

# Addressing Today's Agency Challenges



**Global Management Academy** White Paper



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**E**xecutives at life insurers around the world are leading their companies in an era of continuous change. Every day they face a host of new challenges driven by competitors, changing consumer priorities, market conditions, and myriad other factors. Their most important goals, however, remain unchanged:

1. Recruit more agents
2. Grow sales profitably

That's what we heard when LIMRA representatives called or met face-to-face with 60 agency officers, regional directors, training directors, agency managers, and general agents around the world — in Asia, Latin America, the Caribbean, and Europe. These structured and extensive conversations were part of a qualitative research project that helped us learn more about today's agency management challenges on a global and local scale.

To grow sales, most insurers focus a majority of their resources on agency distribution channels. Though bancassurance has taken the sales lead in some markets, and the Internet is providing a new way to connect to consumers, agents remain a vital link to consumers around the world. The Asian Consumer Preferences Study LIMRA conducted with Swiss Re in 2013, for example, revealed that most people still want to receive advice about protecting their families' financial futures and achieving other financial objectives from knowledgeable agents — and they want buy from agents, too.

But the world today is very different than when the agency system began its ascent. Anyone who is recruiting potential agents is:

- Competing against more and newer high-profile industries
- Looking to connect with potential recruits who conduct more of their personal and professional interactions online
- Trying to find and develop people who can meet the demands of today's consumers

Here is how companies are responding, and how they would like LIMRA to help the industry.

## Agent Recruiting and Training Is on the Move

Today, companies are increasingly turning to the people they call agents, representatives, supervisors, pre-unit managers, pre-UMs, or a similar title to find more agents. Regardless of their job title, they are agents whose primary role is selling, but they also recruit and train new agents. In this paper, we will refer to them all as pre-UMs.

The fact that pre-UMs recruit and onboard new agents is not new. What is new is the number and inexperience of pre-UMs. Many of these individuals are recruiting and training new agents only 3 to 6 months after being appointed as agents! It's the single biggest recruiting trend in today's agency distribution system — and it is being adopted by companies no matter the maturity of the market in which they operate.

It reflects a general trend of having more people who are closer to the frontline perform management tasks. There are many more people charged with recruiting, training, and developing agents than those who officially have “manager” in their title! “Agents” are recruiting agents; “functional specialists” are training and coaching them.

At larger agencies, we are also seeing the rise of pre-UMs as the primary trainers. Why? Because the agency managers have such large spans of control that they rely on pre-UMs to help perform some of the basic management duties.

This trend can help pre-UMs stretch in their job and grow overall sales... but only if they are trained how to perform these management tasks and learn how to balance their dual role of agent and manager.



## Why Are New Agents Recruiting New Agents?

Despite the widely understood value of life insurance, it remains a product that is more “sold” than “bought.” That is, most of the people who would benefit from owning life insurance don’t buy it — or don’t buy enough of it — without education, guidance, and external motivation to take action. People simply don’t queue up outside of agencies for the latest product release like they queue up for the latest mobile phone! So life insurance sales rely on “feet on the street” — agents — to generate profitable sales.

To recruit more agents and grow sales, many companies are expanding their “personal recruiting” power by appointing more pre-UMs. The potential pay-offs are substantial. Data we collect from LIMRA members has long shown that increasing the number and quality of new agents increases the number and quality of sales, which increases new and renewal premiums and boosts agent retention. Personally recruited agents are traditionally higher quality than applicants recruited through “cold” sources such as websites, online job boards, and advertisements. Why?

- Agent excitement: Agents, especially ones who are newer to the career, are engaged and excited. They are making sales and are excited about the opportunity to earn overrides. As one interviewee put it, “There may be no more powerful recruiting pitch than one offered by a successful agent.”
- Interactive information: Individuals who learn about a job opening through a personal source have the opportunity to ask questions and probe for detailed information. They can learn about the job requirements, work culture, and management style. With this preview, personal recruits feel more connected to the job.
- Firsthand experience with the company: Pre-UMs have experienced your recruiting process, heard a career presentation, and know firsthand some of the challenges and satisfaction of selling life insurance.

We also know that the key to early and ongoing success is helping agents achieve their activity goals right from the start. High activity through their first three months, six months, and 12 months is crucial to having agents begin working networks, markets, and referrals to make sales and start on the path to long-term success.

## The Pre-UM Predicament — and More

Spreading recruiting responsibilities to more people can increase recruiting, but at what cost to your company? Our members candidly admit:

1. **Many pre-UMs have had little or no recruiting training** — so they find lower-quality recruits who fail in the job.
2. **Because they are new to selling life insurance, they may personally lack effective selling skills** — so how can they be tasked with helping to provide initial sales training to others?

They went on to describe shortcomings in their business processes, such as:

- Not assessing which agents have the aptitude for recruiting and training
- Not helping pre-UMs:
  - Clearly understand their new role and career opportunities
  - Develop activity schedules to balance their responsibilities
  - Develop recruit-sourcing strategies and action plans
  - Create and use motivating career presentations
  - Apply follow-up strategies to reinforce career opportunities
- Struggling with training and support costs

The managers of “large,” “super,” and “mega” agencies describe a need for more advanced leadership skill sets. They are looking for best practices to run their business more efficiently and effectively; enhance agent support services that help grow sales; and learn new ways to help their business find and connect with new markets. Deficiencies in any or all of these can reduce agency profitability.

## Searching for Solutions

We received a very clear message from our members: Managers need training that will help them recruit more agents who make more sales — training that:

- Starts sooner.
- Gives managers at every level the tools they need to succeed in their job right now — and nothing more.
- Delivers insurance industry global best practices that are aligned to today's landscape.
- Drives real and effective behavior change.

This leads to the biggest question: Which specific skills needs to be strengthened at each level of management? Our interviews revealed **68 skill topics** that range from basic to intermediate to advanced. We heard the need for training on everything from foundational skills such as how to source candidates, to very high-level skills such as emotional intelligence and leadership presence.

Again, not every manager needs every skill. Each management level needs to master an appropriate skill set to deliver on-the-job results.

## The Global Management Academy

Building on the skills needed by different levels of management in different regions and markets, LIMRA is revamping its manager training program to create The Global Management Academy. It is a major development project that will result in a progressive curriculum that delivers the right skills at the right time to help participants generate the results our companies want...no matter who is tasked with the job.

The curriculum is structured to help the three distinct levels of agency management. Each curriculum level comprises **required** courses addressing core responsibilities, plus **elective** courses to build skills for the region or market (such as recruiting basics for hiring part-time agents).

This stepped approach to training:

- Starts sooner.
- Equips people responsible for basic management tasks with foundational skills at the earliest possible point in their careers.
- Ensures that skill development progresses naturally from basic to advanced.
- Provides additional levels of recognition on the road to Chartered Insurance Agency Manager (CIAM) designation, a request made by many of our members.
- Delivers measurable results and a positive ROI for all three levels of sales management.

# Global Management Academy

Deliver the Right Skills to the Right People at the Right Time

	Management Level		
	Level 1	Level 2	Level 3
Sample Job Titles	Agent, Pre-Unit Manager, Supervisor, Functional Specialist, new Unit Manager, new Sales Manager	Unit Manager, Sales Manager, Functional Specialist	Agency Manager, Branch Manager, General Agent, Super Agency Manager, Mega Agency Manager
Management Responsibilities	Recruiting new agents and assisting with on-the-job training	Agent recruiting and training	Agency/business management
Training Needs	Foundational skills to: <ul style="list-style-type: none"> <li>• Recruit more agents</li> <li>• “Sell” the opportunity</li> <li>• Assist new-agent training</li> </ul>	Enhanced skills to: <ul style="list-style-type: none"> <li>• Increase agent recruiting</li> <li>• Improve new-agent productivity and retention</li> <li>• Manage agents</li> </ul>	Advanced skills to: <ul style="list-style-type: none"> <li>• Master business management</li> <li>• Boost agent recruiting, productivity, and retention</li> <li>• Increase agency profitability</li> </ul>
Development Programs	Fast Track to Management	Pacesetter	<ul style="list-style-type: none"> <li>• AMTC</li> <li>• Field Management Seminar</li> <li>• Profitable Mgt. Workshop or Regional Officers School</li> </ul>
Certificate or Designation	Fast Track to Management certificate	AIAM: Associate Insurance Agency Manager	CIAM: Chartered Insurance Agency Manager

The Global Management Academy provides training that meets the specific, varied, and progressively complex needs of the many people who execute management tasks. It ensures that managers master appropriate skills for their job and does not waste their time with content above or below their needs. It gives companies the breadth of offerings and flexibility to deliver the right skills to the right people at the right time.

To learn more, please call your LIMRA representative or visit [www.limra.com/globalmanagementacademy](http://www.limra.com/globalmanagementacademy)

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