

Create a team environment in an individual commission-based world

A brokerage firm and its brokers all benefit when everyone plays for the same team



By Robert Ebers

Commissions have a long history as the incentive of choice for insurance brokerage firms. They create a clear link between revenue and compensation. They also provide an equation that agents, on their first day, can do in their heads.

While commissions have a tangible and direct link to increased sales, their connection to profitability is not always as strong. Commissions inevitably shift an agent's focus to quick, hard sales techniques, and away from business development as a whole.

Long-term success, however, depends on retaining clients. To do that, agents need to pay enough attention to each client so that they really understand the client's needs and can, in turn, help their clients understand their unique risks. This requires effort and experience, but taking a team rather than individual approach to this goal can dramatically reduce the learning curve for specialty clients.

A good brokerage, like any company, will have a diverse staff. Some will remember calculating premiums on a slide rule, others will understand how to use Web sites like LinkedIn to track down new sales leads. Both types add depth and value to the firm, but if everyone huddles off into their own offices, no one

will benefit from the collective knowledge of the group.

Creating a staff that has the initiative to help others even when there isn't an immediate payoff results in better service, attracts repeat customers and buoys profitability.

As a manager, hiring people who nurture a team atmosphere is the first step. When interviewing, look for agents who work well within a team environment. Asking for examples of when they helped a co-worker without expecting compensation can be telling of their character, both as a colleague and as a company representative.

What if your existing team lacks this mindset? Hope is not lost. Shifting employee attitudes, however, is not a short-term process. Just as commissions didn't create this environment overnight, it will take more than a few days to forge a strong team focused on helping everyone, and the business as a whole, to succeed.

Meeting of the minds

If you don't have weekly meetings, start them; if they already exist, look to change their focus. Weekly meetings should be a place where real business and learning gets done, not a venue for office announcements. Make time



for agents to discuss the issues they're facing with clients. By bringing up problems in a staff-meeting environment, the team's collective knowledge can be used to solve problems quickly and teach others to avoid them.

Create ownership

The best employees are ones with an owner mindset. Commissions do give employees ownership of their work, but it is a shortsighted ownership, independent of the group. Creating an ownership mindset demands more than simply changing company policies. Changing the way management interacts with employees is just as important.

Employees often feel treated like cattle — especially when a company is undergoing rapid change. Asking staff for their input on non-confidential matters before changes occur or at least giving them a heads-up can help give people a sense of control. Staff should also be constantly polled for what tools they need to do their jobs better or other changes that could make the company run more productively.

Everyone is special

Give employees a chance to demonstrate their expertise. Hosting a regular formal session for an agent to discuss a specific part of the business can designate that person as an expert in the eyes of co-workers. In addition to expanding the knowledge of the overall staff, these discussions encourage agents to seek advice internally if they are working on that specific issue in the future. Such sessions also foster respect between staff members.

The sales competition

Taking the commission one step further, sales competitions add another layer of "me against the world" to the office dynamic. Instead, try team-based bonuses. It's better to create a group of people to look to for advice



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who will mutually benefit. With this approach, the motivation stems from positive peer pressure rather than economic pressure.

In order to inspire short-term bursts of productivity, consider prizes rather than cash incentives. Without dollar figures associated with the prizes, competitions become more lighthearted than competitive. Not winning the competition means simply a loss of a prize rather than a loss of pay.

Meet the family

As part of the interview process, include a peer interview where three to five would-be peers can check out the candidate. For employees, participating in such a process underscores the company's reliance on their opinion about the organization's future. For new hires, it communicates to them early on that your firm values the team environment.

Step up or step out

All too often, it is the lowest performers — those employees who coast by on as little effort as possible — who bog down managers the most. Once you give these low-performing employees a chance to improve, it's best to aggressively deal with their failings. Common wisdom suggests sandwiching negative com-

ments with positive, but employees who are "visiting" rather than contributing may need to be shocked out of their complacency. Start by describing what behavior needs to change and what effect it is having. Clearly describe how the issues can be resolved and make the consequences of inaction known — and don't sugar coat it.

Conclusion

Many of today's ideas of "happy workplaces" originated in the dot-com era where companies paid little attention to things like revenue or P&L statements. While the yoga rooms and Zen gardens have largely disappeared from offices, the connection between mindset and productivity has made a lasting impression on the workplace and management theory.

But does mindset really matter? It does if you want your business to succeed and grow.

Spreading your agents too thin or having them get products underwritten that they don't fully understand can lead to costly errors and inefficiencies. Worse, clients in unique industries may find themselves not fully cov-

ered against all the risks they face. This could create significant liabilities for the brokerage if a loss does occur. Additionally, poor "mindset management" will inevitably result in other less tangible workforce costs such as staff turnover, absenteeism and general fatigue of staff and management alike.

Individual commissions and bonuses may seem like a turnkey management technique, but getting the most and best out of a motivated workforce requires a more persistent effort by management to shape employee mindset.

If you can alter the employee mindset to think beyond quick sales, you will be able to hardwire profitability into the staff psychology. As JFK used to say, "A rising tide lifts all

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boats."

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