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INSURANCE



Cross Sell 365... When, Why and How?

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Cross selling is not exclusive to the insurance and risk management industry. It translates into just about any business – an essential strategy to build brand loyalty, increase revenues and drive profits. It involves products and services that complement the original purchase.

Cross selling is based on bringing value to the client team in ways that they may not have expected when they hired you. It requires understanding the client's business, not just focusing on the initial technical issue. Cross selling increases the customer's reliance on you and decreases the likelihood of switching to a competitor. It is a critical performance indicator of an agency. High performance "best practice" agencies know why, when and how to cross sell. In today's turbulent insurance marketplace and challenging economy, cross selling is no longer an option. It must be part of the life blood of your firm. It is a requirement for your future and that of your business.

Although you may not be conscious of it, as a consumer, you make decisions every day on cross selling strategies. Examples of cross sell purchases include souvenirs at sporting events, the detailing of a car at a car wash, golf balls at a pro shop and fresh squeezed lemonade and cotton candy at a carnival. Cross selling is one of the easiest and most effective means of marketing. It is a winning formula that takes marginal effort as compared to the original sale. After the buyer

is committed and has demonstrated pleasure with the initial experience, the subsequent sale or sales are much easier.

Research on Cross Selling

A research study by Deloitte & Touche uncovered that the odds of selling a product or service to a new customer are generally about 15% whereas the odds of a sale to an existing customer is 50%. **Plus, it costs 5 to 8 times more to sell to a new customer.**

Beyond Insurance has also performed research on this matter through the administration of the following survey question to over 5,000 agency principals, producers and account managers:

Statement	Agree	Uncertain	Disagree
My agency has a disciplined, strategic and results oriented cross selling system.	27%	8%	55%

The results indicate that 63% of those surveyed readily admit that they lack, or are uncertain if they have, an effective cross selling system. This is startling. At a time when customer loyalty and trust is at an all time low and the cost of new customer acquisition is at an all time high, agents and brokers must appreciate the importance and value of a disciplined, strategic and results-oriented cross selling system.

Barometer for Organic Growth

Cross selling success is an important barometer for organic growth and profitability because it represents the revenue associated with each customer. As cross selling success improves, so does revenue, customer retention and the lifetime value of each customer.

The importance of cross selling translates into most successful enterprises. In the fast food industry, customers are invited to try new products or complimentary items. For example, when ordering a hamburger, the server asks if fries or a shake should accompany the order. In retail sales, the salesperson often extends a special offer to entice the buyer to purchase a complementary item.

An agency that understands the connection between cross sell success and organic growth, demonstrates significantly improved performance. These organizations see cross selling as a key ingredient to the customer experience. With each subsequent purchase, the agency benefits from loyalty and profitability.

As you and your firm successfully execute a cross sell plan, you will gain enhanced knowledge about the customer. The accumulation of wisdom about the customer is essential to a long term and mutually beneficial relationship.

A Formula for Success

As I look at my career and the results of The Addis Group, the firm has benefited from a disciplined and strategic cross sell plan. Being recognized as one of the premier agencies in the United States is not dumb luck. It happened with strategy, execution and a carefully designed cross sell plan. Once the first sale is consummated, each member of The Addis Group understands his or her role as relates cross sell execution. A cross sell map, score cards, incentives and reports energize the system.

The Addis Group's plan incorporates eight cross sell components. While the majority of steps involve exposure identification encompassed in a client-focused "discovery process", the Stewardship Review has proven to be the most opportune time to cross sell. The Stewardship Review is conducted at the six month point of the renewal process and is focused on deepening the customer relationship. At each Review, we carefully listen to the client talk about his or her visions, aspirations and goals – personally and professionally. While time is spent on the performance of The Addis Group, the primary intention of the meeting is to better understand each client's short and long term objectives. We encourage the client to speak about the strengths of his or her business, opportunities for enhanced performance and potential issues which impact the organization's bottom line. It is the discovery of goals and the recognition of issues that facilitates The Addis Group's ability to connect the cross sell dots.

The Addis Group's cross sell plan is supported by a handful of strategic initiatives including customer intimacy benchmarking, client profile forms, newsletters, e-newsletters and risk management leadership forums. In 2011, The Addis Group instituted its "21 Club" – a team oriented and fun program through which members of the firm receive points for cross selling and referral harvesting initiatives. The 21 Club includes monthly score cards and quarterly recognition. It has added energy, discipline and revenue to the firm's cross sell system.

Cracking the Cross Sell Code

If you are serious about a results-oriented cross sell system, there are 10 strategies that will guarantee success:

Strategy #1 – Cross Sell Plan. As with any successful initiative, you must have a plan. Cross selling success begins with a strategy map which responds to the questions Why? When? and How?

Strategy #2 – Understand the client's concerns. The biggest obstacle to cross sell success is not knowing enough about the client. While agents and brokers have vast data, most lack a "discovery process" to understand the customer's goals, passions and struggles. High performing organic growth agencies understand the importance of uncovering customer issues to position cross sell opportunities.

Strategy #3 – Fulfill each and every promise. The foundation for cross selling success requires you to excel on the initial project. You must solve the specific issue at hand before introducing a second initiative. You will consistently be rewarded for jumping over the bar with room to spare.

Strategy #4 – The principle of worthy intent. Cross sell experts always put the customer's interests ahead of their own. Your cross sell initiatives should always be focused on improving the performance of those you serve.

Strategy #5 – Connectivity. Cross selling success involves connecting a subsequent sale to the initial engagement. It requires helping clients understand how decisions they make in one area uniquely position you and your Team to expand your role in other areas.

Strategy #6 – Know your capabilities and limitations. To effectively cross sell, you must feel confident with the products, services and capabilities of your firm as well as the limitations of your organization.

Strategy #7 – Trust others in your firm. Cross sell strategies often fail because people do not effectively work together. They have not learned to trust each other. To stimulate cross selling success, consider bringing your associates together to build knowledge, trust and respect.

Strategy #8 – Customer relationship management. High performing organic growth agencies have a disciplined customer relationship management system which fosters credibility, intimacy and knowledge. A customer must feel valued before the cross selling initiatives bear fruit.

Strategy #9 – The art of listening. Far too often, agents and brokers spend too much time demonstrating their level of expertise in the sales process. Their presentations are self-serving and viewed by the customer as "product dumps". Cross sell success begins and ends with the art of listening to the customer.

Strategy #10 – Benchmarking cross sell performance. The success of your cross sell plan requires measuring and benchmarking plan performance in a variety of ways including revenue generation, cross sell hit ratios and retention.

Cross Sell 365...your most important strategy to build brand loyalty, increase revenues and drive profits.

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.