

Want to Grow Profits? Build Trust

By Chris Burand

A study cited by *The Economist* (November 10, 2001, p. 75) noted that sellers on eBay with high trustworthiness scores sold coins for 6.8% more than lower rated sellers. Trust can also be valuable for insurance agencies. The more customers trust a producer, the easier it is to close sales and less time is required for each sale, leaving more time for making sales. The more trust CSRs have for a producer, the harder they work for the producer. The more trust companies have in a producer, the more leeway the producer is given. Trust results in profits.

Trust, though, is a double-edged sword. On the good side (for salespeople), trustworthy people find it easier to separate people from their money. Trustworthiness then is a significant competitive advantage. In fact, trustworthiness is the key competitive advantage possessed, in my opinion, by many producers. They are so good at making people trust them that they do not always need many other skills to succeed. I am sure you all know—or maybe you are one—a producer who never has to solicit business, it all just flows to him or her and it comes in huge amounts. This is where the other side of the sword comes in. If a producer can easily sell his or her personality, why develop better producers and services? Why go overboard? Why oversell?

This is an economical and thrifty selling philosophy and I agree with it, when this philosophy is enough. More and more though, it is not enough, especially given the loss of credibility our industry has suffered lately. We have to establish trust by providing tangible evidence, not just a sunny personality. Tangible proof is even more important if an agency is developing young producers. These young people are still developing their style, their confidence, and their ability. Additionally, selling insurance as a young person is difficult because insurance is sold peer-to-peer by age group. Not too many 27-year-old CFO's exist so 27-year-old insurance peddlers have a harder time selling to a 55-year-old CFO. They need more to back them. They need to be able to sell the agency, not just themselves.

Examples of tangible trustworthiness include:

- Ensuring everyone in sales and support has a professional designation (or does within three years of being hired).
- Writing, or at least offering, the correct coverages by using a coverage checklist (I have actually tested this as an example of trustworthiness and it scores very high).
- Making professional presentations. Too many agencies are still using poorly designed black and white proposals. This is the 21st Century. Using color is cheap and easy.
- Clearly communicating who is compensating you (by the company or the client or both, though not necessarily how much you are compensated by the company) and a mission statement applicable to individual clients. I use to not believe in mission statements, thinking they were mostly fluff (and I still think this is true for corporate mission statements). A mission statement or commitment to individual clients though is very different and very important.

- Use the Total Cost of Risk (TCOR) approach developed by Rob Ekern, of C.R. Ekern & Company (see www.crekern.com for more information).

Some people are blessed with a natural trustworthiness, but many opportunities exist to build tangible trust that can benefit every agency. I find it interesting that in the eBay study, trust was worth a 6.8% higher sales price. 6.8% is almost identical to the average agency profit margin. How would you like to double your profit? Trust is valuable!

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