



A Case for Hiring Producers From Outside the Insurance Industry

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Reduce risk and improve long-term results when identifying and selecting talent

Each year, dozens of agency principals talk to me about the challenge of finding, hiring, and training new producers. Are you having a difficult time identifying top-notch candidates? When you make the hire, are you often perplexed with your inability to assess the degree to which the candidate will be a rainmaker? If you answered “yes” to both questions, you are not alone.

Recruiting, training, and developing new producers is a time-consuming and costly undertaking. A Reagan Consulting study on producer development states that it represents “a firm’s willingness to fund temporary losses on producers in anticipation of future returns.”

Dr. Christopher Croner of SalesDrive has been studying and addressing these issues for several years and shares his opinions and recommendations for hiring producers:

Whether you lead an insurance agency and are attempting to hire producers who will provide the requisite return on investment, or you are buying an agency and evaluating the talent pool in which you are investing, a strong case can be made to expand your pool of talent beyond the insurance industry. Put another way, if you are limiting your search to the insurance industry, you are putting a severe limitation on reaching your revenue potential. Let’s start with recruiting producers for your present operation, then move to a discussion in the acquisition context.

Data acquisition and analysis (sometimes called Big Data) has been exploding across the digital landscape. The ability to acquire large amounts of data quickly and easily, along with powerful technology to process it for analysis, is allowing researchers to accelerate their work and add more accuracy to their analytics. This is occurring in all fields, from science to medicine, from consumer behavior to entertainment. Most important, it is enabling you to more accurately assess employment candidate aptitudes and skill sets, including prospective producers.

Prior to these advances in research and technology, hiring producers was based primarily on validating past behavior as a predictor of future performance, as well as the intuition of the hiring manager. This approach is fraught with risks for several reasons:

1. It is relatively easy for a candidate to embellish past performance and behavior.
2. Most hiring managers are not trained psychologists, so interviews can be easily manipulated by candidates.
3. Hiring managers often overestimate the accuracy of their intuitive guesses (often called “the golden gut,”) which, when tested for validation downstream, do not hold up in terms of sustained salesperson production and turnover. Managers rationalize that these results are acceptable in light of the difficult challenge of recruiting and developing high-performance producers, and often fall back on another cliché, the “80/20 rule,” in which it is standard that 20% of salespeople produce 80% of the results. The hiring manager falsely believes that is a “satisfactory outcome.” It is not!

To be frank, the 80/20 rule is a terrible outcome because of the high cost of turnover and the opportunity cost of accepting low production from any given producer over time. Now that research has discovered much more about the core aptitudes of successful salespeople and that technology— along with more informed interviewing techniques—allows you to identify those core attributes in advance of hiring, the odds of identifying a candidate with the potential to succeed can be substantially predicted.

That said, the improvement in research and diagnostics is also supporting the conclusion that high potential producers are rare and hard to find. When you couple this with the challenge that most successful producers are already satisfied with their positions, attracting high-potential people to stock your firm with “A” and “B” players takes diligence, strategy, and analytics.

It is our recommendation that you are better off hiring high-potential candidates and training them than bringing in low-potential candidates who may have industry experience. The next question is: How do we define potential?

After analyzing over 80 years of research, we discovered three core characteristics that most successful producers share and that cannot be taught. Moving into adulthood, producers either have them or they don't.

1. **Need for achievement**—A deep and self-motivated need to set and meet goals. Never satisfied with present results. Always looking to set the bar higher.
2. **Competitiveness**—Love of winning; fear of and distaste for losing. Even competitive with the buyer in a productive way as the competitive salesperson loves the persuasion process.
3. **Optimism**—The body armor of all great producers who do not personalize rejection and are confident that the next call will be the winner.

All three of these characteristics must be in place to form the master trait that psychologists call “drive.” If they are, you can build and develop from there. If one or more of the characteristics of drive are not in place, however, there is a high risk that spending further time and money on training and mentoring will be wasteful. That is a high price to pay because many industry experts estimate that the average cost of developing a qualified insurance producer is \$150,000 or more.

Does your agency ascertain whether these traits are in place prior to investing in a producer? Fortunately, the confluence of data and technology is leading to the development of ever more accurate assessment platforms. The Drive Test, for example, determines if these traits are in place with accuracy well above 70%, and that moves to over 80% with a Drive-influenced interview template. Any number of assessments are available; the key is to capture these three core aptitude traits by giving them the focus and weight they deserve.

As mentioned earlier, we are often asked if, given the choice, we would advise selecting a high-Drive candidate with no experience or a low-Drive candidate with experience. Nuances exist, but unless technical aptitude or skills are required, we strongly suggest the high-Drive candidate because without Drive, the subsequent training may prove to be moot over time.

Finally, a word about this information as it relates to acquiring another agency. The aptitude levels of the producers who come along with an acquisition may be an asset or a liability. You already know the value of the book of business you are acquiring. To the extent that you can hold that book and then expand it through more effective recruiting practices and a more productive business development team, it can yield huge dividends. Once again, it is essential that you assess and measure the three traits of drive.

In summary, today’s accelerating accumulation of data and analytics will allow you to reduce risk and improve long-term results when identifying and selecting talent. This goes for all job positions, but none more so than sales, which heretofore has been one of the most difficult recruiting challenges of all. There are not enough high-potential producers in the existing insurance landscape. But there are plenty of high-potential producers in the broader talent pool.

About the Authors

Scott Addis, CPCU, CRA, CBWA is the CEO of Beyond Insurance and is recognized as an industry leader having been named a Philadelphia finalist for *Inc. Magazine's* "Entrepreneur of the Year" award as well as one of the "25 Most Innovative Agents in America." Beyond Insurance is a consulting firm that offers leadership training, cultural transformation, and talent and tactical development for enlightened professionals who are looking to take their practice to the next level. Since 2007, the proven and repeatable processes of Beyond Insurance have transformed individuals and organizations as measured by enhanced organic growth, productivity, profitability, and value in the marketplace.

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