



Don't Overlook Agency Operations

When it comes to implementing and managing effective agency operations and the E&O considerations tangential to them, the challenges are steep. While having strong written procedures that are invariably followed by all employees is a given, there are a number of other considerations.

Today's service has been eroded in many business sectors, not just insurance. It seems processing responsibilities have replaced true service for many agencies, and it takes many forms. Checklists or risk management questionnaires, properly employed, are critical to this process, as well as a great sales and learning tool. The client response to this professional approach is overwhelmingly positive.

Producers should sell; account managers should provide quality service. When producers take on "servicing," no one sells, service levels aren't enhanced and E&O exposure often increases. Account managers should not be deprived of the opportunity to learn and grow, while providing a quality service experience to their clients. When more substantial parts of servicing are handled by others, it becomes a self-fulfilling prophecy that the account manager position becomes dumbed down to a basic processing level.

It's not surprising that a large portion of the work on any CL account manager's desk will often have to do with renewals. So why not do it right? The agencies that start the renewal process at least 120 days out are the ones that deliver a better experience in every way to the client—and to themselves.

When it comes to compensation, desired behavior comes from being rewarded. Keep rewards simple, and keep a bit of every employee's skin in the game. Ultimately, the operations manager's compensation should also be tied to performance to reach desired objectives. Base salary plus bonus (not commission for servicing staff) really works if implemented properly.

The fewer the exceptions, the better you will operate. Producer-owners are easily swayed by employees' excuses for non-performance and tend to hire more staff than necessary; and they can even be at the root of most exceptions that reduce the agency's operational effectiveness. Real leadership is needed at an operational level, to counteract objections effectively. It takes intimate knowledge of all operations to create the best results.

Once an agency owner can say "We'll miss you" to the employee he is most afraid of losing, the real work can begin. Leadership is the ability to get people to do what they should do, not necessarily what they want to do. This includes the courage to eliminate those from the equation who cannot or will not operate properly.

One of an agency's most important assets is its database. Agencies that can move beyond using their MIS as a typewriter can harness the power of having real, consistent, accurate information in place for making quality decisions, increasing sales and providing world-class service. It makes sense, saves time, eliminates E&O, increases profitability and delights clients. Consider the real cost of not leveraging the full power of your automation tools; it's more than you can afford to lose.

Most agencies do not have training programs in place, yet they hire green, unlicensed individuals with the best intention of growing their own. Creating an educational career path for every employee is critical. It should include components of agency training and education, as well as outside, national level designation classes. The key is to create a baseline for knowledge and expertise, and make certain all employees attain at least that level while continuing to learn and grow.

If you can't do it for yourself, do it for your clients. Commit to a plan, and oversee its execution. Leverage your current resources. Assess your needs and fill any critical gaps with the proper tools, staff and resources. Start by letting go of something old and truly implementing something new for a different, desired result. [A](#)

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Ownership Commitment

The commitment of owners to operational effectiveness is crucial to achieving employee growth. Agencies large and small are often overwhelmed by the cost or complexity of operational solutions. Some of the best solutions are low-cost and high benefit where the real cost is in the commitment and follow-up.

Effective operational management takes discipline, but it is achievable. The results just might be:

- Producers who prequalify and sell quality accounts;
- Motivated account managers who handle significant books of business;
- Redefining service as exposure analysis and risk management rather than rote processing;
- EFT and credit card premium payments made directly to carriers, rather than any agency staff serving as bill payment clerks accepting walk-in payments;
- Outgoing calls to round existing, quality accounts rather than playing "beat the bank" with the same, chronically poor paying clients each month;
- Consistent procedures with few exceptions;
- A truly automated environment; and
- Profitability and growth.

—M.E.