



**THE FAST-TRACK GUIDE TO**  
**Increased Producer**  
**Productivity and**  
**Validation**



# We Have a Problem

**W**ould you be able to survive if your phone only worked about half the time? We're pretty sure you'd be ready to throw that thing out the window. So, what about insurance producers? According to the 2023 Best Practices Study conducted by the Big "I" and Reagan Consulting, the producer success rate among best practices agencies averaged only 45.5% across all revenue categories. That shocking stat means that even among the top dogs in the industry, **less than half of producers are validated.**

This isn't a tiny issue, it's a huge problem. Unvalidated producers cost agencies thousands of dollars in recruiting costs, salary, training, lost opportunities, and even lost clients.

## THE GOALS ARE SIMPLE:

- Boost producer productivity
- Increase producer validation rate
- Accelerate the producer validation timeline

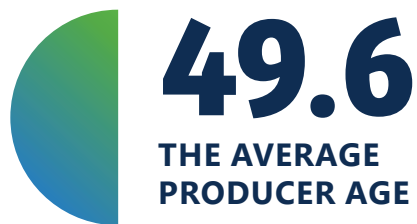
As an industry, we need to do better. Make better hires, provide better data, leverage better tools, offer better training, enlist better technology, and create a better chance for success. **Let's see what we can do to better this process, the success rate, and, ultimately, your business.**





## THREAT: AGING PRODUCER WORKFORCE

In addition to the challenge of unsatisfactory levels of producer validation, there is another huge problem facing the industry: **the average producer age is 49.6** (Source: 2023 Best Practices Study conducted by the Big "I" and Reagan Consulting). With many experienced producers approaching retirement, agencies need to develop stronger producer training programs featuring a challenging curriculum designed to equip participants for success in the complex insurance market.



## Producer Productivity Defined

**Insurance producer productivity** measures the efficiency and effectiveness of agents or producers in generating business and managing client relations.

## Producer Validation Defined

**Producer validation** in the insurance industry refers to the process by which an insurance producer demonstrates their ability to generate enough commission revenue to cover the cost of paying them. It is a critical process for insurance agencies as it ensures that producers are profitable and sustainable members of the team. Additional criteria that can be considered for validation may include meeting certain sales goals, as well as more subjective items like cultural fit and work ethic.



## **THREAT: NON-PRODUCING PRODUCERS (NOT JUST THE NEWBIES, ESPECIALLY THOSE WITH A BIG BOOK)**

**What happens when you have validated producers that aren't producing any new business?** That may be one of the biggest threats to the organic growth and future of your firm. These producers may have brought in a solid amount of business, but have started to rest on those residual commissions and have faded on the new business front.

To tackle the issues around non-producing producers, organizations need to **increase motivation** through **new business goals** and **compensation plans**, as well as **a culture of accountability**. Consider adding a specific goal tied to minimum annual new business requirement. This will also help lift the mood of the entire organization since everyone is responsible for growth now and in the future. There is no room for producers that sit back and don't continue to grow the business.

## **How Long Should it Take for Producers to Validate?**

Validation times can vary depending on several circumstances, such as amount of training, organizational demands, and more. This time gives the producer the opportunity to build their book of business and generate enough commission to cover their salary costs. A common benchmark is about 36 months and may look something like this:

### **YEAR 1**

Heavy focus on training, learning systems, and building a client base.

### **YEAR 2**

Intensified customer acquisition work and generating revenue and commission.

### **YEAR 3**

Hitting targeted validation requirements and consistently earning enough commission to cover compensation costs.

# Reasons for Low Validation Rates

Even with all that time allowed for producer validation, the success rate still hovers around the 50/50 mark. That is a huge liability for organizations that are ironically focused on managing risk. Reasons for low validation rates vary, but typically can be attributed to factors such as talent selection, lack of training, poor mentoring, poorly defined or unrealistic goals, lack of insurance acumen, and not enough support.

Dealing with these issues demands a **comprehensive strategy**, incorporating **enhanced training programs**, **effective mentoring**, providing **useful tools and technology**, as well as a more **strategic approach to recruitment and goal setting**.

## THE FAST TRACK:

# How to Boost Productivity and Shorten Validation Times

Improving insurance producer productivity and validation is crucial for the growth and sustainability of all insurance firms. To enhance the results and success rate, organizations need to focus on a few key areas and build out a robust producer development process. This is a critical endeavor for every agency as it impacts revenue both now and in the future.

*Let's take a look at these essential components for a strong producer plan that covers validation and beyond.*



# Set the Stage with Smart Talent Acquisition

Talent acquisition has become increasingly difficult for a number of reasons, including the lack of qualified candidates, the perception of the insurance industry, and a competitive hiring market. Recruiting good people to the insurance industry – and keeping them – has been harder than ever in recent years as senior staff take early retirement and valued employees move into other industries.

While you never know what will happen once you hire someone, you can put some checks in place to make sure you are smarter with your hiring decisions. **Hiring a new producer is an investment in the health and longevity of an agency**, so it makes sense to have a plan for that investment to pay off. To make sure you are hiring the best candidates for the job, it helps to have a defined producer profile.

There are many items that can go into your producer profile build, such as **sales experience, insurance industry acumen, education, and networking ability**. But, you also need to build in some personal attributes that may be just as important as the technical qualifications. When it comes to traits of successful producers, a few that always rise to the top include **coachability, curiosity, persistence, intelligence, and a strong work ethic**.

## RECRUITING RAY OF HOPE

While the insurance industry has struggled with an image problem, the future looks bright. The advance of new technologies that are now infused into the insurance world, have created appeal for a new generation of producers. Insurance is a wonderful career opportunity for those who choose to embrace it!

Also, it's good to think about your organization and figure out why candidates would want to choose to work for you.

- What's your pitch to candidates?
- Why should they come work for you instead of your competitor or another sales opportunity?
- Do you have great benefits, flexibility, remote options, great technology, opportunities for advancement, or a high salary potential?

**Make sure you can communicate why your organization is the right choice.**

## **Build a Comprehensive Training Program**

A robust training program is critical for producers to learn about the role, the industry, insurance products, sales processes, and your organization. You will want to develop an initial training program that covers all aspects of the role as well as ongoing training options to further build skills and keep up with new products, information, and industry happenings.

### **WHAT TRAINING SHOULD BE INCLUDED?**

- Sales
- Insurance industry
- Technology

You will want to foster a training program that includes building technical acumen in the insurance industry. Many producers are not adequately trained in the technical aspects of insurance. This can lead to errors and omissions, which not only affect their performance but also the trust of their clients. Producers also will benefit from training in sales techniques, communication skills, problem solving, and client relationship management.



## CONSIDER SPECIALIZATION TRAINING

Customers are more demanding and expect more than ever before. They are not looking for generalized answers; they want specific details from experts. Create specialized training programs to develop extra focus on a certain industry (or two) or a specific line of insurance, such as cyber.



Investing in training demonstrates a commitment to personal development, which can often boost morale and job satisfaction. Producers who feel supported and valued are more likely to stay with the company, leading to higher retention rates.

## Foster a Strong Sales Culture

A strong sales culture not only boosts individual producer performance but also can contribute to the overall success and growth of your business.



## WHAT DOES A HEALTHY SALES CULTURE LOOK LIKE?

### **SUPPORTIVE**

When producers feel supported and part of a team all working toward the same goals, they are more likely to be enthusiastic about their job and motivated to achieve.

### **CONSISTENT**

Clear expectations and regular feedback can help producers stay focused on their goals.

### **COLLABORATIVE**

A sense of teamwork can help producers with problem-solving and innovation.

### **CUSTOMER-CENTERED**

Emphasizing the importance of meeting customer needs typically leads to a stronger book of business.

## **A STRATEGIC SALES PROCESS CAN MAKE A DIFFERENCE**

A key part of a sales culture and an invaluable asset for a producer, offering a structured roadmap to navigate the complexities of the insurance industry lifecycle. Many agencies do not have a robust sales process in place. This can lead to inconsistent performance and missed opportunities. Consistency, reinforcement, and review are key elements of a winning sales process. When everyone in your agency follows the same process, including things like using the same words and definitions, it makes it easy to figure out where things are working well or not working at all.

# Establish Realistic and Regimented Goals

Establishing clear performance metrics and key performance indicators (KPIs) to measure productivity and success help agencies determine a producer's progress. Goals provide producers with a sense of purpose, focus, and motivation. When it comes to goals for producers, you want to make sure they are challenging, but also realistic. These goals should align with the agency's objectives and should be communicated to producers early and reinforced often.

## WHAT TO MEASURE?

Metrics may vary slightly by agency, but these are a few common, crucial metrics that can set your standard: **First-Time Appointments (FTA), Win Rate, and Average Deal Size (ADS)**. These suggested categories are areas that should be defined and collectively worked on by your agency. Setting specific, measurable goals helps producers understand what is expected of them. In addition to the standard producer goals and KPIs, you may also want to consider an individual goal based on the producer's personal ambition, and a stretch goal for optimal performance.

## MONITORING GOALS

Producers need to be held accountable. You should be measuring goal progress on a weekly, monthly, and quarterly basis, allowing for continuous adjustments, learning, and coaching. Setting and reviewing goals regularly **encourages a culture of continuous improvement**. Providing useful feedback during these goal review sessions can help producers learn from their experiences, adjust their plans and tactics, and set even more challenging goals as they succeed.



### CONSIDER INCENTIVES

Agencies need a healthy mix of business types, and producers need goals related to both: new business and renewals. If you need to reset the balance of business in your organization, you will want to create a measurable difference between new and renewal commission percentages to encourage producers to focus on the targeted goal.

## Leverage the Right Tools and Technology

Technology plays a significant role in enhancing producer productivity. Leveraging Customer Relationship Management (CRM) Systems, data, AI, and other tech tools to streamline workflows and track performance can help producers. Often, agencies think simply having a CMS is enough.

*It's definitely a good start, but it's only part of the equation.*

### WHAT TYPES OF TECHNOLOGY CAN HELP PRODUCERS?



#### CRM

Can help producers organize client information, track interactions, set reminders for follow-ups, and segment clients for targeted marketing efforts. This improves client communication and retention.



#### Digital Marketing

Can help producers reach a broader audience and generate leads. Social media, email marketing, and online advertising can be effective channels for insurance producers to connect with potential clients.



#### Client Portals

Provide clients with secure online portals where they can access policy information, make payments, and submit claims. Improving customer satisfaction and relationships with producers.



### Quoting Software/Platforms

Streamlined quoting and underwriting processes can enhance producer efficiency. Producers can quickly generate quotes, assess risks, and bind policies using specialized software.



### Data Analytics

Producers can use advanced data tools to help boost producer productivity in better risk assessment, personalized offerings, and improved decision-making. This information enables producers to tailor their products and services, improving customer satisfaction and retention.

Combining technology with a focus on people and processes is essential. Create producer playbooks that outline how to use technology in the sales process and support individual improvement.



*Having technology is one thing - effectively adopting and using it makes the difference.*

Make sure all producers are well-trained in every aspect of your technology. Consider building in producer KPIs for adoption when you first implement new sales technology or processes. And, it is vital that agencies **stay current** with new technology to **remain competitive** and **exceed client expectations**.

## Provide Mentorship and Support

A mentorship program for new insurance producers can provide invaluable support, guidance, and resources to help them succeed in their careers. It accelerates their learning curve, fosters personal and professional growth, and ultimately benefits both the individuals and the organization. New producers often lack access to experienced mentors who can guide them through the complexities of the industry.

### MENTORING TIPS

- Pair new producers with experienced mentors who can offer guidance and support.
- Hold regular coaching sessions to help producers navigate challenges and improve their performance.
- Have a mentor training program to boost skills necessary to coach others, such as leadership, facilitation, and time management.
- Mentors should coach based on an established sales playbook rather than attempting to teach their own personal process.

## Time to Get Serious About the Problem

Maximizing producer productivity requires a comprehensive approach that encompasses talent acquisition, defining success metrics, strategic planning, and leveraging technology. By being deliberate and focused on producer development, agencies can pave a course for success. When agencies embrace strategies to improve producer performance, the net result is a win for all, including your clients.

***Time to get on the fast track to productivity and validation.***