

Adding New Products – Are You Expanding Your Book Or Diluting It? **Bill Granda, Paradigm Associates**

Given the competitive environment of the insurance industry, it is no wonder that independent agencies look for additional approaches to expand their book of business and remain competitive. Adding new products and services has promise on both counts, i.e. expanding the book and increasing an agency's competitiveness. The challenge is that while this approach has positive potential, it can also create the opposite results – diluting the focus of the book of business and making an agency less competitive.

So how do we make sure that adding products brings positive results, short and long term?

Focus, focus, focus

Decisions to add new products as well as what product(s) to add need to take into account not only what this will do for your agency but also what it will do for your clients. I don't know about you, but I can't remember the last time I bought from someone so they could make money. In other words, while thoughts of expanding your book and remaining competitive may imply a client perspective, I find it helpful to ask straight out, "How will this benefit my clients? What problems of theirs will this new product help solve?"

In other words it gets back to questions of strategy, doesn't it? What is our business strategy? How will we compete? Why should someone buy from us? What needs are we filling and how can we fill them better than anyone else? Which of those needs are emerging, growing, declining, stable? Why should someone pick us rather than a direct writer? What do we want to be known for?



As that last question implies, focus is a critical element of strategy. What is the primary focus of your agency? For example in commercial lines, do you focus on a particular market/industry segment, such as hospitality, government/schools, professional services, construction, health care, etc? For personal lines do you focus on high-end residential? Low-end? People with multiple needs (house, car, boat, RV, etc.)? Or is your focus primarily geographic? Your neighborhood, your town, etc? Or perhaps you have a unique type of coverage you offer, and that's your focus; you seek to attract anyone who wants/needs that unique type of coverage? By the way, no doubt several of these elements will be present in your agency; the critical question is which one of them is the primary driver or focus.

As you become very clear about what you want to be known for, it becomes easier for you to position your agency in the minds of your potential clients. And that position needs to be yours alone. For example, if the direct writers want to position themselves on low pricing, that's not where you want to be unless you can demonstrate that you are even more competitive. Get to a position you can own and defend. One of my partners says, "Find your Sherwood Forest - big enough to live off, small enough to defend." Own this industry segment, or that town, or this residential type. Pick something, but then really own it and be known for it.

When you're clear on your focus and position, then you can make a better decision to add a new product or service because you can make it consistent with your strategy or focus. For example, suppose people know you for home and auto; you've been known for that around town for years. If you decide to offer life, what do you suppose your clients will think about it? Will they embrace it, or question your expertise in that area? What other kinds of questions or thoughts if any will pop into their minds? This is where the danger of dilution comes in. Instead of expanding your book by adding life, might you not be making people wonder what you are? So instead of becoming more competitive, you might become less as people become less clear about you. In other words, think twice before adding. If



it's not consistent with your focus and position, will you be better off not adding the product?

If you think there is really strong potential for you and your clients, go ahead and add it. Realize however you may need to reposition your agency so people see the new product as fitting right in with what you are. For example, maybe you need to become known as the agency for growing families in your area. Repositioning can be done successfully if it's well planned and executed. But it will take more than a small amount of time, resources, and effort. Just think what it took to get you where you are now.

Execute, execute, execute

Assuming you've decided to add new products and they fit well with your strategy, then it comes time to sell. At this point, particularly when introducing something new, I find it helpful to pay attention to a couple of truths of human nature: (1) approximately half of the people will resist change, and (2) people don't like to be sold, but they love to buy. Both truths affect our approach externally, with clients and prospects, and internally, with our agents and other staff. Let's look at external considerations first.

In terms of introducing new products to clients or potential clients, if we know that people don't like to be sold, then what if we took an approach of helping people buy rather than trying to sell them something unfamiliar. In effect, rather than act as sellers, we act as Assistant Buyers. When you think about it, as my Partner Doug Brown says, "We can't really convince anybody of anything, but we can help them discover why they should buy from us." So rather than trying to tell clients about this wonderful new product and how it will benefit them, why not spend more time asking them about their needs and goals? As they answer our questions, we position our new product as the rational solution to their needs and problems. Actually it would make sense to approach all of our selling this way, not just new products, wouldn't it? In essence while we are guiding the process, we are



allowing the client to “own” the process so that decisions to buy are theirs, not ours.

What this amounts to is acknowledging and using the fact that buyers go through a process for buying. So wouldn't it make sense to match our selling process to their buying process? In essence for someone to make a positive buying decision, they need satisfactory answers to five questions: (1) Who are you? Do I like you? Will you bring value to me/my company? (2) Who is your company/agency? Can I trust you and your company to deliver as promised? (3) What will your product(s) do for me? Is it the best choice? (4) Is the price right? Is the value there? Will I be better off paying this money? (5) Is this the right time? Does it fit with other initiatives? How else could we use the money?

Armed with that understanding, we can tailor our selling process to providing positive answers to those questions. If we don't already know them well, we can take the time and effort to build rapport and trust; we can “speak their language.” We can ask the right questions to learn what problems they are trying to solve, what goals they want to accomplish. We can relate new solutions and products to things they are already familiar with, either by showing the similarities, or pointing out the differences, whichever will help them understand better. And we can communicate in ways that connect to both the emotional and the rational aspects of their buying decision.

Of course on the internal side, this approach of helping people buy raises the question of whether you need to be selling differently. If you do, how do you get agents, perhaps CSRs too, to sell differently than they have in the past? I'm going to guess that if you just tell your staff, “ok, starting tomorrow, you need to sell differently,” even giving them sufficient instruction, it's not going to work. Try this for illustration. Clasp your hands together, interlocking thumbs and fingers. Note which thumb and forefinger are on top. Take your hands apart and clasp them again with the opposite thumb and forefinger on top. Feels weird, doesn't it? Not all that



different than how it would feel to have to sell differently starting now. Both activities, clasping your hands and selling, we do out of habit. So if we are going to ask people to change how they sell, don't we need to provide them a process to change their habits of thought and behavior?

Of course the good news is that we can adopt new behaviors and internalize them so they become automatic, or feel natural. It may seem weird to clasp your hands with the "wrong" thumb and forefinger on top, but if you did that several times a day for a few weeks, I bet the "wrong" way would come to feel natural. It's the same concept for adopting other ways of doing things. And it means repeated exposure to new ideas and approaches, not just a couple of hours of instruction. So be prepared to coach agents and CSRs, giving them repeated exposure and experience. And just like allowing clients to own the buying process, allow employees to own the training/development process. If you stick with it, and help them understand the benefits to the agency and to themselves, they'll adapt.

Yes, adding products can be a great, perhaps even necessary, way to expand your book and improve your competitive position. To produce the desired results, make sure the product fits with your strategy or focus. Recognize you may need to develop a new strategy and take the appropriate steps to reposition your agency in the minds of your clients. Keep in mind "doing it right" with the people involved. Take the time to think through and plan how you can help clients buy new, better solutions and how you can help your staff become better at helping clients buy.

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