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BUILDING EFFECTIVE CUSTOMER RELATIONSHIPS

The essence of insurance is the insurer's promise to make payments if a covered loss occurs. An agency's success, therefore, is a byproduct of customers' trust in the fulfillment of that promise. Agencies can cultivate trust by building and maintaining an aligned, agency-wide, customer-focused culture.

Agencies must continuously attract new customers and maintain their existing customer base to meet the strategic objectives of growth and profitability. Therefore, effective agency-customer relationship management is vital in today's insurance marketplace of broad and complex product options. Developing and maintaining relationships require the ability to address these key customer desires:

- Customers want to be valued.
- Customers want high-quality products.
- Customers want consistently great, timely service.

Valuing Customers

Ideally, customers should believe that the agency respects them as individuals and that it recognizes and acknowledges the value of their time and the importance of their needs. Agencies can address these elements of their customer relationships by developing and executing a plan to make valuing customers the foundation of their culture. See the exhibit "The Disney Model."

The Disney Model

The Walt Disney Company is renowned worldwide for making customer valuation its top priority at every level of the organization. It impresses upon every employee that efforts to make customers feel welcome, important, and special should be second only to ensuring their safety. Additionally, it seeks consistent, ongoing feedback on how to improve the customer experience and swiftly recognizes and corrects perceived or actual deficits in customer service. The Disney model is frequently copied around the business world simply because it works so well. Agencies can replicate the Disney model to create their own customer-relationship-management plans that emphasize customer valuation.

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The first element of the plan entails ensuring that all agency personnel know that customers who feel valued are happier and therefore less likely to place their business with another agency; this, in turn, helps the agency achieve its growth, production, and sales goals. Communicating this concept is critical to emphasizing the importance of aligning the agency's mission, people, and processes at all levels with the goal of customer satisfaction. It is also important for agency personnel to be familiar with the agency's existing customer base. This involves identifying the number and types of policies issued to each customer, customers' claims histories, and customers' unique attributes or needs.

Next, the agency should consider specific activities that make customers feel valued, such as these:

- Encouraging all personnel to offer a personal welcome when communicating with customers
- Offering amenities in the reception area
- Taking time to listen to customers and to understand their situations
- Thanking customers for their business through messages of appreciation (cards, notes, and other small tokens, if permitted by state regulation)
- Encouraging customers to make suggestions for improving agency interactions

Policies can then be developed that delineate how the agency will emphasize valuing customers at all levels of the organization. These policies should clearly detail the expectations of all agency personnel at all points of the customer life cycle and should be clearly communicated to staff. Communication should focus on demonstrating to all agency personnel how the customer-focused policies will benefit the agency and, in turn, benefit them. The communication should emphasize that the agency will provide appropriate training in areas such as time management and verbal or written communication. By providing value-added services to and building strong relationships with customers, the agency can effectively achieve its business objectives and gain a competitive advantage over other agencies.

Agency management should also determine how it will measure and evaluate its progress toward a valued-customer approach. Customer feedback surveys, cancellation exit interviews, self-audit, and comparison of tabulated feedback to external sources or to internal historical results are effective assessment and benchmarking tools.

Providing High-Quality Products

Customers choose an agency because they expect the agency to provide products that appropriately cover their identified loss exposures. An agency's products are largely a function of the insurers with whom that agency is affiliated. Therefore, agencies must assess the strengths and weaknesses of each of their insurers' products and services relative to the needs of their customers

and prospective customers. This assessment may include asking questions such as these:

- Do the policies available to the agency through its existing insurers address emerging loss exposures such as those related to cybercrime, green construction and rebuild requirements, and international transit?
- Do the agency's existing insurers routinely offer adequate, updated coverages and enhancements that satisfy its customers' needs and desires?
- Are there other insurers the agency does not represent that offer products its customers need or want?

Agencies must also consider the types of value-added services they will offer and how best to deliver them. Such services can include professional expert policy coverage interpretation and analysis assistance with claims processes, annual coverage or policy reviews, periodic needs surveys, and risk management activities (identifying loss exposures, helping analyze the loss exposures for frequency and severity issues, developing or recommending techniques to manage the identified risks, helping to implement a sound program to effectively manage identified risks, and monitoring and evaluating the program's effectiveness over time).

Providing Great, Timely Customer Service

Agencies should focus on providing consistently great customer service. Most errors and omissions claims lodged by customers against agencies arise from failure to meet customer service expectations as advertised by the agency. Every customer contact (sometimes called a moment of truth or a touch point) is an opportunity for the agency to exceed customer expectations.

To achieve this end, agency management should develop minimum acceptable customer service standards for all agency transactions and clearly communicate them to staff. Management should also determine the level at which the agency should provide a given service and ensure that customers who require that particular service are directed to an appropriate individual immediately. See the exhibit "Primary Customer Service Goals."

The timeliness of an agency's fulfillment of its customers' needs is a vital component of a great customer relationship and must be carefully managed. The longer an agency takes to resolve a customer need properly, the more diminished the customer's perception of the agency and its service.