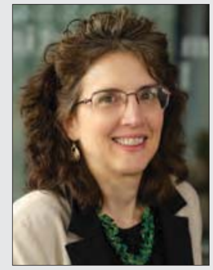
COMMENTARY

DISTRIBUTION

By Kathy Krozel
Research Director,
Distribution Research, LIMRA



Differentiate With an Effective Lead Generation Program

We hear a lot about how hard it is for young advisors to get started in this business. While that has always been the case (advisor 4-year retention has never topped 20 percent), one could argue that the hurdles today are even higher than they were 30 years ago. One of those hurdles is prospecting. Cold calls may be out, but what is "in"?

In search of an answer, I went to the online community with the mindset that I am an individual starting a financial services career and struggling to find prospects. The following is a portion of a conversation between a candidate and an experienced life insurance agent.

> *Candidate: "What can one expect for the first few months (i.e., from start to around month 3–4)?"*
>
> *Life Agent: "Expect that from the start until the 3–4 month period that you'll make virtually nothing."*
>
> *Candidate: "I hope when you say virtually nothing that you do not actually mean nothing. I do not expect to make the big bucks in the first few months, but I do hope that this job will allow me to pay bills and eat during that time at least."*

In order to avoid the dire consequence of no sales (e.g., starving to death), the conversation turned to prospecting, and a wirehouse rep chimed in. After a discussion of the differences between prospecting in an insurance-focused environment versus one that is investment-focused, the wirehouse rep concluded:

> *"...Prospecting is prospecting. Whether you are networking or cold calling or [giving seminars] — none of it is very easy. Every producer has a plan that works to some degree of success or another; it is just a matter of sticking to it, every day."*

It is no surprise that new advisors desire a financial cushion while learning how to prospect. Is "sink or swim" truly the best method or do companies have a larger role to play? Could a robust lead generation program help new advisors overcome the prospecting hurdle?

LIMRA surveyed experienced advisors and companies about the topic of lead generation. Advisors who currently use digital tools to support lead generation are not satisfied with them, with more than half citing a lack of quality (e.g., the tool is cumbersome, out-of-date, not advanced enough, slow).

About three quarters of companies have a formal program in place to generate leads directly and distribute those leads to advisors and firms. In most cases, however, homegrown systems and tools are used to manage the lead generation program, which may explain the advisor's perception of low tool quality.

Generating leads is only one aspect of the issue. Companies can differentiate themselves by qualifying and nurturing leads, and matching leads with the right advisors. Only five companies qualify leads before distributing them, and by far the primary criteria for matching leads to a specific advisor is location. Very few companies look to other criteria such as advisor tenure, the product the lead is interested in, the preferred language of the lead, etc.

Another factor affecting lead generation effectiveness is the lack of an ability to track whether or not a lead actually results in a sale (tracking is done manually in most companies).

Clearly lead generation is an area ripe for innovation. Ten of the 13 companies in the study are planning to increase resources for their digital marketing lead generation program in the next several years. Effectively matching prospects with advisors is a win-win for customers, advisors, and companies.

> **"Lead generation is an area ripe for innovation."**