurance; it's to learn about their company and their expectations."

Gregson has managed commercial accounts—and their retention—this way for 10 years, and he swears by it. He and his agency deliver what he says is "proactive, not reactive" service, meeting with "Super-A" clients (those with the largest accounts and/or largest centers of influence) six times per year, with "A" clients (large commercial) four times annually and with "B" clients (mid-size commercial) twice annually.

"When we first started doing this, I wondered what I was going to talk about," Gregson recalls.

"But we talk about claims, what's going on in their industry and what's going on in our industry. We review vehicle schedules and client expectations and talk about some of the services we offer that they may need."

## Know Your Accounts

Gregson says he learns something new about a client each time. Customers appreciate the meetings too, he says, using them to discuss risk management and other insurance topics, their insurance files always close at hand. "These meetings are probably the biggest retention booster we have," says Gregson. "And clients have never seen anything like it."

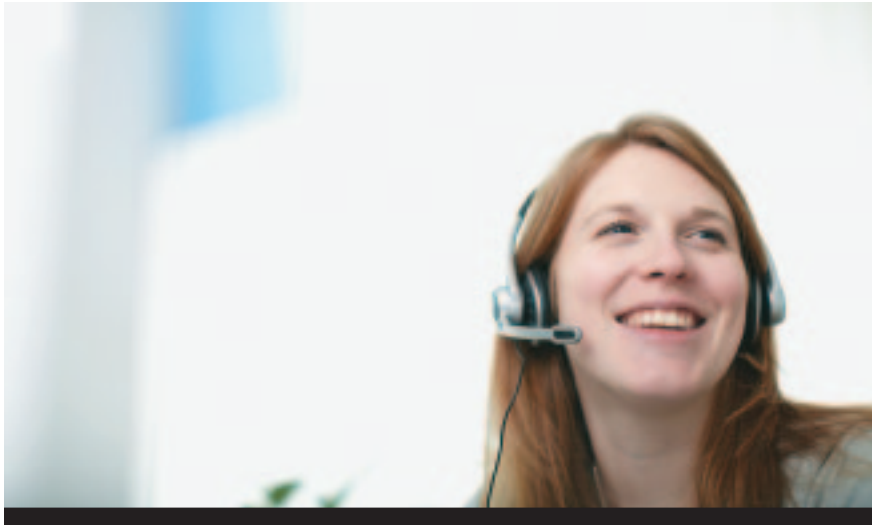
A growing number of agents believe their largest customers need this kind of attention—and want it. "Larger customers have larger expectations," says Scott Crabdree, president of Crabdree Insurance & Financial Services, LLC, in Payson, Ariz. "They also have larger needs and larger problems. So we need to stay on top of their accounts."



➤ *When it comes to customer service, it's all about tailoring your approach.* ➤

# Help You





## Science Behind the Service

Attention to rate exposure can prevent the false security of seeing only part of the customer-retention picture. But keeping commercial clients, even those whose businesses warrant less premium now than before the recession, is critical to an agency's financial health.

A study\* reported in November 2010 by Forrester Research, Inc., of Cambridge, Mass., reveals that a better customer experience drives improvement for three types of customer loyalty:

- willingness to consider another purchase;
- likelihood to move business to a competitor; and
- likelihood to recommend to a friend or colleague.

To find out how these loyalties impact a company's bottom line, Forrester built models that estimated the revenue impact of loyalty increases that occur when a firm's "customer experience index" rose 10%. When a company's score rises in this index, the percentage of customers willing to purchase from the company goes up as well. The models measured three items: incremental purchases made by customers during the same year, money saved due to higher client retention and new sales stemming from referrals.

Insurance providers were one of 13 industries studied, and results showed that service improvements created an increase of nearly 3% in both customers' willingness to buy again and to make referrals. Chances of switching to a competitor also decreased more than 2%. When translated to revenue dollars, increases for insurance providers were fourth highest. Only airlines, hotels and wireless carriers showed larger revenue increases.

—S.H.

\**The Business Impact Of Customer Experience, 2010: What A Higher Customer Experience Index Score Can Do For Revenue,* by Megan Burns, Forrester Research, Inc.

Crabdree cites automobile dealerships as an example. "They constantly need service on their accounts," he says. "They have blanket dealers-lot coverage, but they also hold special sales events off-site. And they frequently update their lists of drivers because salesmen and mechanics come and go." In return for their business, Crabdree says dealerships expect knowledgeable insurance professionals, quick results and follow-up. "We try to under-promise and over-deliver," he says.

Crabdree also categorizes commercial clients into A, B and C groups based on

premiums. "A" accounts receive at least four personal visits from an agency executive or CSR per year. They also receive an in-person review of their coverage prior to renewal and hand-delivery of the new policy, along with another opportunity at that time to ask questions. "We refer people to our larger customers when we can, too," says Crabdree, "and we try to exceed expectations. There's occasionally pizza for special accounts or bagels on a Friday morning."

In contrast, the agency's "B" clients receive two personal visits annually, along

with a questionnaire and a phone call prior to renewal. They also receive personal policy delivery and an opportunity at that time to ask additional questions. "C" clients receive a questionnaire in the mail and a quick phone call. Policies are delivered electronically or through regular mail.

CSRs at the Crabdree agency track all accounts and determine at renewal if any have moved from one tier to another. But if an A commercial client experiences difficulties and drops to the B or C level, their status remains unchanged. Says Crabdree, "They still get treated like an A, because we're hoping they'll be an A again."

## Draw Service Boundaries

Continuing to deliver A service to commercial clients experiencing difficulty is not uncommon. But other aspects of the status-service equation can become awkward—especially if a B or C client consistently demands A service. When that happens, David Mitchell schedules a client meeting. "Small commercial customers have to be cost-effective for the agency," says Mitchell, partner at Ideal Insurance Agency in Glendale, Ariz. "If they're not, you have to find a way to make them cost-effective—or decide whether that customer is worth your time."

Mitchell has given the issue considerable thought. "We want to have enough time to meet our clients' insurance needs," he says, "but we also want them to think of us for other lines of business. If they're not doing that, we might not be a good fit as their agency."

What Mitchell says to such clients is more subtle. "We explain that we want to advise them from our strongest position, and that is as their primary insurer," he says. "But this requires a certain amount of time, and if they have three or four agents handling their coverage, we suggest that maybe they need to choose."

Ideal Insurance takes a different approach with personal lines customers, but the goal is similar: to be paid for the time and expertise involved. "In personal lines, we never sell minimum limits," says

Mitchell. "Our threshold is usually twice as much as the state minimums."

It's not that Mitchell wants to oversell; it's more that he doesn't want clients to be under-insured. "We try to get customers to think about higher limits for themselves," he says. "We want them buying umbrella policies as well [as other personal insurance], because most people I talk with need them. Umbrella policies are inexpensive, and they provide so much coverage. In our state, for \$150 to \$200 a year, you can add \$1 million in insurance."

Agents at Johnson Insurance in Racine, Wis., recently began reviewing service policies for their personal lines customers, too. "We've been looking at the differences between how we handle the affluent client and the average client," says Linda Steiner, senior vice president of operations. "We think they are serviced differently," she adds, "but we're just starting to talk about that."

### Survey Customer Needs

Johnson Insurance already rewards its largest and/or most complex commercial clients with "The Johnson Advantage," a deluxe service plan with multiple touch points that was implemented four years ago. "We hired a company to survey our largest clients and asked the decision maker at each one to provide answers," says Steiner. The survey measures both sales and service, asking customers to rate their degree of satisfaction. "We want every answer to be 'extremely satisfied,'" says Steiner. "Just 'satisfied' means there are problems and we need to uncover them."

Novel about The Johnson Advantage is the participation it seeks from clients. "We list the things we think are important about coverage and about service, and then we ask them if they agree," says Steiner. "So we get that agreement and then we have the touch points. If you have these conversations with clients and carry out the touch points, it's pretty hard at the end of the year for them to say they're disappointed."

Mid-size commercial clients at Johnson

### What Do Customers Want?

If you're like most agents, you'd much rather know a client is dissatisfied before he or she leaves your agency than after. But to gauge the agency's value to your best clients, you have to ask. If you don't, you perpetuate a one-sided relationship that can collapse like the proverbial house of cards.

"Ask what is it that your client wants from you," suggests Linda Steiner, senior vice president of operations at Johnson Insurance in Racine, Wis.

"Explain the things you're going to do for them, and then ask if they meet the client's expectations. If we think we're doing what the client wants but we've never asked, how can we know we're making them happy?"

—S.H.

Insurance are put on a less rigorous service plan, and small commercial customers are given access to a claims advocate. "But there are still complex exposures in a BOP," says Steiner, "such as your building burning down. Each client gets the same high-level service, but what's appropriate for them."

Commercial client retention at Johnson Insurance has increased each year for the past four. But because the soft market has played havoc with rates, the agency measures retention and rate exposure separately. "Way back during the hard market, we were growing through rate," Steiner explains. "It was showing up on our top line for income, but it wasn't true growth, which an agency needs to sustain itself. So we developed a report that every month shows our rate exposure, which in a soft market is just as important as customer retention. We can see, for example, that we may have retained a certain client, but that they now have fewer employees than they did last year, resulting in a rate change." □

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