



4 Keys to Client Retention

Protecting the business you have and increasing your value proposition go hand in hand

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One of the greatest risks for any insurance brokerage today is the risk of losing loyal clients. Arguably, the cost impact of losing a loyal client is far greater than the value gained from winning a new client. Not only is there a direct revenue impact but studies have shown that the cost of replacing that lost client is five times higher than retaining an existing one. In addition, there is a material impact to your brand reputation and staff confidence. But the value of client retention may be far greater than what we first perceive.

In an era of fierce competition and market volatility, it is becoming increasingly important to build a solid value proposition (which includes a clear retention strategy), in order to stay ahead. One thing is for certain: if you don't have a strategy to protect your client from your competitors, your competitors will have one to "tempt" them away.

But how is this done, exactly? Brokers who have built a sustainable value proposition have done so by being more than an insurance broker. They have acquired an in-depth knowledge of their clients' needs and have devel-

oped and facilitated a broad scope of solutions and products to match those needs. They think outside the box and are able to offer holistic solutions for all of their clients' needs, including those that fall outside the scope of insurance. Essentially, these brokers understand that helping clients grow their business will help grow their own business. Therefore, when developing your total value proposition, you should take into consideration these four key areas of value: 1) The Retention Value; 2) The Knowledge Value; 3) The Service Value and 4) The Business Value. Let's explore each of these areas in detail.

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1) The Retention Value—Understanding What You Have

A wide range of studies have been conducted around client retention. The results are a true attestation to just how important the concept of retention is. Consider the following statistics: retention costs five times less than acquisition; approximately 68% of clients who leave a business do so because they didn't feel they had adequate contact with that organization; and finally, clients who buy more than two products are 80% more likely to stay with that particular company. These statistics, along with several others, suggest that retention strategies can be of greater value to companies than new business strategies.

Recognizing the impact of this is the first step to building a better value proposition, and in turn a clear retention strategy. At the heart of every successful retention strategy

is a company's client database. The client database—also known as the customer relationship management (CRM) system—is a tool for managing a company's interactions with current and potential clients. Businesses must ensure client databases are comprehensive and regularly maintained. Engaging in face-to-face contact with clients is another significant aspect of the retention strategy. In this fast-paced age of technology and the desire for instant information, this is sometimes a challenge; however, clients are more likely to be loyal to a company whose representatives they know in person versus strictly over the phone

or by email. That is not to say that the online world should be overlooked; you should build a solid online profile and reputation, and interact with your clients through multiple channels. Lastly, implementing a customer satisfaction program as part of the retention strategy will further encourage client loyalty and deter them from searching for alternatives.

2) The Knowledge Value—Insurance and Beyond

Insurance brokers are perfectly positioned to become a trusted advisor to their clients, and thereby improve retention while adding greater value. Top insurance brokers today invest significant time and effort building deeper relationships with their clients in order to provide comprehensive insurance coverage for all their business and personal needs. This deep understanding of their clients' needs qualifies brokers to become a trusted

advisor to their clients' business, and therefore explore the opportunity to build a broader relationship beyond insurance services—a relationship that enhances client satisfaction and improves retention.

Brokers should approach the relationship with enough confidence to ask their clients questions that uncover both business and personal opportunities that span beyond their insurance needs. What are your clients' short and long-term business plans? Are they expanding into new markets or product lines? Are they buying new machinery and equipment? On the personal side, what life events are on the horizon? Are they buying personal property or new vehicles and toys? Do they have a wealth management plan? The more you know, the better equipped you are to customize offerings tailored to specific needs, thus retaining the client.

In order to accomplish this, brokers must formally review each of their clients to accurately assess their needs, develop more expansive profile sheets, and maintain a complete and up-to-date database.

3) The Service Value—Providing Referrals

Intuitively, many top brokers have developed networks that include other service providers who can aid them in building broader relationships with their clients. Casual referrals to these providers, as a result of an opportunity spotted with a client, is generally perceived as a gesture of goodwill that eliminates any negative perception associated with cross-selling. However, brokers can underestimate the desire of their clients to have a trusted advisor, who understands their business and can make qualified referrals on their behalf that can help them grow their business.

Brokers who have established and formalized partnerships with a network of organizations have enjoyed the benefits that the service value brings to their businesses. By formalizing the

partnership agreement, you can establish service standard commitments with partnering companies to ensure that your clients receive the same level of service they are accustomed to.

A simple way to enhance the service value is to engage in partnerships that will give your clients access to multiple financial services. Throughout the course of a business lifecycle, business owners will encounter a variety of financial requirements. For example, they may need financing for acquisitions or major capital expenditures like equipment. If you have the appropriate partnerships in place to be able to provide tailored solutions for all of the client's financial needs, you will have a satisfied customer. An ideal partner to choose to strengthen your value proposition is a financial services firm, such as a major bank or a premium finance company, that can provide you with access to multiple financial solutions. Together, you can collaborate to offer a wide product mix to help grow the business of both the brokers and their clients, which is a win-win solution for everyone involved.

4) The Business Value— Receiving Referrals

Top brokers who formally develop a structured referral network, and position this upfront with their clients, are finding that they are strengthening their value proposition to their clients as well as improving the value of their own brokerage. The effect of this is two-fold; not only will you retain your existing client, you will likely acquire additional business as a result of positive word of mouth.

The benefits of an enhanced value proposition come full circle as this approach also aids in retaining good quality staff, which further improves the overall value of your business. A brokerage's willingness to expand their services in order to help their staff retain and grow their client base would be considered a far more desirable employer than one which offers limited services.

Think about your current business model and your value proposition. Do

you have a comprehensive understanding of your clients' needs and how you add value to the relationship? Do you have a strategy in place to retain those clients that are loyal to you? Each of the above four areas are foundational in building and executing a better value proposition. By being more than an insurance broker and fully understand-

ing your clients' needs, you can develop a broad range of solutions that will help your clients grow their business and therefore grow your business. **TB**

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