



Key Client Retention...7 Sticky Strategies to Enhance Customer Loyalty and Keep Competition Away

By: F. Scott Addis, CPCU, CRA, CBWA

I recently received a phone call from a Georgia-based agency leader with both good and bad news. The good news is that his agency has been able to attract numerous prized, new accounts using the consultative and diagnostic approach taught in Beyond Insurance workshops. The bad news is that his firm's client retention on these customers stands at 72 percent after three years. He said, "We work so hard to identify and attract new clients, only to have them go out the back door when a national broker comes calling. Can you recommend strategies to enhance customer loyalty and keep competition out?"

I suggested the following seven strategies:

Strategy 1 – Pre-Renewal Strategy Session

A strategy session held at least 90 days in advance of the renewal date will give your clients clarity and confidence about the renewal process. A face-to-face session supported by an agenda enhances credibility and sets the stage for this critical meeting. Knowing that there are dozens of competitors knocking on your client's door, it is imperative that the pre-renewal strategy session is properly orchestrated. Your advance preparation is worth its weight in gold.

Component pieces of the strategy session include:

- Concise overview of the existing insurance program
- Risk and exposure analysis
- Business update with a focus on operational changes
- Risk control initiatives update

- Loss history and claims summary overview
- Exposure basis update
- Consideration of additional insurance protection, as appropriate
- Overview of current market conditions
- Underwriter's renewal position
- Offer to give the insured direct access to underwriter to convey "best-in-class" attributes (phone or in-person)
- Review of historical marketing of account
- Risk Management Service Plan progress report. Discussion on how it will be utilized to leverage the underwriting process
- Comment on pertinent issues surfaced in the stewardship review three-months prior
- Agreement reached on marketing strategy, objectives, and timeline
- Confirming email or letter sent

Strategy 2 – Direct Access to Underwriter

Successful agents and brokers establish meaningful relationships with their underwriters and field marketing specialists. They enjoy open, honest interactions and hold each other accountable for commitments. When trust and respect are established, each party reaps tremendous benefits. These same agents encourage their clients to build personal relationships with their underwriter as they recognize that this tactic helps to:

1. Reduce outside competition on key accounts
2. Eliminate unnecessary bidding exercises
3. Reduce time involved in market research
4. Enhance client and carrier alignment
5. Improve retention

Most insureds see their insurance carrier as a "black box." Besides periodic risk control visits and tenuous discussions with claim representatives, they have not been given the opportunity to build meaningful relationships with their underwriter and/or field marketing specialist. Direct access to the underwriter is a winning strategy to keep competition at bay.

Strategy 3 – Stewardship Review

A stewardship review, conducted six months after the inception date of the insurance program, reaffirms that your agency's insurance and risk management strategies are aligned with those of the client. It is also a time to actively listen to the client speak about future goals, opportunities, and struggles.

The dictionary defines stewardship as "managing for others, one who directs affairs. Guardian. Manager." So, what are some of the reasons to perform stewardship reviews?

1. The stewardship review demonstrates your knowledge of the client's business and risk issues. And a desire to continue learning more.
2. It gives you the opportunity to reinforce the quality and integrity of your work product.
3. You have a captive audience with your client's executive team.
4. The process is strategic, consultative, and diagnostic. And it reaffirms the importance of your business partnership.

If you are not conducting stewardship reviews on key clients, the benefits will be more than you ever imagined. The return on investment will be immense as measured by reduced competition, cross-sell, and referral opportunities. It also will enhance your brand in the marketplace.

Strategy 4 – Risk Management Service Plan

A Risk Management Service Plan sets the objectives, standards, and steps for the implementation of risk mitigation and claims management services. Importantly, the plan serves as a blueprint for the achievement of specific goals and holds you and your client accountable for service commitments. It is a powerful document that gives evidence of your quest to provide unparalleled services, resources, and solutions throughout the year.

The Service Plan should be fully developed within 30 days from your client's renewal date. The design of the plan represents a collaborative effort among you, your client, and the insurance carrier's risk control and claims consultants. Below are a few benefits to a Service Plan:

- Shifts your client's focus away from the insurance transaction to risk profile improvement
- Serves as a tangible document demonstrating your ongoing commitment to serve the best interests of your client
- Creates a meaningful working relationship among you, your client, and the carrier
- Gives the underwriter enhanced comfort and reasons why to offer preferred terms

Strategy 6 – Deepen and Broaden Client Relationships

Loyalty is commonly defined as faithfulness or devotion. Richard L. Oliver, the renowned consumer scientist and Vanderbilt University professor, referred to customer loyalty as "a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future despite situational influences and marketing efforts having the potential to cause switching behavior."

The loyalty effect is created when your client becomes an advocate and evangelist of your services and solutions. The impact of client loyalty includes but is not limited to renewals without threats of switching, brand loyalty to your agency, and positive word of mouth about you.

In the early 1980s, Fred Reichheld and his colleagues at Bain & Company began investigating the connection between loyalty and growth. The research confirmed that businesses cannot prosper without customer loyalty. Yet, there was no practical metric for relationship loyalty. Companies

lacked a system for gauging the percentage of their customer relationships that were growing stronger and the percentage that were growing weaker.

To the surprise of Reichheld, the one question – the Ultimate Question – that captured the essence of the research was:

“How likely is it that you would recommend Company X to a friend or colleague?”

Reflecting upon his findings, Reichheld and his Bain colleagues realized that this question made perfect sense as two conditions must be satisfied before a consumer makes a personal referral:

1. They must believe that you offer superior value in terms of features, quality, functionality, ease of use, and other practical factors.
2. They must believe that you know and understand them, value them, listen to them, and share their principles.

Today, this simple question is used by many of the most admired companies in the world through a metric that produces the Net Promoter® Score (NPS).

Strategy 6 – Deepen and Broaden Client Relationships

Getting where you want to go in business – your road map in developing outstanding business relationships – is contingent upon understanding your clients’ Relational GPS™¹. GPS stands for:

Goals:	Short and long-term personal and professional objectives
Passions:	Personal and professional causes that your client, prospect, or center of influence cares so deeply about
Struggles:	Obstacles holding them back from their goals and passions

People will not share their goals, passions, and struggles with you until they feel confident and comfortable in the relationship. Your credibility, integrity, and authenticity open up one’s GPS. Once your client allows you to navigate his or her GPS, you have the road map to a long-term relationship leading to trusted advisor status. GPS also facilitates your ability to move through the renewal process meaningfully and successfully. And without competition.

It is also essential that you broaden the scope of relationships within each client partnership. As risk and risk management touch every aspect of an enterprise, there is reason to move beyond

¹ Relational GPS is a registered trademark of the Relational Capital Group

the CEO, CFO, and HR manager to build relationships with facilities managers, IT professionals, safety committee heads, supervisors, and the rank and file.

You should also get to know other professional advisors serving your client including, but not limited to, the firm's CPA, attorney, and banker.

Strategy 7 – Teach Your Clients Things They Do Not Know

In the book, *The Challenger Sale*, authors Matthew Dixon and Brent Adamson convey that “surveys of customers consistently show that they put the highest value on professionals who make them think, who bring new ideas, who find creative and innovative ways to help the customer's business. In recent years, customers have been demanding more depth and expertise. They expect professionals to teach them things they don't know.”

Huthwaite International, an acknowledged thought leader in sales performance, viewed more than 35,000 sales transactions over a 12-year period and determined that consumers will pay a premium, redefine the buyer/seller relationship, erect barriers to the seller's competitors, and establish the seller as a trusted advisor when two primary activities occur:

1. Seller reveals to the buyer an Unrecognized Problem
2. Seller establishes for the buyer an Unanticipated Solution

Your relationship will become extra-sticky when you consistently understand your clients' issues, study the implications, and deliver timely interventions.

As you realize the value of a long-term client relationship, it is worth your while to implement the seven strategies listed above to enhance loyalty and keep competition away!

About the Author

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* “Entrepreneur of the Year” award as well as one of the “25 Most Innovative Agents in America.” Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.