

The Science of Winning More Clients

Financing for insurance professionals



a complimentary whitepaper for agents and brokers

Using knowledge to make your sales efforts more effective

Are salespeople born or created?

If you've ever heard someone refer to another individual as a "natural-born salesperson," you've been exposed to one of the most potentially destructive myths facing insurance agencies. Many people believe that the ability to sell is an innate trait that's lurking in your DNA, right alongside your eye color, height, and athletic ability.

There's no question that some people have personality traits that are well-suited for sales. You may even be one of them. Typically, those "natural-born" qualities include an engaging personality, an ability to make friends easily, and a hefty dose of self-motivation. It comes as no surprise that individuals with all of those traits find themselves in roles in which they're expected to convince complete strangers that a particular product or service is right for them. What makes the "natural-born salesperson" concept destructive is that it leads people who aren't blessed with an abundance of those traits to believe that they cannot be successful salespeople. They assume that the universe hasn't shared some sort of magic with them, so they'll never be able to be effective in sales roles. Unfortunately, when you believe that you won't succeed, you usually manage to prove it.

Yes, there is an art to selling effectively. However, the most successful practitioners of that art know that there is a proven science to sales. They may use charm to start conversations and seal deals, but they use the science to dramatically increase their odds of success.

Simply put, sales is a business process that can be measured, managed, predicted, and improved. The better you understand how the sales process works — what we're calling the science of selling -- the more effective your efforts will be. You'll be able to make the most of each sales call and conversation, and you'll know how to focus your limited time on the most productive efforts. That will make the time you devote to selling more satisfying and profitable.

From prospect to purchase

When we talk about the sales process, we're actually referring to many different processes that may be involved. Those processes may include prospecting, the actual sales calls, closing sales, strengthening customer relationships, and a host of related issues. For our purposes, we'll focus on turning as many of prospects as possible into customers who make a purchase. Although the specifics of each acquired customer may differ, we can simplify the process into several steps:

- Identifying and locating a target market
- Reaching out to prospects within that market
- Connecting with an individual prospect
- Setting an appointment with that prospect
- Conducting the sales effort in that appointment
- Performing any necessary follow-up activity
- Completing the sale

What makes a process such as this a science is the fact that we can measure most of the steps, and then use those measurements to predict future activity. For example, we may know from experience that we have to make 50 cold calls to land an appointment, and that one in every three of those appointments actually results in a

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sale. That tells us that we have to make 150 cold calls for each successful sale. Or, if we say that we want to add 10 new customers this month, we'll have to plan on making 1500 calls.

Of course, that's just a hypothetical example. Depending upon the nature of your prospect base and the types of lines you sell, your numbers may be vastly different. In addition, changing the ways in which you approach the activities within your process may have a significant impact. For example, if you improve your skill with appointment-setting so that every 30 calls results in an appointment and you're able to close sales in half of those appointments, you'll be able to achieve that 10-customer target with only 600 calls.

Do you know your own statistics? Most agents can provide an estimate of how many calls they make and how many of those calls turn into appointments (and sales). But human nature – especially the optimistic nature of salespeople -- suggests that you'll probably overestimate the positives in the numbers. That's one of the reasons why it's so important to track your sales activities. If you don't keep accurate records of the number of calls and appointments you make each week, how will you be able to make accurate projections of your production?

Putting the science to work

To turn the process of selling into a practical approach for your agency, you need to begin by developing a solid, realistic sales strategy. Sales experts Frank Pennachio and Susan Toussaint say that many insurance agencies don't take the time to develop annual sales plans, which they believe make it “virtually impossible to successfully predict and meet revenue goals” and to provide formal accountability for those goals.

The first step in developing such a strategy, say Pennachio and Toussaint, is to analyze your past sales performance and the methods you used so you can determine where you were successful and where your efforts fell short. Once you've done that, you can set your goals for the coming year.

Simply guessing at numbers or using overly optimistic estimates is counterproductive, they caution. “Typically, when goals are set, they are based on what a producer hopes to achieve, a sales manager needs to achieve and an agency owner wants to achieve.” Instead, goals should be based upon past performance, the individual's capabilities, current market conditions, and the amount of potential customers in the agency's new business “pipeline.” If you've been able to generate only \$30,000 in new business each year for the last three years, predicting that you'll do \$60,000 next year is only setting yourself up for disappointment — unless you've dramatically changed the way you sell.¹

The other critical element is regularly measuring your progress toward your goals. After all, if you don't know how well (or how poorly) you're doing, you can't really tell if you're on the right course. If the results for your first couple months are far below your objectives, you may need to change your sales approach. Or, it may be that your goals were unrealistically optimistic.

If you're just below your performance targets, you may need to tweak some aspect of your sales approach. If you discover that you're turning fewer calls into appointments, it may be



that you just need to make a couple more calls each day. And, if you're right on track, you may not need to change a thing. The key is that you need that constant feedback to let you know how you're doing while you still have enough time to adjust your approach. Waiting until December to gauge your progress will only set you up for surprises — and those surprises will probably be the unpleasant kind.

So how much activity is appropriate? Sales trainer Kathy Yeager says the best practices for salespeople in most industries involve spending three to four hours a day with customers and prospects, and as many as eight prospecting calls per day (that's 2,000 per year). She also recommends that salespeople set aside two hours per week for what she calls "creative thinking." You can use that time to consider new ways to find prospects or develop new sales approaches.²

The power of persistence

One factor we can't overstate is the value of persistence. It can be tough to keep trying after you've been turned down again and again. But what makes the difference between average salespeople and top performers is a willingness to persist in the face of rejection (or after repeated arrivals at prospects' voice mail messages).

As consumers become ever more saturated by media messages from more sources, persistence becomes even more important. For example, back in 2007, it typically took 3.68 attempts to reach a prospect when cold calling. Today, you may need to try eight times to catch someone. Why do we mention this? Because the average salesperson stops trying after two attempts. The same holds true for following up after an appointment. It's been reported that 80 percent of sales involve five follow-up calls, but nearly half of all salespeople give up after following up just once.³

In other words, the science of selling proves that the greater your persistence, the greater your success -- especially because half of all sales in a competitive situation go to the first salesperson who makes contact with the prospect.⁴ Encouraging yourself to make one or two extra calls or other efforts each day can pay off in a big way. Those two extra calls a day equate to 500 extra contacts over the course of a year.

Your most precious resource

Ben Franklin warned early Americans that "time lost is never found again." Successful entrepreneur Michael Altshuler echoed that with a positive note when he said, "The bad news is time flies. The good news is you're the pilot."⁵ In other words, although you may not be able to control the pace of time, you're in complete control of how you use this limited resource.

Because it's impossible to create more time, managing what you already have effectively is a critical component of sales. It doesn't happen automatically. You need to be aware of your objectives, and plan the activities into your schedule. Many agents develop to-do lists to guide them through each day, but A Factory of One author Dan Markovitz cautions that such lists are "a colossally ineffective way of managing your work." Why do they fall short? "The sheer number of tasks, and the complexity and priority of the items ensures that you'll end up overwhelmed and working on the wrong things."

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Instead, Markovitz counsels what he refers to as living in your calendar. “That means estimating how much time each task will consume and transferring them to your calendar. Framing your tasks in your calendar forces you to prioritize, enabling you to focus on the 20 percent of the work that’s most important to your success and eliminate the rest. In essence, you’re making a production plan for your work.”

He believes that checklists are a much better time-saving tool to help you remember to go through all the right steps, gather the information you need, and ask the right questions of prospects. “Checklists aren’t shackles limiting your creativity,” Markovitz says. “They’re tools to relieve you of the burden of remembering, so that you can be more creative.”⁶

Finally, do your best to avoid activities that seem to be work, but are really unproductive time from a sales standpoint. Reading Facebook statuses and surfing random websites are obvious time-wasters, but there are many other small items that can add up to a lot of time away from the sales process. Sales executive Earl Stevens cites a long list of business activities that are unproductive, from socializing with co-workers, to daydreaming, to trying to do too many things on your own (instead of delegating them to support staff or outside vendors). He also emphasizes that failing to address top-priority tasks first, jumping from task to task instead of concentrating your efforts on one, having a lack of clear objectives and priorities, and spending too much time putting out fires waste a significant amount of your precious time.⁷

Financial support for sales efforts

If you’re ready to step up your sales efforts, but are concerned that you lack the financial resources to make a serious move, you may want to consider obtaining outside financing. For example, financing may give you a way to invest in additional staff or technology so you can increase the number of contacts (and sales) you make every month.

Unfortunately, it can be hard to find a lender who supports that kind of thinking. Bankers typical focus on existing balance sheets and credit scores. Credit cards may seem like an easy option, but high interest rates can eat up a hefty portion of any increased earnings.

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¹Pennachio, Frank and Toussaint, "Strategic Sales Planning: 5 Steps to Success," The WorkComp Advisory Group.

²Yeager, Kathy (Contract Training Edge), "Time Management Best Practices for Sales People" presentation.

³Quoted in Atwood, Jake, "20 Shocking Sales Stats That Will Change How You Sell," <http://www.buzzbuilderpro.com/blog>

⁴<http://www.insidesales.com>

⁵<http://www.michaelaltshuler.com>

⁶Interview with Jill Konrath for "Jill's Jottings" at jillkonrath.com, August 2012.

⁷Stevens, Earl, "Sales Training Time Management" presentation, August 2011.