

GAMA Foundation

Executive Summary

Systems for Success: Building the Right People

Traditional Life Insurance Version

**Sponsored by the GAMA Foundation
Study Conducted by The University Team**



Participating Companies

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Executive Summary – Traditional Life Insurance Version

Systems for Success: Building the Right People

Project Overview

Today's field leaders face home offices that are tightly focused on profitability and a field force that is besieged by competition from sources that were unheard of 10 or 15 years ago. Plus, mergers and acquisitions continue to shape the industry, and the remaining insurance and financial services agencies face increased competition from outside sources. Banks and e-commerce are gaining market share, while sales from traditional associates are dropping.

To succeed in today's environment, field leaders and home office executives must reduce distribution costs. The best way to do that is to increase new-associate retention and productivity.

According to the 2002 LIMRA edition of *A View from the Top*, distribution has emerged as the major issue facing LIMRA member CEOs in the United States. Thirty percent cited distribution as their Number 1 or 2 concern. Improving profitability was a close second, with 27 percent of the CEOs mentioning it as one of their top two concerns. While cost cutting is not off the table as a means of increasing profits, today's CEO is looking for means to improve productivity to enhance the bottom line.

It is too expensive to bring new associates on only to have them fail. With the industry's four-year retention level standing at 11 percent in 2002 (its lowest level in 30 years, according to LIMRA), it is clear that, too often, failure is the result for new recruits. Yet LIMRA's *2002 Agent Production and Survival* study shows that increasing retention and production is possible. Individual companies have retention rates several times higher than the industry average, and in 2002, production averages for the industry (first-year commissions, first-year annualized premiums and number of policies) showed improvement over 2001 averages for every associate class.

To help home office and field leaders increase the profitability and productivity of their associates, the GAMA Foundation commissioned The University Team in 2002 to conduct a comprehensive study of the factors impacting a fast start among new associates. We wanted to explore these questions:

- Increasing productivity *is* possible, so how is it being done?
- How are successful field leaders assessing, assimilating and training new associates?
- How do expectations impact activity levels and productivity/performance?
- What methods are being used to hold new associates accountable for results?
- What are the psychosocial dimensions—agency culture, corporate behaviors and group norms—that impact a fast start?
- What are the instrumental dimensions, including organizational structure, services, specialists and support, that impact a fast start?

The result of that study is the project *Systems for Success: Building the Right People*. This groundbreaking research reveals that creating a high-performance, high-productivity environment is not the result of a single action, nor is it a magic-bullet system. Field leaders who have proven successful in developing high-performing new associates have done so because they apply three factors across all elements of their agencies:

- They create *consistency* in all aspects of training and interactions with new associates;
- They foster *connections* and informal learning networks across all levels of their agency; and
- They demonstrate *compassion* and an emotional investment in their new associates' success.

We hope that you will benefit from this practical, applications-oriented report on the practices, structure and support that

high-performing field leaders use to get their new associates off to a fast start and to nurture their growth in their first three years in the business.

Assessing, Assimilating and Training New Associates

ASSESSING: The Process of Determining Fit

Job fit is definitely important. If they are not satisfied and happy, they will never be successful.

Life Field Leader

Successful field leaders often like to simplify the fast-start process by implying that it's all about hiring the "right" people. "Hire the right people," they say, "and there's nothing you can do to make them fail. Hire the wrong people and nothing you can do will make them succeed." In reality, hiring the "right" people means hiring people who *fit*. Determining fit is the process that a recruiting field leader and the potential recruit use to determine if there is a match between the recruit's values and beliefs and those associated with the career, field leader and agency.

Each agency, its leaders and its associates have distinct norms and characteristics that form the agency's identity. Because new associates depend heavily on informal relationships and mentoring for early success, the absence of fit means the absence of strong psychosocial support. In addition, a fast start requires new associates to understand and adhere to an agency's specific systems, structures and norms. If these don't fit the recruit's values and beliefs, the probability of a fast start will be compromised.

Fit with the Career

To help recruits assess their fit with the career, field leaders provide a realistic view of the positives and negatives that the job entails. It is not enough for recruits to learn about the entrepreneurial opportunities associated with a career in the industry; they also must know about the uncertainty of commission work, the time and emotional investment required for success and the realities of rejection. High-performing field leaders involve spouses

in the selection process to ensure that they are aware of the time commitment required for success.

High-performing field leaders require recruits to participate in ride-alongs, field training and peer-accountability sessions so that they will experience the career firsthand before signing a contract. These leaders also assign Project 100/200/300 and market surveys so that the recruit can experience prospecting and referral generating, and they use a recruit's reaction to these assignments as a method for assessing the recruit's fit with the career.

Fit with Others in the Agency

High-performing field leaders are emphatic about maintaining the integrity of their agency's culture. To get off to a fast start, new associates will need to tap into informal networks and camaraderie to build a network of support. If there is not a fit between potential recruits and others in the agency, this network will be compromised. High-performance field organizations signal the cultural norms and behaviors of their agency by articulating their agency's history and culture in the selection process. They also adopt an "open door" policy that allows recruits to experience this culture by inviting them to participate in training and social events and that expects recruits to engage in interviews and informal meetings with other associates. At the highest level, field leaders use interviews between existing associates and prospective associates to jumpstart the process of matching joint work and mentoring partners.

Fit with the Agency

Even after confirming their fit with the career and the associates who comprise an agency, recruits still need to assess whether the agency as a whole—its organizational structure, operating identity and leadership team—fit with their beliefs and values. To help with this process, high-performing field leaders recommend that recruits compare multiple agencies so that they can contrast differences in culture, systems and structure.

Field leaders also use the selection and testing process to signal their methodology and approach to building a sales career. A

systematic and structured selection process indicates a systematic and structured associate development process.

ASSIMILATING: Building Connections from the Start

Building relationships with others in the agency is important. Knowing they have gone through the same ups and downs helps a lot.

Life Associate

Selling insurance and financial services products can lead to high stress and isolation. The sooner a field leader can assimilate a new associate into the agency, the sooner he or she will be able to access the agency's network of camaraderie and informal support. In the first week, high-performing field leaders create rituals such as welcome events and standard introductions to the agency to establish a connection between the new associates and others in the agency. They actively encourage informal networking and relationship building to connect associates more deeply into the fabric of the agency, through activities such as team-building lunches and events, the sharing of "career horror stories" among peers and contests in which new associates are teamed with more experienced associates to build connections. Field leaders whose associates are geographically diverse are at a natural disadvantage and will need to expend extra effort to build this support network for new associates.

TRAINING: Managing the Flow of Information

Our training is impeccable. There are a lot of role plays, case designs and real-life scenarios. There are small classes, and it is very teacher-intensive per student.

Life Associate

The volume of knowledge that a new associate is expected to master can be daunting for even the most proficient student. High-performing field leaders provide training programs that are digestible and focus heavily on applications to turn a torrent of information into a manageable trickle. They structure their training systems so that the knowledge a new associate requires to succeed is broken down into essential elements and delivered

through simplified concepts, with a heavy emphasis on role play and applications. They integrate case studies and use experienced associates as presenters so that their training program has validity and so that new associates will begin to identify experienced associates they can add to their knowledge network and whose practices they can begin modeling. Stories and vignettes feature heavily in these training systems so that associates can easily learn, communicate and begin applying knowledge and skills from the training to their clients' situations.

High-performing field leaders focus their initial training on three areas—prospecting, gathering referrals and developing relationships with clients. If associates can master these skills, they will be able to succeed—if they can't, no amount of sophisticated product knowledge will be able to guarantee their success.

The Role of Expectations in Impacting Performance

SETTING EXPECTATIONS EARLY

My manager says it takes 60 to 90 days to make a habit, but only a few to break it. For anyone starting in the business, setting goals is the most important aspect of a fast start.

Life Associate

Successful associates point to their strong work ethic as the major factor in their success. Field leaders claim the critical element of their high-performance culture is their ability to articulate and maintain high activity standards. Both are talking about the same thing—building and maintaining good habits. High-performing field leaders create structure and systems to nurture and enforce effective habits. Associates learn to control their success by learning to control their activity.

High-performing field leaders establish and enforce activity and production standards that are higher than industry and company norms. They share these performance expectations early in the selection process, and they specifically detail their requirements for training, production and marketing activities. Recruits are required to sign a document or otherwise

formally commit to these standards. High-performing field leaders are rigid in their adherence to activity standards. To nurture good habits, field leaders teach time-management and time-blocking techniques based on weekly activity to focus their associates on the activities and habits critical to success.

USING REWARDS TO ENFORCE EXPECTATIONS

I always go out with a personal pat on the back, right out in front of everyone. Say he got his first close. I want to make sure other sales managers hear and say something to him.

Life Field Leader

In the early stages of a career, short-term disappointments and challenges can blind an associate to long-term rewards. High-performing field leaders use short-term rewards and recognition to enforce the habits that build long-term success. They motivate new associates using incremental awards tied to specific behaviors. If the associate's goal is to increase referrals, the field leaders design a contest around this goal.

High-performing field leaders actively monitor business placed by new associates and offer congratulations through notes or informal contact. At higher levels, they involve other members of the management and leadership team in providing informal recognition to new associates. These field leaders also use team contests and joint recognition to build networks among new and established associates.

DAILY AND WEEKLY MONITORING

I look for trends in production. We have weekly production reports, and when something starts to dip, that's when you grab them. If you are not constantly measuring and monitoring activity and production, you don't know when to help that person.

Life Field Leader

Winners want to win—but they need to know how the score is being kept. Daily and weekly monitoring sessions teach associates the activities that are most valuable in building their practice and provide intensive training for the habits needed to develop those skills. High-performing field leaders use sophisticated

tracking systems to assign a dollar value for each activity and train associates to think of themselves as business owners responsible for analyzing and building their own practice. High-performing field leaders believe in inspecting what they expect. They use daily and weekly activity reporting sessions with new associates to ensure that activity expectations are being maintained and to spot trends indicating areas that need to be developed.

During an associate's initiation into the career, high-performing field leaders require focused, intense activity periods, such as 30- or 90-day activity sprints, to build effective habits. As associates mature in their careers, one-on-one reporting sessions with management are supplemented with peer-accountability groups to enforce activity standards and norms and to build connections and camaraderie throughout the agency.

Building the Psychosocial Network

Psychosocial support is about building networks. Are new associates connected to their managers and their peers? Do they feel valued? Do they have a support system to help manage the unpredictable highs and lows of the career? If the answers are yes, then new associates have the confidence they need to effectively function in the career. If not, then the associate is at risk.

THE MANAGER-ASSOCIATE RELATIONSHIP

If I had lost his faith, I'd have looked for a new job. He kept me in this field.

Life Associate

A new associate's relationship with his or her supervisor can be the lifeline that pulls them through the first few months in the career. High-performing field leaders value the importance of this connection and nurture new associates through purposeful, high-touch relationships. They use daily interaction with sales or unit managers in the early stages of an associate's career to establish trust; demonstrate concern; and provide the hands-on attention, supervision and training needed to launch a new associate successfully.

New associates invest a tremendous amount of resources and emotion into launching their new careers. For them to remain committed, they need to know that their leadership team has confidence in their success and that the team is equally invested in their future. High-performing field leaders model dependable, consistent leadership to earn their associates' trust.

Ongoing Communication

If new associates don't hear from their field leaders, they don't know they care. At least once a week, high-performing field leaders connect with their associates informally to discuss issues unrelated to reporting weekly performance. These field leaders are experts at using the timing and vehicles of their communication to signal their investment in the associate's success. In addition to personal calls and visits, they leave early-morning messages and late-night e-mails to signal that they, too, are working hard to ensure the individual's fast start.

Communication Style

New associates are vulnerable. They face enough rejection from their prospects in the early days of their career; they don't need any from their management team. High-performing field leaders are optimistic in their outlook and conversations and consistently project an upbeat mood to their new associates. They don't allow negative communication within their agencies. When negative feedback needs to be delivered on an individual basis, it is done so in an objective manner and offered only in a formal setting—never informally.

Managing the Relationship

High-performing field leaders monitor their associates' personal goals and aspirations as purposefully as they monitor production. These field leaders know that while high-touch management may look spontaneous, it requires developing systems and maintaining careful tracking to ensure that they interact with all associates on a meaningful and regular basis. These field leaders enlist all members of their management team and administrative staff in checking the "pulse" of each associate, and they designate specific follow-up actions for individuals who need extra motivation or support.

Even in large agencies where the front-line supervisor bears the largest responsibility for one-on-one interaction with new associates, it's important for new associates to know that their success is important to the agency's leader, not just to their unit supervisor. This shifting of "touch points" across the management team demonstrates to associates that they are surrounded by a purposeful community that is equally invested in their success. One field leader estimated that nearly 50 percent of the *good* new associates want to quit at some stage between 6 and 18 months on the job. A network of management team members and colleagues with strong connections to new associates will help ensure that when they do want to quit, they have someone to turn to.

COLLEGIALITY

Without my mentor, I would not be here today. He has the street smarts and the product knowledge to go with it.

Life Associate

When field leaders refer to mentors, they often mean experienced associates or specialists who have been linked with new associates to do case work involving split commissions. When high-performing associates refer to mentors, they mean individual associates whose business and activity practices they want to mimic and whose coaching and advice they value. *Collegiality*—the practice of experienced agency members providing assistance, support and counsel to new associates—is valued highly by new associates. They value it so much, in fact, that high-performing new associates actively seek out role models and mentors to emulate, whether or not they are directed to do so by their management team.

High-performing field leaders control this process by purposefully engineering situations to help new associates identify and select mentors and role models, ensuring that the behaviors the new associate models are representative of the culture and norms the field leader wants established.

These field leaders define the mentor's role as one of providing informal support, not formal supervision, and they continue to introduce

new mentors and role models as an associate's career progresses.

It is important to note that, in this study, female associates rarely had a strong mentor but usually wished that they did. If there is not a strong fit within an agency, field leaders should look outside their agency to their company, other agencies in the area or professional associations to identify mentors for their female associates.

CONNECTING THE SPOUSE TO THE AGENCY

My husband is very supportive. When you get your personal cheerleader to understand your situation, it will help you. It's important to me that he has a connection with the office.

Life Associate

An associate's spouse is a business partner, home helpmate, counselor and cheerleader, particularly in the early days of the career, when the hours are long and the perceived payout is small. High-performing field leaders purposefully build and manage relationships with their associates' spouses so that they, too, can access the agency's psychosocial network. These agencies provide coaching sessions to help spouses support the associate's success, hold business sessions in which spouses are shown the agency's goals and objectives and actively involve spouses and family in recognition and rewards programs.

Elements of a High-Performance Culture

Our standards are higher. We try to create an environment where they understand that we have only so much time to invest in people, and we want to invest in people who are working hard.

Life Field Leader

New associates are influenced by the agency's culture and norms. A high-performance culture reinforces the performance expectations that were identified in the pre-contract stage and established during initial activity builders and monitoring sessions. The culture defines the expectations, accountability and connections—not just from an associate to the management team, but also among the associates

within the agency. High-performance cultures include the following attributes.

PROFESSIONALISM

A culture of professionalism is often signaled through clothing, physical location and interactions with others on staff. High-performing field leaders articulate and enforce standards of behavior and dress within their agency and provide new associates with training on how to present a professional image.

CAMARADERIE

Highly successful field leaders create a culture of strong citizenship so that individuals instinctively provide support and encouragement for associates at all times, particularly during personal and professional challenges.

ELITISM

Highly successful field leaders foster a culture of elitism to build pride in their associates. They call themselves "the best," and they actively monitor company and industry statistics to reinforce this claim.

CUSTOMER ORIENTATION

The leaders in high-performance field organizations understand that a desire to serve customers genuinely and ethically is critical to an associate's long-term satisfaction in the career. High-performing field leaders teach associates to focus on their ability to impact a client's life—not on the size of the commission check—and to evaluate how thoroughly associates are determining needs and building relationships with clients.

Instrumental Dimensions that Impact a Fast Start

SUPPORT

Most new associates lack the expertise needed to assess their own needs in the areas of service, technology and sales support. They rely on the agency's leadership team to define the organizational requirements in these areas and to provide services and support at a level consistent with high performance.

Service Support

New associates need additional support, training and assistance when placing new business. High-performing field leaders provide this help by pairing recent recruits with service staff members who have experience in and a passion for assisting new associates. They include their service staff in agency training and social activities so that the staff is more willing and able to help new associates. They also use incentives to encourage staff to actively support new associates in achieving their goals. At a higher level, they encourage associates to build a strong relationship with their underwriting team.

Technical Support

New associates rely on their field leaders to provide the technology support needed to process their business, manage their client base and track activity.

Sales Assistance

New associates require assistance in closing cases early in their career and as they are transitioning to new markets. High-performing field leaders provide this assistance personally, through sales managers or through a network of specialists at a level consistent with the progression of the associate's career.

JOINT WORK

In the first 90 days, we want them to have 30 joint cases with 10 different people so they see a variety of styles in a multitude of cases.

Life Field Leader

New associates highly value *joint work*, the process of pairing new associates with specialists or more experienced associates on cases in which commissions are split. Joint work allows them to concentrate on developing essential prospecting and referral skills while absorbing product knowledge and closing skills through observation. It establishes an early pattern of success in new associates' careers and provides mentors and role models after which to pattern practices.

High-performing field leaders actively manage the joint-work process to expose associates to multiple selling styles within a specific time early in the associate's career. These field leaders identify an associate's potential market

during the selection process or early in their careers, and they consciously pair that individual with existing associates who share the same market. As a new associate's practice evolves, the field leader deliberately structures joint-work opportunities to help the individual penetrate additional markets. A joint-work culture contributes greatly to an agency's sense of collegiality and support.

MARKETING SUPPORT

We look at their marketing constantly. We are looking for marketing activities to put them in front of people on a regular basis.

Life Field Leader

As telemarketing rules become more restrictive and the competition for insurance intensifies, it is increasingly challenging for new associates to build their initial client base. High-performing field leaders provide new associates with marketing support and services to supplement their business-development practices. Associates who join an organization from a related industry such as banking, accounting or law have higher expectations of marketing and technical support.

High-performing field leaders introduce associates to their market through seminars and letters of introduction to potential clients. To help new associates create their client bases, these leaders supplement an associate's prospecting by using lead-generation sources and download client names from existing associates' databases. Initially, these successful field leaders use structured marketing-planning processes to help associates analyze markets and identify opportunities, and they provide a marketing support team to help associates plan and manage marketing activities. They also provide in-house marketing teams and support to implement these activities. As an associate's practice evolves, field leaders identify and support high-level marketing functions to develop individual markets.

BUSINESS PLANNING

We do a business plan that is thorough, detailed, realistic. It covers everything from production expectations and staff expectations to personal goals. They are learning to build a business.

Life Field Leader

As associates mature in their careers, they move beyond building habits to building a practice. High-performing field leaders provide associates with a structured business-planning process to help them make this transition. More than a pro forma goal-setting meeting, this planning process includes an assessment of current business, creation of a financial statement, production expectations, by-product and branch of business and specific strategies and action plans.

Links to Existing Research

The GAMA Foundation is committed to providing a body of knowledge to advance the art and science of field management. In addition to *Systems for Success: Building the Right People*, the following studies provide additional insight on getting new associates off to a fast start.

- *A Study of Recruiting and Selection Practices* outlines specific steps noted as most useful in providing recruits with a realistic picture of the career. The study shows that more-productive agencies were more focused on assessing fit during the selection process than their less-productive counterparts.
- *A Study of Leadership Competencies* and its accompanying *Applications Guide* provides information linking the competency of achievement—the ability to maintain high standards of excellence—with higher levels of productivity. This study also provides an overview of various management styles and outlines the key drivers of organizational climate and their impact on associates' satisfaction with the career. An online assessment tool based on this research is available at www.gamaweb.com under "Products & Resources."

Summary of Survey Methods

The GAMA Foundation believes that our contributors benefit most fully from the sharing of best practices. Therefore, with the new *Systems for Success* series of studies, the Foundation made a strategic decision to invest in qualitative, in-depth research rather than quantitative, statistics-based studies.

Our *Building the Right People* study began with a comprehensive scan of existing research on new-associate development and with the creation of a detailed model of factors impacting a fast start. Home offices identified field leaders who are experts in launching new associates. Our research team contacted these field leaders and asked them to identify associates in their agency with three years' or less experience who were successfully off to a fast start (defined as in, or on track to be in, the top 10 percent of the field organization). Sixty interviews—36 with high-performing associates and 24 with high-performing field leaders—were conducted across the country to probe the details of how field leaders are successfully launching productive and profitable new associates.

The GAMA Foundation is currently developing products that will help you apply the compelling results of this research to your own organization:

- Two versions of a comprehensive guidebook detailing the results—one is printed, and the other is an audio book;
- A supplemental planning booklet containing exercises and applications; and
- A Web-based assessment tool that can help you and your management team do a better job of launching and developing your agents/advisors.

These products will be available in the Spring of 2004. To order, please call (800) 345-1687, ext. 8169, or (703) 770-8169. Or visit www.gamaweb.com and select the "GAMA Foundation" navigation bar at the right of your screen, then scroll to the bottom and click on the word "Order."

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