

Setting Producer Goals ***by Chris Burand***

We all know how important it is to set goals in both our personal and business lives. Agency owners and managers have the additional responsibility of working with producers to set and achieve their sales goals. When working with your producers, consider two important aspects of setting producer's goals that are often overlooked: Are the producer's and agency's goals compatible and what effort is required to write that much business?

Are the producer's and agency's goals are compatible?

The answer is critical because if a producer does not want to earn an amount sufficient for producing enough business to achieve the agency's goals, then it does not matter what goals the owners set for that producer, he or she probably will not achieve them! If a producer has no desire to raise their own income to the required level, then find another producer (or lower their commission split).

Key to determining how much a producer wants to make is the following test. Would you rather make \$100,000 per year but work 60 hours per week or make \$75,000 per year and work only 40 hours per week? Neither answer is necessarily right or wrong provided the producer can put in no more effort than they want and still make enough sales to satisfy the agency owners.

How much should a producer write? An experienced producer should produce at least \$200,000 in commissions and fees regardless of location. To write less allows the producer to carry less than his or her weight. Many agency owners and producers continue to believe that less than \$200,000 is acceptable. Setting a goal less than \$200,000 simply means the agency is not setting its goals high enough. They are setting goals that keep them in the game but keep them from winning. A quote from Longfellow makes this point well, "If you would hit the mark you must aim a little above it."

What effort is required to write that much business?

While setting sales goals is a great start, it is only the first step. Most agencies that do set goals only track sales, which is not enough because it encourages procrastination ("I'll make the sale next week!"), it leaves most producers without adequate direction (most producers need more guidance from agency owners than simply "Go make \$25,000 in sales"), and weekly progress is difficult to track because insurance sales are uneven.

Better results are obtained by calculating the effort required to achieve those sales goals and tracking each producer's efforts. For example, if a producer's goal is to write \$25,000 in new commissions, how many accounts will the producer have to write? If the average account is \$750 commission, the producer will need to write 33 average accounts to hit their goal. If their hit ratio is 25%, they will need to make 132 proposals or almost three proposals to average size accounts per week to attain their goal.

If the producer decides that 132 proposals are too much yet \$25,000 is the minimum acceptable amount of new business, then determine how many proposals are feasible. If only 75 proposals

are feasible, then their average new account size must be \$1,333 or the producer must improve their hit ratio. This detailed information enables them to concentrate their efforts on those accounts that will help them attain their goals and the agency's goals.

After setting weekly production goals, track the producer's effort by recording the number of calls made each week, the hit ratio on proposals, and the commissions written. Doing so will force the producer to be proactive every week.

Setting sales goals and breaking them down to the lowest common denominator may seem too basic but it is effective. Too often producers know their goal but without thinking, continue to write any and all business and they do not consider the size of their accounts, their hit ratio, or the effort they are willing to expend.

Setting goals is an effective tool for helping us achieve our desires. Producers are key to an agency's success, so work with your producers to identify compatible sales goals, divide them into weekly productivity goals, track the details, and provide the support they need to achieve their goals!

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