



90% New Business Hit Ratios... Guaranteed!

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If you are a producer, this article is for you. It speaks to the importance of being selective in prospecting. If you do not use careful judgment in choosing business development opportunities and/or have a random approach to prospect research and qualification, you are losing time, confidence, reputation and money. On the other hand, if you have a disciplined and strategic system – a Prospect Qualification Filter (PQF) – to screen candidates, your time, confidence, reputation and money is protected.

So what is a Prospect Qualification Filter and why is it so important to you? It is a disciplined and strategic tool to enable you to determine the degree to which a prospective client meets your predetermined criteria. Simply put, the PQF facilitates your ability to confidently and consistently select prospects who “belong on your Team.” If designed and utilized properly, your PQF will screen out commodity shoppers, assess the depth of the relationship with the incumbent agent and allow you to gain access to the prospect’s Management Team. Your Prospect Qualification

Filter will protect your time, confidence, reputation and money. And it will give you a new business “hit ratio” of 90% or more!

Historic Significance of the PQF to The Addis Group

In 1990, I founded The Addis Group, an insurance brokerage and risk management consulting firm in King of Prussia, Pennsylvania. No name, no revenue, no carriers, no customers, no reputation. A true start up with little room for error.

During the initial phase of agency development, The Addis Group focused on the design of a unique value proposition, reached out to its network and created a Stakeholder Intimacy System. With these building blocks in place, it was time to focus on a disciplined prospect research and qualification system to fill our pipeline with opportunities as well as filter out “commodity shoppers.” The Prospect Qualification Filter enabled The Addis Group to have an historic new business hit ratio of 90% and be recognized as a peak performer in the industry.

When I reflect upon the reasons for the Prospect Qualification Filter, it was the realization that each member of the firm needed control over time, confidence, reputation and money – precious attributes in building a business.

Diminished Value Snapshot™

To reinforce the importance of protecting your time, confidence, reputation and money, Beyond Insurance created the Diminished Value Snapshot™ -- a tool to enable you to perform an analysis of the effectiveness of your new business approach in the marketplace. The Diminished Value Snapshot™ calculates the erosion of time and diminished value using a new business “miss ratio” multiplied by the average estimated hours per business development opportunity.

Let’s apply the Diminished Value Snapshot™ against the performance of the “average producer.”

The average producer’s new business “hit ratio” is 30%. His or her “miss ratio” is then 70%. It is not unrealistic for a producer to allocate 40 hours or more working on a middle market new business opportunity in performing tasks including, but not limited to, coverage reviews, claims analysis, contract and lease reviews, market research, the bidding process and final proposal design. Assuming a producer works 50 hours per week, his or her erosion of time calculates to over 8 weeks of diminished value in a given year. Now, you see how time, confidence, reputation and money is at risk.

A.	Estimated number of new business opportunities (per year)	15
B.	Estimated number of hours per opportunity	x40
C.	Total annual hours invested in new business	600
D.	New business “miss ratio”	x70%
E.	Erosion of time (CxD) hours	420
F.	Hourly rate (projected)	\$200
G.	Diminished Value (erosion of time x hourly rate)	84,000

Self-confidence

While the attributes listed above are all important, my experience in coaching and mentoring producers indicates that self-confidence is the most cherished of the four. Self-confidence is an attribute characterized by a belief that one can take control of his or her life and plans. It is the belief in one's abilities. Confidence is the state of being certain that a chosen course of action is most effective given the circumstances.

To be successful in the business of insurance and risk management, you must be confident. Confident in your approach. Confident in your communication skills. Confident in technical know. Confident in the manner in which services are delivered. Confident in your ability to qualify and select business development opportunities. Learning how to be confident is the single most important life skill a producer will ever acquire. Confidence impacts happiness, success and well-being. Other desired qualities use confidence as a foundation.

Without a Prospect Qualification Filter, your confidence is on the line. And, your ability to control the outcome of the engagement is diminished. When you gain control, you make sound judgments, create strategies and carry them out effectively, you are strategic not random.

Designing your Prospect Qualification Filter

In the design of your PQF, there are three criteria that stand out above the rest. These include:

1. Understanding the depth of the relationship with the incumbent agent or broker.
2. Gaining access to the Management Team of the prospect.
3. Determining the decision maker's enthusiasm for your unique process.

In the initial prospect meeting, you should make a point to uncover each of these three criteria. The Criteria Filter shown below is comprised of lights – red (stop), yellow (caution) and green (go). If you get three green lights, you are off and running. A new client is around the corner. Using the tool, you will be confident in a 90% or better hit ratio. If you encounter a yellow light, proceed with caution and perform due diligence before committing time and resources. If you get a red light, know that your time, confidence, reputation and money are at risk. There are times that you will proceed with a red light. However, it is only done with the strong belief that you can turn a red light green.

Criteria 1	Criteria 2	Criteria 3
Relationship with incumbent agent or broker	Access to Management Team	Enthusiasm for your Value Proposition

In this complex and turbulent world of insurance and risk management, it is becoming increasingly difficult to control the outcome of our actions. If you have responsibilities for

business development, I encourage you to understand what is at risk -- your time, confidence, reputation and money. The Prospect Qualification

Filter...your strategy to achieve a 90% new business hit ratio. Guaranteed!

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.