



The Digitized World Requires Agent Leadership

By Frank Pennachio | Partner | Oceanus Partners



“Leadership is defined by results, not attributes.” That is a quote from the late Peter Drucker, an Austrian-born American management consultant and philosopher, also known as the founder of modern management. Mr. Drucker, as expected by someone with such an illustrious title, hits the nail square on the head. Leadership is not about the qualities you possess, but rather the finished results of those qualities. This sentiment is true of all leaders, from the President of the United States to Major League Baseball managers. It is entirely true of insurance agents as well. In this recent decade, more studies than ever have been attempting to determine what will be expected of insurance agents in the future, in a terrain unlike that of which the traditional agent has been accustomed to for centuries, a digitized world.

Technology, by its very nature, is rapidly evolving. One new technology opens the door for hundreds more, rapidly creating new functions and capabilities, and therefore new demands; rendering old machines obsolete and discarded. The insurance world is no different in this rapid evolution, thanks almost entirely to advancements in technology. The availability of the internet, on cell phones and personal computers, has reshaped the structure of demand in the minds and lives of customers. They are used to immediacy and customization, and expect no less when purchasing insurance. There is a new, digital, reality pertaining to insurance that is unlike any obstacle the industry has seen before. And it takes an effective agent to become a leader in this brave new world, and to not be rendered obsolete. Products and services are now delivered to consumers differently, and with more expected expediency and malleability, something that works for them uniquely and at their convenience. Agents must act swiftly if they are to ensure themselves an opportunity to compete in this new market. Customers have been shown to

desire simplicity, 24/7 availability, and concise, relevant information pertaining to buying necessary insurance.

Achieving these demands is the leader-agent’s highway towards improving profits for their business. High customer satisfaction, excellent service and digital interfaces are catalysts for profit by way of increasing customer retention. In addition, the leader-agent may consider automation of services to reduce certain significant costs in service providing. Opportunities are out there for the nimble and quick-adjusting insurance agents to pounce on, and there is no guarantee that the ones who capture these opportunities are incumbent agents.

There are some deterrents for the leader-agent to consider as well. Regulations on the insurance industry remain complex, especially for those new to the market. Customers are also unlikely to switch providers when it comes to policies such as life insurance. In the long-term however, there may be a dissolution of this issue, as venture capitalists pour private revenue into the industry, blurring the line between insurance agents and insurance agencies. Insurance agents of today must develop a strategy to both incorporate these new technologies and morphing markets into their business approach, and evolve (not become impeded by) with new advancements.

This new, digitized world is not all doom and gloom for agents willing to put forth a foot towards leadership, however. Leaders must design and incorporate in their business strategy a model that functions at the will of their customers and their respective lifestyles. Improving the overall customer experience should remain a top priority for all agents. According to an October 2015 study conducted by Accenture, “improving the customer



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experience” rated highest among the list of proposed business priorities, ahead of “growing revenue,” and “improving differentiation.” Anatoly Roytman, the managing director of Accenture Interactive suggests companies develop a clear and tangible step-by-step vision, with an attainable end-game, for developing a digital platform; “Getting the right people in place, setting a digital strategy...and measuring digital success. Accenture goes on to recommend three challenges to becoming a customer focused digital enterprise:

1. Setting a Digital Vision and Strategy
2. Organizational readiness
3. Measuring digital success

When considering these challenges, Accenture found that only roughly 5% of respondents felt that their business exceeds their customers’ expectations in the digital experience. Accenture continues, providing recommendations they’ve extrapolated from their study:

- ◆ To achieve differentiation through digital customer experiences, leaders from different parts of the business will need to team up even more tightly. They need to recognize that digital transformation can’t be confined to a single department.
- ◆ Leaders should advocate digital transformation and customer experience with clear goals to ensure that all changes to culture, processes and technology ultimately support the digital vision and are not made in isolation.
- ◆ The way to becoming a digital enterprise requires its leaders to take risks and learn from mistakes. For example, adding functionality that is in the spirit of digital transformation and the customer experience shouldn’t always require traditional approvals and a detailed business case.
- ◆ Third-parties can help fill gaps even digitally mature companies will have and make it cheaper and faster for the organization to implement and execute their digital strategy. Forty-five percent already work with providers on enhancing the customer experience.

Looking forward, into this murky digitized landscape of commercial insurance, the wise, leadership-inclined agent would benefit from getting comfortable in the world of 1’s and 0’s. However, direct-to-consumer business models is not the only drive of an agent’s desire to use digital sales tools. Agents can also

expect their industry to have a shift in values. Where experience once ruled, loyalty has established new dominion. Close collaborations with carriers, and more access to underwriters will drive future growth.

Agents would do well to recognize that customers value loyalty and involvement when it comes to servicing their insurance needs. The status quo has inevitably flipped in favor of the consumer, after all, historically technology has often favored the consumer more than the industry. Consumers now demand an agent who is invested in their well-being, someone who has a stake in their outcome; not just some dinosaur who’s been around the block several times and will tell them how it is, but someone who will teach and grow with them, a valuable tool in their arsenal, someone who will look out for them, who is available for them, and who will help them maximize the potential of their dollar.

Agents are looking at revolutionary changes in the insurance industry. Changes that will demand new leaders take hold and drive the market into new, progressive directions. New and incumbent agents alike cannot afford to grow complacent in this digital conversion. The leaders of this new world will, after all is said and done, be defined over time by their results, not their attributes.

About the Author

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Frank Pennachio has more than 30 years of experience in the insurance industry as an agency owner and as a sales and marketing consultant to independent insurance agents. He has consulted with agency owners and trained more than 1,000 agents in the past decade, encouraging them to develop their expertise in all areas of protecting an employer’s workforce.

Frank is an accomplished speaker; presenting at national conferences and seminars to agents, employers and other insurance professionals. In addition, he frequently writes articles on Self-funded Group Health, Workers’ Compensation, Sales & Selling, and Lead Generation for industry publications including American Agent & Broker, Risk and Insurance, Professional Insurance Agent, HR Magazine and Insurance Journal. He is recognized as an expert in the Workers’ Compensation community.

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