

Thank you. I'm happy to be here in beautiful Kuala Lumpur.

Today my presentation will focus on three main themes:

1. Pricing, underwriting, products, and service don't matter.
2. What I "do" doesn't matter until I make it about the client.
3. The future of insurance sales is a new sales funnel based on conversion, up-sell, cross-sell, and referrals.

In 1970, my father began his career as an insurance agent with Prudential. He learned about their products, how to present them to prospects, and what to say if a client objected. The system he learned was proven and worked for decades.

All he needed was to find prospects willing to talk about protecting their families or businesses. As he says, "The only people who buy life insurance are people of character who love someone more than they love money." While I agree with his statement, a lot has changed.

Today, competition for producers and agencies is fierce. Over the past 40 years, our industry has moved away from value and towards the commoditization of our products and services. Unfortunately, these problematic trends are not going away.

To make matters worse, the sales and service models for our products have changed too. Technology allows us to do more with less. We have more data, more options, and better prices, but we've lost the personalized touch that made our industry great.

In fact, our industry—specifically how consumer buys our products -- is changing faster than we're adapting. While consumers still "love someone more than money," the way they shop, make decisions, and buy has fundamentally shifted.

So what's next? The rise of internet direct marketers changed the value proposition for most consumers. Society doesn't buy products and services face-to-face; instead, we turn to search engines, mega distributors like Amazon, or recommendations from friends, family, and even strangers.

Over the horizon, new technologies are looming that will redefine the industry: complete sales automation, data-mined target marketing – sometimes called "Big Data Marketing" — and alternate distribution models we can't envision yet.

Imagine Facebook becoming the largest insurance distributor in the world, with 1 billion potential clients who already tell Facebook when they get married, divorced, have a baby, buy a home, get a new job, or retire, all without prompting.

Now that's a truly awesome prospecting list!

So what are some advisors doing to innovate and accomplishing more with less? How are they able to spend more time with their best clients, yet provide service and support for their most needy and problematic?

They avoid the common traps many of us fall into and understand the secret of leveraging new technologies and process improvements. More importantly, they understand that pricing, underwriting, products, and service don't matter...

Let me say that again: they understand that pricing, underwriting, products, and service don't matter...at least not in the traditional sense.

Don't believe me? Let me prove it.

Raise your hand if you have a broad portfolio of products, underwriting knowledge, and industry relationships that help you find the best products and pricing for your clients, all while providing excellent service to meet their needs...

...Nearly everyone here can make the same claim.

So how are you different from each other? To our clients and prospects, we aren't.

We lack differentiation and we are seen as a commodity. We've failed to add value in the minds of many clients and we're losing sales opportunities because of it. We need to change this paradigm – something easier said than done. Fortunately, I have a few tips that we use successfully.

The first is the client of today—"Customer 2.0."

Customer 2.0 has literally re-invented the marketing, sales, and purchasing process. Thanks to the internet, Customer 2.0 has unlimited access to product information, service recommendations, business data, and more. Before they consider doing business with someone or make a buying decision, they turn to the Internet for reviews and ask their friends for advice.

So how do you adjust your sales methods to accommodate today's prospect-driven sales process? In order to sell to Customer 2.0, you have to invent "Sales 2.0."

Sales 2.0 is all about being relevant, knowledgeable and valuable. Consumers are smarter today; they have more information than ever before...

Sales will always be relationship-driven...

But first you have to get in front of your prospect first and be seen as a knowledgeable resource they can turn to. This will in turn drive your clients and prospects into deeper engagement with you and add the value they want from your services.

To succeed, adapting to technology and social media is a must. You'll need these tools to learn more about who your prospect is as an individual. Using them to actively listen to and learn about your clients and prospects allows you to produce individualized service—answers and solutions tailored to their needs.

It's important to understand that Customer 2.0 has specific needs that aren't met by the sales practices used today. The problem is what consumers say they want...and what consumers really want...are separate things.

They say they want "low prices" and "great service" – but, what they really want is "value."

For agency managers, this is key. If you encourage your producers to focus on value, they'll be significantly more successful.

Remember, only in the perceived absence of value do things become commodities. When that happens, consumers decide based solely on price or service.

Once you understand the difference between "what consumers say they want" and "what they really want," it's important to give them "what they need."

Consumers need to hear how you can be of value to them. That's not a sales pitch about you, your agency, or the carrier you represent. That isn't important to them because it's all about you.

Consumers want...NO, need it to be about them!

It can be as easy as saying, "If you hire me, I will help you define your personal financial goals and create an uncomplicated plan to achieve them. I will help you along the way by recommending any course corrections needed as your life changes."

Notice I didn't say anything about the "how" or "what" of accomplishing this, or about myself. I didn't mention a product, service, or give them a brochure. None of that matters until what I "do" matters, and what I "do" doesn't matter until I make it about them.

The second is an understanding of the new sales funnel. Because of the changes previously mentioned, today's sales funnel is now split into several distinct segments. Visualize this as three vertical, interconnected funnels.

In the past, you could be relatively successful by simply being a good salesperson.

Today, you need to be a top-notch salesperson, world-class marketer, and provide elite customer service.

I don't know about you, but I'm a decent salesperson, an average marketer, and my customer service isn't anything to brag about...yet I managed to sell thousands of individual insurance policies last year.

How?

I standardized, systematized, and automated as much as possible. But I couldn't automate until I understood the new sales funnel created by the "customer 2.0" reality.

In this reality, we need to focus on four things:

1. Conversion,
2. up-sell,
3. cross-sell, and
4. referrals.

I labeled the key conversion points on the chart in these four spots, the points where natural up-sell, cross-sell, and referral conversations should be had.

Let's talk about conversion points. These are key points where a prospect or lead transitions into an applicant, an applicant into a customer, and a customer into a client, and then eventually into an advocate.

As you look at your practice, you'll likely find that you're doing little or nothing in the top, marketing, or bottom retention funnels and spending all your time on the middle or sales funnel. This is counterproductive for your current sales efforts and extremely detrimental to your future cross-sell and referral efforts.

I'm often asked how to generate more leads, including internet leads, and while this can grow your practice, I no longer think it's the best way to maintain a practice or generate the most valuable leads.

Remember, I'm saying that having generated hundreds-of-thousands of leads. Instead, your best leads and sales opportunities come from existing clientele and centers of influence. That's probably not a surprise, yet how many of you have a standardized, systematized, and automated way of reaching out to these clients and centers of influence? Better yet, how many of you know how your clients and centers of influence prefer to be communicated with, educated, and marketed to? My experience tells me not many...

That's because today's agents are armed with yesterday's tools, conducting business with the same techniques my father used in 1970. The problem is that most consumers are too busy to be bothered by those same old tactics.

To be effective today, you must maximize each opportunity and customer. This takes effort and a focus on the metrics at each step in the process. When looking at those metrics, you must know what your conversion numbers are at each stage of the opportunity cycle. For example, what percentage of leads become qualified prospects or what percentage of customers become clients?

In looking at your metrics, it's important to differentiate the value of each consumer and what stage of the opportunity cycle they are in when interacting with them.

For us, we rate consumers as:

- Suspects – those that we are proactively marketing to but ones that haven't expressed a specific interest in a service or product.

These people are under-appreciated and often overlooked in the traditional insurance sales model. In fact, Forrester Research recently conducted a study that concluded 84% of these people, specifically the ones that say they aren't interested in purchasing today, will go on to buy from you – or a competitor – within the next 24 months. This last fact showcases the importance of effective communications tools and informational content to help a Suspect move to the next phase of the process.

- Prospects – those that have expressed an interest but haven't actually purchased yet.

Most insurance agents refer to these as “leads,” and whether you purchase them or cultivate them, it's where most sales people focus the bulk of their time and attention. Why? Because they are often considered “sales qualified” or “ready to buy.” The truth is that only 50% of consumers in this category are actually ready to buy today. That is why a lead nurturing process that takes them from “interested” to “qualified” to “ready to buy” is so important.

- Buyers – those that have already purchased at least one product or service from us.

This is the most important and neglected category of consumer in the bunch. As an industry we talk a lot about providing service, doing annual reviews, and getting referrals but the truth here is that most of us don't actually do so.

In our agency, we further break this category down into:

- o Customers - defined as one time purchasers,
- o Clients - those that have made two or more purchases, and
- o Advocates - those that have or currently make referrals to us.

Doing so helps us to correctly focus on each Buyer type and maximize the time we spend with each. In case you are wondering, this last category – Buyers and, more specifically, Clients and Advocates—is the most important and the one you should focus on most.

If you look at the metrics – the numbers associated with these two categories – you will find, like we did, that they account for nearly 80% of our profits and less than 20% of our total expenses.

I want to repeat those numbers. They accounted for nearly 80% of our profit and less than 20% of our expenses.

Why? One simple reason: they are the consumers most open to the last three items on our focus list, namely up-sells, cross-sells, and referrals.

Up-sells serve several purposes including making each client more profitable to interact with and are mainly about adding riders and additional policy options that help the client better meet their goals. This is where we as an industry can and should add the value back to the products and services we offer by making them more personalized and client focused. Something Customer 2.0 demands – remember they want it to be about them.

Cross-selling is about focusing on account rounding, the process of adding additional products and services to each lead, customer, and client you work with. The goal here is to provide every option you can to every consumer you interact with.

Already sold a customer a life insurance policy? Now is the time to offer income protection or retirement planning. That's because the best time to set the stage to make the next sell is right after the first. That is when you should start the conversation about the next piece of the financial planning puzzle, filling coverage gaps, and protecting other parts of the client's life.

Unfortunately, your clients often only remember what you sold them last and rarely know what else you can do – even if you've talked to them about all of your services. This is because Customer 2.0 only focused on what's timely and important to them. This is where having a well-thought out, automated marketing and customer nurturing campaign to keep them informed and engaged is critical.

Remember, with Customer 2.0 you're constantly competing with other sources of information, including your competition, for a consumer's attention. To be successful, your information or content must be relevant and stand out. To get the most out of your marketing efforts, follow these guidelines...

Now, before I go any further, I make the following disclaimer: while I did my best to only include practices and tools you can actually use, not all of them are going to be acceptable to the companies and agencies you work with. I strongly encourage you to check with your appropriate regulatory or compliance department.

With any form of marketing it's critical that it meets the following guidelines:

- It's customized - Marketing materials that don't apply to your recipient's demographic or personal situation are irrelevant. Don't waste your time...or theirs.
- It's visual - Consumers are marketed to all day long, from mobile ads to television commercials to Facebook posts. Use images to stand out from the crowd. Studies have shown they are significantly more memorable than text.
- It makes a connection - Visual content is the fastest way to make an emotional connection with a consumer, plus it offers a great branding opportunity.

- It matters - Your marketing has to close a gap between a financial planning question or problem and the solution. The more targeted your solution, the more likely it can be used to nurture a lead.

- It's easy to understand - To explain a complicated subject, try step-by-step visual guides, like the kind you get with TVs, computers, and cameras.

This is a natural point where many of you start thinking about using social media, blogs, and email to deliver your messages. A few quick tips about social media...

...I will cover them very quickly here, but I'll talk more about using Social Media effectively this afternoon in the Connexion Zone.

First, it's a great communications tool, but it's an even BETTER research tool. For example, if a client just announced they're expecting a child on Facebook, you can use that as an opportunity to call and congratulate them while dropping a subtle reminder about update their financial planning.

Second, it can be a fantastic tool for creating rapport with clients. Use it to identify things that are important to them - where they went to university, recent vacation spots, a favorite sports team. I'm not suggesting you pretend to be interested, but if you have things in common, make sure to bring it up in your conversations.

Third, it's hands down the best referral tool you have at your disposal. The reality is that most of our clients have no idea what type of referrals we really want - so they don't give us any.

That's why I make it easy for my clients by providing them with a targeted list of prospects I want to be referred to. I do this by looking at their social media connections, creating a list of prospects I want to be referred to, then sharing this list with them.

For the agency managers in the audience, you should do the same thing when looking to hire new agents or employees. You should also use this method to help your producers identify key prospects and new business opportunities in their social networks.

Let's talk about the tools of a 21st Century Producer – tools that will drive the future of insurance sales. These tools demand focus on the metrics of conversion, cross-sell, up-sell, and referrals. When used correctly they allow you to do more with less, spend more time in front of your best clients and prospects, and ultimately make you more successful than your peers.

The first thing you need is a database tool or Client Relationship Management system, often called a CRM.

A CRM will help you to effectively track prospects, leads, and clients. It also allows you to set up automated marketing and lead nurturing campaigns as well as schedule and track follow-ups. Doing so will keep you current in your clients' mind.

Second, use as many modes of communication as possible. Whether it's email, text messaging, social media, blogging, or a traditional website, how they get your information isn't nearly as important as the fact that they received it.

Third, you'll need to use analytics and data tracking. This information gives you the ultimate edge when dealing with customers. It tells you things like which emails they opened, how many times they opened it, and how long they spent reading it. You can see which links they clicked on your website, and which articles they read.

Knowing this information will help you identify the specific planning and product interests of each consumer and eliminate any guessing throughout the opportunity cycle – their online activities and interaction with your content will tell you what they are interested in. By the way, a good CRM will help you do this task as well.

In closing, I would like to bring all of this together with two overriding requirements.

This first is the need to Standardize, Systematize, and Automate. I mentioned this earlier and want to reiterate how important it is. You need to take everything you do and standardize it so you or your staff deals with common situations the same way every time.

It's like McDonalds: no matter where you are in the world, you know what to expect. They have standardized the menu, the design of stores and uniforms, and what employees say. You need to do the same thing.

Next, determine which tasks can be systematized, meaning which tasks can be scheduled or done on a regular basis by anyone, based on the standardized instructions you created. We have systematized emails, phone answering protocols, voicemail scripts, client fact finding, how to conduct annual reviews, and client correspondence during the application and underwriting processes.

Once a task is systematized, you can move to automation. This is where you use technology, things like a CRM system, to automatically complete the tasks that were previously standardized and systematized. Automation is particularly relevant to your marketing, client communications, sales meetings, fact finding, and annual review processes.

The second overriding requirement is the "Rinse & Repeat" process. Directions on a shampoo bottle read, "For best results, wash, rinse and repeat."

For me, it's a reminder that I need to constantly review my processes and look for new ways to effectively market, communicate with our clients and centers of influence, and process paperwork. It also helps us remember that the process of improving is continuous — we need to stay diligent and avoid complacency for the best results.

Today's competition may be greater than ever, but you can have the edge – tools and resources that will help you succeed!



The edge provided by your participation in MDRT helps you refresh your business, expand your bandwidth, and power up your network. Take advantage of it. Accomplish more with less work and time by leveraging your knowledge of the three themes shared today:

1. Pricing, underwriting, products, and service don't matter.
2. What I "do" doesn't matter until I make it about the consumer. And,
3. The future of insurance sales will focus entirely on the metrics of conversion, cross-sell, up-sell, and referrals.

Doing so will provide your Agency with the Innovator's Edge, and allow you to thrive in the 21st century!

Thank you for letting me share with you today.