



About this article: *We are living through a period where several major transitions are occurring simultaneously creating both opportunities and challenges for independent agencies. Consumer expectations and communications preferences are changing, and hybrid digital/personal relationships are creating enhanced experiences for consumers. Agencies have more choices regarding how they organize, the technologies they decide to utilize, and whether they outsource or not. The attributes of the agency managers of the future will have to evolve as well to succeed in this changed world.*

Agency Opportunities in a Time of Profound Change

by Jeff Yates

This is an exciting time to be involved in ACT because we have so many future oriented initiatives underway. What are the key consumer, technology and business trends that will impact our future? What will the agencies of the future look like and what will the attributes be for the most successful agency managers? How will the expectations of our clients change and how will they expect us to communicate with them? How will insurance processes change in an increasingly mobile world, opening up new ways to communicate among consumers, agents, carriers and other business partners? How will agency automation and agent-carrier interfaces continue to evolve, so that we can automate more of the routine processes and free up time for agents to be trusted advisors to their clients – the true “value add” that independent agents provide?

ACT has work groups or is participating in industry initiatives that are probing each of these issues. Stay tuned for future ACT articles as details emerge from these groups. One theme has struck me, however, that weaves its way through each of these groups and that is transition. We are seeing transitions happening with consumers, agencies, agent-carrier interfaces, agency management and other areas. What are some of these major changes and what kind of opportunities do they open up for agencies and brokerages?

Consumers

In the next five years, millennials (those born in the 1980s and 90s) will become a major client segment for most agencies, and for some agents already are. These consumers grew up with technology and expect to interact with their business partners when and how they choose – not in the manner that the business partner chooses. These clients may prefer texting, mobile applications and/or using social media over traditional methods such as email.

The desire to have communications choices is not confined to just millennials, however. We are witnessing this transition in communications preferences across all the generations to some extent, requiring innovative agencies to offer several communications options to their clients and to begin to maintain these preferences in their systems. Agencies have the challenge of managing multiple forms of communications with clients at varying stages of transition to new communication methods. Agency management system vendors will need to make it easy for agents to retain these preferences in their systems and to integrate with all of the innovative forms of communication, so that agents can easily keep a record of these conversations.

Consumers increasingly want to be able to go online to do research and perform other self-service transactions when they want to, as well as to consult with an agent when appropriate. It is “both/and,” not “either/or.” In fact, having a personal connection with the client is becoming even more important at this time of growing mistrust of large institutions and government, and independent agents excel at creating these relationships. Agencies, however, will need to free themselves up significantly from routine processes using automation and potentially outsourcing, so they can truly focus on creating enduring relationships as trusted advisors.

“Era of Experience”

At the Fall Big “I” Leadership Conference, Dr. James McQuivey of Forrester Research discussed how we have entered the “Era of Experience” where personal customer relationships are being *enhanced* by digital components that add value. For example, if an agency has contractor clients, having the ability for those contractors to issue routine Certificates of Insurance on the agency’s website, 24/7, according to preset agency parameters, is a highly valued enhancement to the traditional agency relationship. Another example is provided by those agencies which kept their clients well informed during the disasters we experienced last year using social media, taking advantage of its capability to deliver multiple messages to a broad audience instantly.

McQuivey emphasizes that the personal relationship based on trust remains a core part of these evolving digital/personal relationships. The opportunity and challenge for agencies are to use digital tools to enhance the relationships they provide their clients, while using the automation provided to them by their agency management systems, Download, Real Time and electronic filing to free up their staffs to develop a binding personal connection with each client.

Demographic Changes

We continue to see a major transition in many of our communities to a more diverse population. The opportunity and challenge for independent agencies are to be able to reach out to and develop personal relationships with these different groups. Some agencies are hiring producers from the various ethnic groups found in their community because these producers understand the culture of their particular groups, speak the language and know how they want to interact with the agency – whether they want to come to the agency, have agents visit them, or deal remotely using email, the phone and the other digital communications offered by the agency.

Changes in Agencies

It is sobering to realize that over the next 10 years, as many as 50% of current agency employees and principals will have retired. How can agencies create an attractive work environment for the future generations who expect to have efficient and integrated technologies available to them?

Agencies have more choices than ever before in how they organize for the future. They are able to decentralize into very local offices to be even closer to consumers, because of technology that can bind multiple offices together and allow producers and other employees to operate from anywhere. In today's mobile world, we are starting to see producers in the field almost 100% of the time, using the agency office only when needed for conferences. Many agency employees are able to do their work from home, opening up new opportunities to hire employees who want and need a more flexible work environment.

We are seeing a major trend among businesses in general to outsource functions to third parties that are highly efficient and expert in given areas. These outsourcing firms may employ domestic and/or foreign workers. We are likely to see agencies outsource more in the future, as they have already started to do with their technology and routine processing such as policy and download checking.

The Challenge to Agency Managers

The requirements for effective agency management are also evolving. Agency strategic planning has become more important today as agencies have more options with regard to how they will organize and operate in the future. Managers will also have to take advantage of more business intelligence tools in order to effectively manage a more distributed workforce and potentially outsourced non-core functions.

The Managers of the future will also have to think through how they will create an online brand and digital/personal relationship with their clients that effectively differentiates their agency from their competitors. In addition, these managers will need to use their technology to the fullest, so that routine processes are automated to the maximum extent possible and their employees have the time to develop lasting personal relationships with their clients.

ACT's Agencies of the Future Work Group has started to discuss what it believes will be the critical attributes of tomorrow's successful agency managers. These attributes include leadership skills (managing a business, not just an insurance technician), strategic thinking, anticipatory, agile, knowledgeable, social, knowing your consumer, good marketing and sales skills, having a communications plan (clear brand positioning), efficient processes, and financial management.

Not only is this an exciting time for ACT as a forum where many of these defining issues are being discussed; it is an exciting time to be an independent agent. Creating that personal connection and relationship is becoming more and more important to today's consumer and independent agents excel in this arena. At the same time, agencies have more choices available

to them as to how they organize, manage their staffs, create an effective online brand and establish enduring digital/personal relationships with their clients in order to thrive in tomorrow's insurance market.

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