Building an Annual Sales Plan

David E Estrada
Founder & Managing Director
Rainmaker Advisory LLC

Most of us recognize the importance of planning – and many of us have heard the clever phrases associated with the merits of doing so, such as, "people don't plan to fail...they fail to plan." Or, "an arrow without a target will never hit its mark." Or "any road leads to nowhere." True, true and true again!

Yet few of us actually build an annual sales plan! Why? The most common answer is often, "I don't know how." Or, "I don't have time." Or, "I don't keep records and therefore don't have the data I need to formulate a plan."

It's also fair to say this is a task that most of us don't relish. Let's face it, we're busy, and building an annual sales plan takes time and reflection and the organizing of data. Additionally, many producers find themselves in a position that requires them to focus exclusively on tasks that lead directly to new client generation versus working on an annual sales plan that indirectly leads to new client generation over the course of a given sales year. This process also requires us to take a hard look at ourselves in terms of what is working and what isn't, why we won business and why we did not, what we're good at and what we're not good at - which can be painful! In fact, many of us feel that building an annual sales plan is about as fun as having a root canal or filing tax returns!

However the value derived from this effort will pay huge dividends to the growth of your practice and correspondingly your income over time. You've probably heard the old phrase, "I am so busy working IN my business that I don't have time to work ON my business." Well, building an annual sales plan is a critical piece to working ON your business!

We've seen planning methodologies run the gamut – from very simple and fundamental to complex and quite tedious. Both extremes and everything in between have their own merits; and their success is largely based on the appropriateness of their application to a producer's tenure, new business run rate, size of their book, practice specialty, the size of their agency and it's business model, as well as a host of other metrics that all must be reconciled successfully into an annual sales plan. For the record, a well thought out annual sales plan can enable a producer who has 'less than flawless execution' throughout the year achieve their goals and meet their enterprise level objectives – it is important – it matters! A solid and well constructed annual sales plan significantly increases the chances of a producer exceeding their yearly new business goal, increasing the size of their practice overall – and of course, as a byproduct, realizing higher personal income!

Here are some steps that can make this process as easy and productive as it can be for you and your insurance practice:

Step 1: Evaluate your practice

The first step of any journey is to have a clear understanding of the point of origin. Perform a book analysis – this involves identifying every client and the products/services they purchased from you and the corresponding income derived from those transactions. You will see much from this process. Specifically, you will see how much your top 10 clients generate in revenue as a percentage of your overall book of business. You will see the 'meaty middle' meaning what that constituency of clients represents in terms of time, revenue, breadth of industries, and, perhaps most importantly – you will see the 'bottom layer' of your book – which often is comprised of the highest number of clients representing a very small percentage of revenue of your overall book yet demanding a great deal of

© Rainmaker Advisory LLC 2015

your time compared to your other client segments – time that can be spent more productively reproducing successes commensurate with that which you achieved by pursuing and securing the largest accounts which reside in your book.

As controversial as this concept may seem to the reader, divesting small accounts from any professional service provider's client portfolio is a natural act – and a key driver to realizing a large practice over time. It is natural to divest small accounts – yearly! However, I encourage you to do so with a methodology in place that makes sense to you. For example, it is reasonable to ask yourself questions about each client you have within the small account stratum of your book of business, such as: 1) can it grow?; 2) was it cross sell business from the other side of the house that represents significant revenue to them?; 3) is the business well connected in the local community and therefore can introduce me to more new business?; and lastly, 4) even though they are small, can I still scale my practice through this relationship? If none of these aforementioned attributes are operative, I encourage you to divest these small accounts so you can focus your time and effort pursuing and maintaining clients that will best serve the overall growth of your practice over time.

Further revealed will be the industry concentrations of your business and areas of specialty you can identify that can be leveraged. Perhaps certain industries, business models, or situations you can further pursue are revealed through a book audit, such as Biotechnology or the Oil and Gas industry, aggregators acquiring franchises, and perhaps even specific types of 'Center-of-Influence' (COI) relationships that have sent clients to you over the years from which you can further develop more new business. Understanding the composition of your book, and how business was both derived and 'failed to be derived' within specific client concentrations and niche specialties provide clues to how you can re-focus your efforts and re-align your practice helping you to generate the results you are seeking for your practice.

It also serves your practice to reflect on the seasonality of your business – what months do you have the heaviest concentrations of renewal activity? What time of year affects your purchasing officers? Is it the month of August? Is it the last two weeks of December? Is it the week before the close of each fiscal quarter? Gaining a sense for the busy and slow time of your practice will help guide you to the scheduling of both direct and indirect new business development efforts. When is the best time of the year to chase new business? When is the best time of year to study for a professional designation or to write a whitepaper? Additionally, identifying the 'slow times' for your practice help you to identify ideal times to schedule annual retreats and vacation time for yourself and family!

Step 2: Metrics, objectives and achievements: the 'trifecta' for a successful annual sales plan.
This is often the place where most people stumble. So let's define the elements of this step and the value to your practice in doing so:

a) Metrics are the 'nuts and bolts' of measurements that are indicators of your activity and the ultimate success of your practice at the tactical level. Specifically, the number of suspects, leads, prospects, calls, introductions, referrals, first appointments, etc., that you generate which will ultimately lead to identifying and engaging in substantive and meaningful discussions with potential buyers. Are there other metrics you can follow? Many, such as, new clients generated, account rounding successes, the average account size in your book of business versus the average account size in your opportunity pipeline, the number of 'center of influence' (COI) relationships generated, the percentage of your new business related to cross sell activity – and so on. The key is to identify the metric categories of your business that make sense to you and the successful management of your practice. Fundamentally, you want to identify where your business came from at both the quantitative and qualitative levels. How did you obtain them as a client? For those you failed to acquire as a client – what exactly were the circumstances involved and are there any lessons in what to avoid in the future? Evaluating how we obtained business and how we failed to obtain business helps us to repeat activities that were effective in generating new business – and helps us avoid the bad habits that can negatively impact the pursuit of new business. For example, the CPA you've been meeting with every month with the goal of developing referrals to their client base that you really

© Rainmaker Advisory LLC 2015

like and have a good time with…after three years of taking the CPA to lunch, exactly how much business have you derived from them? If the answer is 'zero' perhaps as much as you like this individual, it's time to move on! Or the association event you've annually purchased a booth for because in general it seemed like a great idea to attend in order to 'fly the flag' for your products and services at this event – exactly how much business has been derived by your organization over the years from this expense? I do not mean to imply that every direct expense or effort you undertake to develop new business must necessarily tie to an immediate return or lend itself to an ROI calculation – new business development in the modern era is more complex. Indirect sales methodologies, i.e., those not tied to an immediate and directly correlatable result, yet lay a valuable foundation for doing so, are indeed a big part of new business development success over time. I merely suggest that you measure your efforts and track the results from those efforts and deployments of marketing capital over time! Some of the seeds we plant spring forth immediately, others take more time to germinate, and the remainder merely contributes to, or enables, a given transaction down the road. Regardless, I encourage you to apply a sterile metric combined with your own intuition and judgment when evaluating your efforts and marketing dollars over time. Ask yourself; 'does it serve and does it further?' The answer will guide you to the right path for your practice, always.

b) Objectives are the key business drivers your firm expects of you that support both your overall growth as an insurance professional and the fulfillment of the organization's overall needs. Incorporating into your plan the objectives your firm and/or the success of your practice may require over time may seem obvious – but is often overlooked in the planning process. Sure, your firm wants you to produce a certain amount of business for the year, to retain a given percentage, to contribute a target amount to operating income, and of course has overall expectations concerning the growth of your book year over year. What about their expectations regarding publishing an article or whitepaper? What about obtaining professional designations and other professional development milestones that will serve your career? What about speaking engagements to local business associations? What about your role with respect to helping to develop/mentor others within your firm? What about your role as a leader of your account management team? What about your role as an ambassador for your firm within the local business community?

c) Achievements you wish to have during the next year are especially productive to reflect upon and incorporate into your plan – especially for veterans who have demonstrated effectiveness over time with regard to new business generation and have built a large book of business. For veterans, managing your practice to specific achievements you desire often results in satisfying the metric and objectives categories. For example, achieving your firm's top producer award, writing the largest case of the year for your firm, writing a prestige employer within your specialty of expertise, winning the largest case held by a significant local competitor, or even developing a referral relationship with the largest law firm in your market are prime examples of achievements worthy of incorporating into an annual sales plan that naturally give rise to meeting and/or exceeding the organizational objectives your firm expects of you!

Step 3: Spend some time looking at your practice from the top down!

This is a great time to take a 'birds-eye' view of your practice – and to set up a mechanism that enables you to keep tabs on your industry, your competitors, to identify annually held industry events you can attend – and, frankly, anything else that serves the spirit of being a 'dedicated student of your profession.'

What will you do this year to keep abreast of legislation? What will you do this year to keep abreast of events occurring within the industry that can impact your practice and the verticals you've chosen as specialties? How will you keep up to date on what your major competitors are doing to win business in your space? How will you educate yourself this year? What industry events will you attend throughout the year to keep you up to date and have exchanges with your peers about current

© Rainmaker Advisory LLC 2015

events and challenges within the profession? What workshop events will you attend to continue to develop your technical expertise and professional acumen?

This may sound like a bigger project than it actually is…here's a tip: Google! In less than an hour you can Google your way to finding resources, events, whitepapers, professional accreditation providers, industry events, and everything publicly available about your competitors and what they are doing in the industry. Setting up 'Google alerts' to automatically notify you throughout the year about important matters as they arise is certainly a good element to incorporate into your annual sales plan – and will serve you well.

Joining various industry LinkedIn groups, the company pages of your competition and key clients is another. I believe it is also productive to read the Annual Reports filed by publicly held insurance broking firms – as those tend to be a very good read in terms of where the industry is going and how they intend to position for it. The Annual Reports filed by public insurance brokers tend to be a fairly reliable 'leading indicator' as to what will be happening next for the industry and your profession and provide you with clues as to how you can position your practice locally to stay ahead of the game.

Step 4: No plane leaves the airport without a flight plan – do you have one for your practice?
Every commercial airplane that leaves an airport files a flight plan. While pilot intuition, and their empowerment during any given flight to make course corrections for weather, or to deal with emergencies that occur mid-flight or during landings certainly exists – a flight plan must still be filed in order to leave the airport! Do you have a flight plan for the growth of your practice to help you navigate your practice during the course of the upcoming year?

Your agency may have a planning guide you can use to construct an annual sales plan, if not, industry associations often make one available to it's membership which can be accessed, or, if you Google 'sales planning guides' or 'professional service business planning guides' you will see many. Be it from your internal resources, from industry or public resources, from Rainmaker Advisory LLC, or other parties – you can find one that will help walk you through the elements you must consider to build a viable flight plan for your practice! Find one you like, and if necessary modify it to your liking to meet the unique needs of your practice and what you specifically would like to achieve. Planning guides take about an hour or two to complete and they can take you in directions you may have not previously considered which makes this a very worthwhile process.

Step 5: Run your plan by trusted advisors and leadership - gain perspective and support!
There's nothing wrong with a 'reality check.' Send your plan out to at least 3-5 people you trust for an honest and unbiased opinion. Having some input from others about your plan will help you gauge if you are being too ambitious or too conservative with it, and provide insight regarding potential obstacles that may stand in the way of achieving your goals that perhaps you did not see for yourself. Simply put, collect feedback on your plan from people you respect and trust - be it inside or outside your organization.

Remember that it's tough for leadership to render support and provide resources to a producer without a plan! Let's face it, without providing a plan – how can we expect anyone to marshal resources and support around what is essentially 'air?' Any plan offered up by any given producer, no matter how well or poorly constructed, will always gain more support than a producer will experience without one! Absent of a plan – what is there for leadership to 'get their arms around' to support? The more time you invest in developing and constructing a plan that leadership can rally around in support of your practice – the better!

Step 6: Execute, Monitor, and Adjust
Pick a date to launch and execute your new plan. Is it January 1st? Is it the beginning of a new fiscal quarter? Is it the beginning of your favorite Holiday? It doesn't matter when but you need to pick a date!

© Rainmaker Advisory LLC 2015

Monitor the metrics you established to measure what is happening throughout the year - the results being generated by your new plan and the inputs that generate those results. What the tracking of metrics does for your practice, and the ability to increase your income over time, is the ability to see it from a cold, harsh, and sterile perspective. You will see what is working, what is not, and where your practice is in terms of fact, not 'misplaced optimism' or 'blind hope.' It is critical to the long-term success of your practice to identify throughout the year what is both serving and furthering it – and what is not!

So after you establish your annual sales plan – what can you count on to happen during the course of the year? You can count on making adjustments, corrections and refinements! If you are not making adjustments, corrections and refinements to your annual sales plan throughout the year – something is amiss! Very few plans (less than 5%) can exist over a 12-month period without some changes to it being made in order for it to be successful. Annual sales plans are living – not static. By measuring and monitoring your metrics during the course of the year you will be able to make changes to your annual sales plan along the way that will give you the best chance of generating the results you are seeking for your practice.

In summary:

Investing your time in developing an annual sales plan for your practice will serve you in many ways. By breaking up the process into the simple steps above, you can develop a plan that is unique to you: 1) the key metrics necessary for the successful development of new business and the overall growth of your practice; 2) meeting the objectives your firm expects of you; and, 3) guide you towards the achievements that will both serve your practice and further your career within the profession.

About David E Estrada:
David began his insurance career with The Guardian Life Insurance Company of America in 1984. During his career he has amassed an amazing record of success in over two decades of service as a retail employee benefits producer in both mid-market and large market business. He has consistently achieved top sales awards throughout his career, including the Exceptional Producer Council Award recognizing him in the top 3% of all producers within Willis' North American Retail Division. David's leadership experience includes practice group and sales leadership roles for both regional and global brokers, and is formerly the Regional CEO for USI Holdings in Northern California. David is now the Managing Director of Rainmaker Advisory LLC, a Portland Oregon based consultancy dedicated to improving sales and operational excellence within the retail insurance broking sector. David is a nationally recognized thought leader, author and speaker, and graduated from Santa Clara University with a degree in Economics. David can be reached at: destrada@rainmakeradvisory.com

About Rainmaker Advisory LLC:
Rainmaker Advisory LLC is a results oriented sales and operations consulting firm specializing in the retail insurance broking sector. Founded in 2008, Rainmaker has worked with over 200 clients in the US, Europe and Australia, and maintains over 12,000 subscribers of all practice disciplines nationwide. With offices in Oregon, California, New York, New Hampshire and Utah, Rainmaker Advisory LLC is a leading provider of the tools, resources, leadership training and sales team development programs necessary for successfully growing retail insurance broking organizations on a sustainable basis.

For more information, about Rainmaker Advisory LLC, please visit:
http://www.rainmakeradvisory.com

Or contact us at:
info@rainmakeradvisory.com

© Rainmaker Advisory LLC 2015