

It's Expensive to Hire a Bad Salesperson. It's Time to Get Strategic about Recruiting!

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Finding good producers/sales talent is one of the toughest challenges facing an agency owner, principal, or sales manager. It's been described as "walking through landmines" -- too expensive, too time-consuming ... and impossible to predict whether a candidate will be an asset to your agency or a hiring mistake.

Yet despite these challenges, 70% of small and 61% of mid-sized agencies plan to add staff during the next 12 months¹, with sales/marketing positions in high demand.

The U.S. Bureau of Labor statistics show that:

- The unemployment rate for the insurance industry is at 2%, the lowest in seven years.
- The employment rate for insurance producers will increase by 16.7% by 2022.

Year	Employment	% of Industry	% Occupation
2012	236,700	36.0%	53.4%
2022	276,200	36.5%	56.4%

Source: Employment Projections program, U.S. Department of Labor, U.S. Bureau of Labor Statistics

¹ According to the 2014 U.S. Insurance Labor Outlook Study conducted by The Jacobson Group and Ward Group

This is good news, indicating that the insurance industry is stabilizing and returning to a pre-recession state not seen since 2007. Agency principals are feeling more confident and optimistic about hiring again and setting aggressive revenue goals.

But are they finding qualified producers to fill those newly created positions? Many agencies are experiencing difficulty recruiting individuals who have the skill, drive, and experience to sell...to hunt. With such a high percentage of agencies desiring sales talent and the low unemployment rate within the industry, the challenge is designing a strategic and disciplined plan for talent identification and recruitment.

Many principals have told the Beyond Insurance team that they have hired, trained, and mentored seemingly great producers, only to have them fail or leave shortly thereafter. That's a costly mistake. Studies indicate that finding, training, and ramping up a new producer cost an agency \$150,000 or more.

Recruiting qualified producers is a tough job. The stakes are high because the risk of making the wrong hiring decision is serious. But, believe it or not, sales recruiting doesn't have to be a big headache for you or your firm. It can be a fulfilling, effective process if you are strategic, disciplined, and appreciate the importance of your responsibility.

The Beyond Insurance Global Network is demonstrating how agencies can succeed by adopting advanced methods of selecting, promoting, and coaching their sales talent. Member agencies are using the Beyond Insurance Success Model™ -- an assessment process that determines "job fit" by comparing candidates to a model of sales excellence. The program was developed in concert with a study of the top producers within the Network and the validated features of a Profiles Sales Assessment. The results reliably predict on-the-job performance in seven critical sales behaviors: (1) prospecting, (2) call reluctance, (3) closing the sale, (4) self-starting, (5) working with a team, (6) building and maintaining relationships, and (7) compensation preference.

Agencies within the Beyond Insurance Global Network have been using this process to positively impact the selection, hiring, coaching, and retention of top producers. The program includes a customized interview guide for each candidate to facilitate a more engaging, enjoyable, and productive interview process. Other reports help Network agencies manage new hires and determine how and where individuals fit into succession plans.

Here are some tips you may wish to implement to make the recruiting task more successful and less challenging:

Step 1: Determine in advance exactly who you're looking for.

Prior to starting to recruit, think thoroughly about the characteristics and skill sets of the ideal producer. Just as you would not build a new house without an architectural blueprint, you should not hire a new producer without a profile of your ideal candidate.

Articulate in writing what hurdles your producer will encounter as well as the resources you have to help them to be successful.

Carefully analyze your agency's needs, and discuss them with the other leaders and managers within your organization. What specific skills, expertise, qualifications, and experience do you and your agency need for the producer to fill?

What type of culture does your agency have? Is your agency in a stable/maintenance mode or in an aggressive growth mode? Do you need a professional who can maintain and grow relationships with your existing clients? Or do you desire an aggressive business development specialist who can hit the ground running?

The most successful producers have the ability to serve in a consultative, diagnostic capacity, rather than basing their relationships on the transaction. They are confident, diligent people whom your clients will trust – and whom you will trust in your business!

Taking the time to analyze your needs will enhance your ability to 1) create the ideal producer profile, 2) give you the parameters whereby you can weed out the wrong candidates and 3) attract the right ones.

Step 2: Use your networks to identify candidates.

Many Fortune 500 companies use their associates to develop a pool of potential candidates. They offer a bonus or reward to staff members who identify qualified candidates. If you adopt this approach, it will allow you to tap into a trusted network of people – your staff – who know and understand your agency, culture, carriers, and clients.

LinkedIn is an excellent way to find good candidates as well. Many of the best prospects are not actively seeking opportunities, but are open to a conversation with a progressive agency. You can use LinkedIn to identify and reach out to potential candidates. You can also post the job description to the groups you belong to, asking them to refer appropriate candidates directly to you. Ask yourself questions, such as, do their profiles make me want to talk to them? Do they seem optimistic and enthusiastic? Do their profiles tell a great story about them, their sales ability, and their potential fit in my agency? Do their value propositions seem clear, concise, and compelling? Or is their profile full of tentative words, such as, "I think, I hope, or I feel?" Twitter and Facebook also have the option of creating specialized groups based on particular interests.

While these social media tools can be extremely effective, don't stop there. Face-to-face contact with your personal network remains a critical tool for recruiting. Network among your friends, peers, carriers, centers of influence and clients. They may be able to identify candidates perfectly suited to your agency.

Attend professional conferences and events. Think strategically about what niches and specialties you want your new producers to serve. By attending conferences and events in those

niches, you'll have access to individuals who share a keen interest and specific knowledge in those classes of business.

Step 3: Phone screen your candidates.

Have you had first-hand experience with a producer who charmed his or her way into being hired, only to under-deliver or not deliver at all once having the job? If so, you understand the importance of screening candidates and being discerning on the front end to avoid frustration and costs on the back end.

Are you an agency principal who hired an attractive candidate... someone who was charming and delightful during the interview but ultimately lacked the skills to perform as a successful producer? While you terminated or shifted the responsibilities of this new hire, did you remain perplexed as to why this apparent superstar failed? If so, you are not alone.

How can you avoid these types of situations? Richard Abraham, one of the co-founders of SalesDrive and co-author of *Never Hire a Bad Salesperson Again: Selecting Candidates Who Are Absolutely Driven to Succeed*, said, "If the goal is sustained high performance, sales training has a diminishing return with low-drive salespeople. Eventually, the salesperson will revert back to low-drive performance, the behavioral mean. There is no way around it. You need to start out with high-drive sales talent."

Dr. Christopher Croner, co-founder of SalesDrive, discovered that high-performing salespeople share three innate personality traits: 1) Need for achievement, 2) Competitiveness, and 3) Optimism. These three traits come together to form "drive." Without this essential characteristic, a producer is not going to be successful over the long-term.

It is interesting to note that the research of SalesDrive indicates that most "hunter" salespeople share certain, innate characteristics that cannot be taught. Therefore, if you want to identify and select hunters, it will serve you well to identify these characteristics BEFORE hiring – optimally even during the initial phone screening call. Below are a few tips:

Review your candidates' resumes, letters, and referrals carefully. Do they use words that demonstrate achievement, competitiveness and optimism?

Before you invest any more time in the candidate, find out whether they hit quotas and met sales plans.

Set up brief phone interviews with candidates who appear, on the surface, to have sales drive. During the phone interview, ask questions such as:

1. "Where do you rank in sales on your current team?" Not only will their answer show you their competitiveness, their stats are quantifiable.
2. "What could your current (or former) agency have done better to support your business development initiatives?"

3. “Where do you see yourself in three years?”

Do their answers to questions 2 and 3 communicate sour grapes, resentment, or unrealistic expectations? Most people are optimistic when they talk about their future, but tend to be more candid when they look backwards. Past results and behaviors are indicators of future success. These questions will give you a clear sense of their achievement, competitiveness, and optimism – the three vital characteristics that make up sales drive.

The percentage of people who possess these characteristics is relatively low. Therefore, it will require you to be deliberate and patient. The payoff, however, in terms of avoiding the \$150,000 cost of a bad hire plus the long-term upside of productivity will be significant. You may need to go outside the insurance industry to find high-drive candidates. You can teach people the business of insurance and risk management --but you cannot instill drive.

After the phone interviews, narrow your list down to two or three candidates.

Step 4: Measure the sales drive before you interview and hire.

The next step in the ideal recruiting process is an evaluation of the candidates before you bring them in for face-to-face interviews. Studies show that 90% of all hiring decisions are based on job interviews. Shockingly however, these job interviews are only 14% accurate in predicting the success of new hires.

Even more startling, most hiring decisions are made within the first four minutes of the interview. That means that most new producers are hired based solely on first impressions.

By providing a validated, objective measure of a candidate's sales drive, you can avoid hiring on gut instinct. This will save you hours of time, frustration, and substantial amounts of money.

“Drive is the passion and determination that causes top producers to stop at nothing in their quest for success,” stated Abraham and Croner. It is for this reason that Beyond Insurance is an advocate of the pre-employment sales drive assessment. And why members of the Beyond Insurance Global Network have experienced a dramatic increase in success for hiring new producers who not only can, but **will** sell.

“The right assessment program will have a huge impact on an agency's success,” says David Parsley, President of Parsley Performance Solutions. “Assessment tools add science to the art of effective hiring. To use the analogy of an archer, if an archer's target is certain (a clear profile of what top producers look like an agreement amongst agency principals) and the arrow is straight (by using a validated assessment that meets EEOC standards), then hitting a “bull's eye” of hiring a top performer will be achieved more often!”

The three characteristics of drive -- need for achievement, competitiveness and optimism -- in combination with a targeted personality assessment and focused interview questions create a high probability of success as relates producer performance.

These four steps will make your hiring process easier, more enjoyable, precise, and richly rewarding. Most importantly, you will be able to filter out candidates who lack sales drive and interview those who have the potential for success in your agency.

An improved hiring process will positively affect your bottom line through cost savings from reduced turnover and higher revenue from increased productivity – by hiring the right producer the first time. It can cost \$150,000 to hire a bad salesperson. It's time to get strategic about recruiting!

About the Author

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.