Agency Management

Strategic Planning : Positioning For Success

A few years ago, Bill Parcells spoke about coaching his first Super Bowl game. The underdog Giants were up against the Buffalo Bills and their high scoring ‘No Huddle’ offense. Eight hours of trying to formulate a detailed, football-wise strategy for the Super Bowl had led only to frustration and frayed nerves among all the assembled coaches. Admitting to a level of despair, one of the coaches threw up his hands and offered the following suggestion: ‘Let’s just keep the [expletive deleted] ball out of their hands.’ So was born the master ‘strategy’ that was the foundation of the Giants’ ultimate Super Bowl victory.

You might ask, ‘What does that have to do with running an insurance agency successfully?’ To that we would respond, ‘A lot!’ Too many of us lose our focus. Why? Because our strategies are too complex. As a result, they miss the mark. The ‘KISS’ principle really is good advice.

For most agencies, we believe the strategy is really very simple. Recognize that first and foremost, you are a selling machine. The fundamental strategy for most agencies should be simply: Sell, Sell More, and Sell More, More Often. Then, recognize that every function, every activity, and every employee has a direct impact upon the operation of your selling machine.

Many will say this is far too simple and unsophisticated an approach to achieve growth. What about such strategic necessities as developing a niche, or effectively competing for larger risks, or even acquiring other agencies? In our experience, if you adhere to this one fundamental strategy, these objectives will be reached. And more importantly, they are more likely to come at the right time. When all of your employees have succeeded at making sales their number one priority, you will be automatically challenged to find other areas to apply your collective skills. Your administrative processes will be so professional that you will go after larger risks. Your internal management will be so efficient that you will find it easy to acquire and merge another book of business into your own. Relationships with markets and client ‘nests’ will be such that you will be encouraged to develop a special niche.

After his Super Bowl victory, Parcells said that once the strategy was recognized, the game plan (tactics) came easy. This will probably be true for you too. We all recognize that successful selling isn’t defined only by ‘new’ sales. It means ‘net’ sales. This means being as focused upon your existing customers as you are upon new customers.

An agency’s growth and continued success can be maximized by concentrating on three factors:

- Increase the number of accounts.
- Increase the average size of account.
- Improve the ratio of total expenses to total net revenues.
Consider how the simple strategy of ‘Sell, Sell More, and Sell More, More Often’ defines the tactics necessary to reach new levels in each of the three areas. What can you do to ‘sell’ a customer on renewing? What can you do to find and ‘sell’ a new customer? What can you do to ‘sell’ more coverage and increase the size of the account? What can you do to make sure that new prospects and new sales contribute to increasing the size of your average account? Your specific tactics should reflect not only your strengths, but the makeup of your staff as well.

In the Super Bowl, the scoreboard kept track of the success of the competing plans. So should you. It is important to remember that outcomes can be predicted, but not managed. There is nothing wrong with setting objectives in terms of results of sales or profits - as long as you are not seduced into thinking that you can manage them directly. You must define your plan in terms of manageable actions. Then, your reports should allow you to keep score with respect to the outcome of these actions.

With the Giants, neither the development of the strategy nor the development of the tactics were limited to the coaching staff. Everyone on the team was called upon for input. Similarly, we recommend that you define your goals in terms to which everyone can relate and toward which everyone can contribute. To build an environment of total commitment, you must make sure everybody understands how the position they play contributes to the successful implementation of the game plan.

The Super Bowl scoreboard was visible to everyone; and at all times. Make that your practice as well. Many managers find it difficult to share information; others are afraid that anything short of total success may be more discouraging than motivating. Don't keep the score a secret. If you are doing well, employees at all levels of the agency should know it and share in the joy of success. If you aren't doing well, everyone should be challenged to find ways to change course.

There are no secrets to successful strategic planning. As a first step, many agencies need a formal strategic plan less than they need to get everyone in the organization to understand the simple strategy which is fundamental to all agencies. And that is that your agency is, first and last, a selling machine. And that everyone in some way or another contributes to and is responsible for ‘net’ sales. ‘Let's just keep the [expletive deleted] ball out of their hands’ is a simple strategy, but it won the Super Bowl. Does your strategic plan need to be any more complicated?