

The Agent of the Future

BY VICKI MOULTON

I

n just 20 years, today's most experienced producers will be mostly retired. The next generation after these Baby Boomers will be winding down as they plan for their own retirement. And what about "Generation Y," those born after 1980, the youngest members of today's workforce? Will there be enough of them to keep this industry moving forward? That depends.

To build a replacement workforce for the aging Boomers, recruiters must go after the best and brightest of Gen Y. But how? By knowing how to connect with them.

Changing the Rules

Steven Rothberg, President and Founder of CollegeRecruiter.com, says that Gen Y-ers are most loyal to an employer with a strong, positive mission. Their expectations for training and mentoring are high. And they rely almost exclusively on the latest "Web 2.0" technologies to surround themselves with a virtual network of friends, colleagues, and classmates spread across the country.

These potential future agents are in high demand. Can you expect to snap them up right out of college? Yes, if you're willing to make some key changes to your recruiting, training, and retention strategies.



It's Not Your Father's Insurance Industry Anymore

Laurie B. Prevette, president of Equity Brokerage, Inc., in Charlotte, N.C., knows this all too well. She joined her father's BGA in 1969 and worked her way up, becoming president in 1987, and has seen her fair share of changes in the industry.

"The way that we approach the business now is vastly different from 38 years ago," observes Prevette. "The training process of the generation before was very expensive. When an agent came into the business and became successful, he became a free agent," leaving that employer for a competitor. Most companies could not recover the expense of recruiting and training those agents, and the focus on training programs soon began to waver.

Prevette wonders about the available pool of agents and how that will affect new business. "If that pool is graying, and there are very few

companies willing to make that kind of recruiting and training commitment [to bring in new agents], I'm not alone in my concern of where the customer of tomorrow is going to come from. Making sure that the pipeline of agents we work with is healthy is the prime concern to everybody in the brokerage business."

Mike Sayles, Managing Partner at StoneTower Search in Providence, R.I., also has seen a disconcerting decline in the pool of new agents. After 39 years in the industry, first as a broker and then running his own management recruiting firm for BGAs, he knows firsthand how much the industry has changed.

"It's never been harder to be a new agent than today," says Sayles. "It's a combination of compliance, inability to prospect freely, not enough money for technology or other [training] resources, cutbacks, not enough support from the [agent's] firm, and being crunched for capital."



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— Laurie B. Prette, *Equity Brokerage, Inc.*

Sayles' main concern is that this next generation of agents won't get the training they need to survive those first few years. "Who's going to teach these new agents about referral gathering? Fewer and fewer companies are investing in this kind of training. It's very expensive."

The road to success in this business, according to Sayles, comes down to economics. "We are seeing fewer and fewer agents coming into the industry like I did, right out of college. I was fortunate to graduate from college with no debt. More and more kids are coming out of school with breathtaking debt. It's very hard to transition to a commission-only world."

Today's Youngest Producers

With a washout rate of 90 percent in the first three years, new agents who survive the early struggles will reap the rewards of their hard work.

Ryan L. Donaghy, age 27, Financial Advisor/Planner for Hinrichs Flanagan Financial in Charlotte, found success early and bought his first home after just 18 months in the industry. Across the street from Donaghy's office is his friend and top-producing competitor, Jason E. Newsome, age 26, Financial Network Representative for Northwestern Mutual Financial Network.

Newsome is mindful of the role training plays in shaping a new agent's future. "It takes a lot of

training to teach someone how to run this business. They don't train you how to do that, and they should. This would keep more people from dropping out."

Reducing the washout rate will take some creativity, says Sayles. "As a producer, you've got to get going really fast." When new agents wash out because they can't keep up, "that leaves the NAILBA agencies with a smaller pool. They have to reach out and offer the [new] producer different kinds of value adds. Before, it was just the ability to quote lots of different companies. Now they may have to offer such things as practice management."

Donaghy focuses on keeping up with industry changes through continuing education. "If you don't continually try to sharpen your skills and add more skills to your belt, then you're not going to be able to survive in this business. Years ago it was just [about] life insurance, and now it's about everything under the sun. You have to know all the laws and all the tax implications to be able to do what's right for your clients. There's no way that you can come into this business knowing all those things right off the bat. You have to be constantly trying to better yourself. I realize that the more I hit these marks, the more [training] I'm going to need."

Mentoring

Both Donaghy and Newsome point to mentoring as being key to survival in the industry.

Sayles suggests that BGAs link up new agents to more experienced agents using similar tools and strategies, so that the new agent can get up the learning curve faster. And Donaghy and Newsome heartily agree.

"If you don't take an experienced agent out with you, keeping their eyes open for things that you wouldn't see normally, then you're never going to make it past your first year," says Donaghy. The mentors show new agents "how it's done and how to lead a meeting throughout the process.."

Prette has found study groups to also be a great mentoring tool. "A number of us are putting together study groups for agents that are like-minded. Maybe BGAs can help [new study groups] with agendas and provide speakers."

Newsome developed mentoring relationships early in his career and continues to meet weekly with his mentor. "Older agents love to tell you how they became successful. It's going to take mentoring programs to help the younger agents make it in the business."

Continued on page 30

But I'm Not a Techno-Geek!

Newsome also uses the online tools offered by his corporate employer, takes advantage of Web-based training opportunities, and welcomes the use of new technologies for himself and his team.

Sayles notices a generation gap, particularly in business networking. "The 50-somethings aren't networking online. They prefer the meet-and-greet, in-person events, and they do it well, specifically in their market niche. A new agent doesn't have a niche yet and goes to non-specific networking events. The newer generation is using these new tools and doing more networking online."

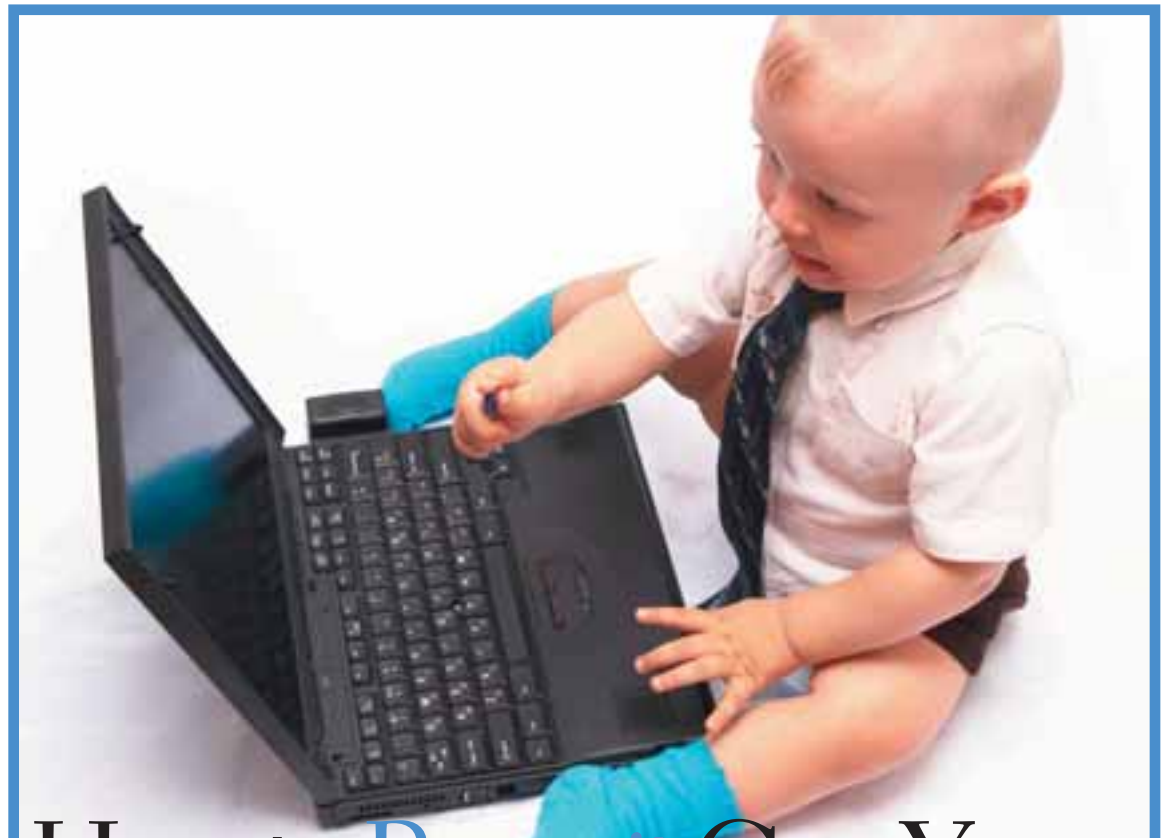
But he also recognizes that "agents are by nature not technology people. They're salespeople." He suggests that BGAs help the less tech-savvy agents by offering technical assistance. "If I were a producer, I'd love to have my local BGA show me how to use technology more efficiently so that I can spend more time with clients."

Prevette suggests that BGAs take a leading role in helping young agents survive, using some of today's new technologies to connect experienced producers with new agents. "The BGA of the future is going to need to involve themselves in mentoring some worthy agents. It's going to take a village to address this issue and to help those that are recruited not to wash out. There's a synergy in numbers."

Sayles agrees that BGAs must take a leadership role, particularly in the area of new technologies. "I want to rent technology or borrow it or tag onto someone [else's] software. BGAs can offer this. [BGAs] can help [agents] track clients." This allows the producer to ignore the details of the technology but use it as needed, focusing instead on selling products and earning commission.

But learning the basics of Web tools or getting trained on new

CONTINUED ON PAGE 32



How to Recruit Gen Y-ers

Next-generation Web 2.0 technologies like blogging and tagging, along with social networking Web sites like Facebook and MySpace, are where Gen Y-ers spend all their virtual time. Other industries have already started recruiting new hires this way. So why hasn't the insurance industry figured out how to leverage this new technology to replenish the graying agent pool?

Using social networking sites like MySpace and Facebook for job recruiting makes sense, as finding work has always been one of the primary reasons for any kind of networking. Newsome agrees: "Using Facebook or MySpace is an excellent way to recruit new agents. Traditional methods always work, but you have to add new tools like Web-based networking sites."

Both private- and public-sector organizations are getting hip to these virtual gathering places and trying new methods of recruiting by going to where these students live. Even the CIA has a Facebook page. So does KPMG, Blockbuster, and a leading group of investment bankers. Facebook includes corporate networks where employees can find each other and recruiters can find new talent. Major industry players already have MySpace pages and a large presence on its massive job board, as well as sponsored advertising.

As one college senior blogs, "The best new talent these days is going to be surfing the Web. Companies that use podcasts, blogs, and video to talk about

their company and interact with the new college grads are going to get the best responses. Consider the power of getting out there on sites like LinkedIn and Facebook to meet college grads and communicate with them directly."

Reaching this new generation requires that you speak their language: technology. Rothberg notes that Gen Y-ers prefer to multitask, using PDAs for instant messaging and texting while watching TV, surfing the Internet, and even dining with family. They browse and post videos on YouTube. They spend hours networking online with friends—mostly on MySpace and Facebook. They care about where they work and want it to mean something. They rarely go to cattle-call job fairs. And they're definitely not hurting for lucrative job offers.

To get the attention of the best and brightest of this new generation, you must start living in the tech-savvy world of Gen Y.

Create a brand-conscious Web site for your agency, including testimonials, videos, and blogs. Build a Web presence on Facebook, MySpace, and LinkedIn. Make presentations at high schools and colleges to demystify the industry for the next generation. Post openings on the lesser known career Web sites that cater to a well-educated group of college grads and their networks, such as TrueCareers.com, WetFeet.com, and AfterCollege.com.

The agents of the future are waiting for you to make the next move.

The agent of the future must be technologically well-versed in order to survive.

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software is just the beginning. New agents need carefully targeted, well-planned, one-on-one training and they need their BGA to provide structure and guidance every step of the way. Technology offers a useful way to reach these new agents, wherever they may be.

Sayles suggests that BGAs provide new value-added services to their stable of offerings, such as “practice management, advanced underwriting support, maybe even legal and accounting support. BGAs could become all things to [those agents].”

BGAs could also take a leading role in educating the younger gen-

eration on the industry. Donaghy believes that BGAs “need to get to students while they’re still in school and show them that the business is a lot more exciting than they think. There are a lot more opportunities out there, like the freedom of being your own boss.”

Embrace Web 2.0 or Die Trying


The reality is that new technologies are already playing a leading role in the way the agent of today does business, gets trained on new systems, and attracts new clients. The agent of the future must be technologically well-versed in order to survive.

Thought leaders in the financial services industry now write blogs—the Web 2.0 alternative to white papers. Investors collaborate and share ideas in real time. Searching for expert advice (and even finding misinformation) has never been easier. Downloading new software, completing online training, Webinars, and

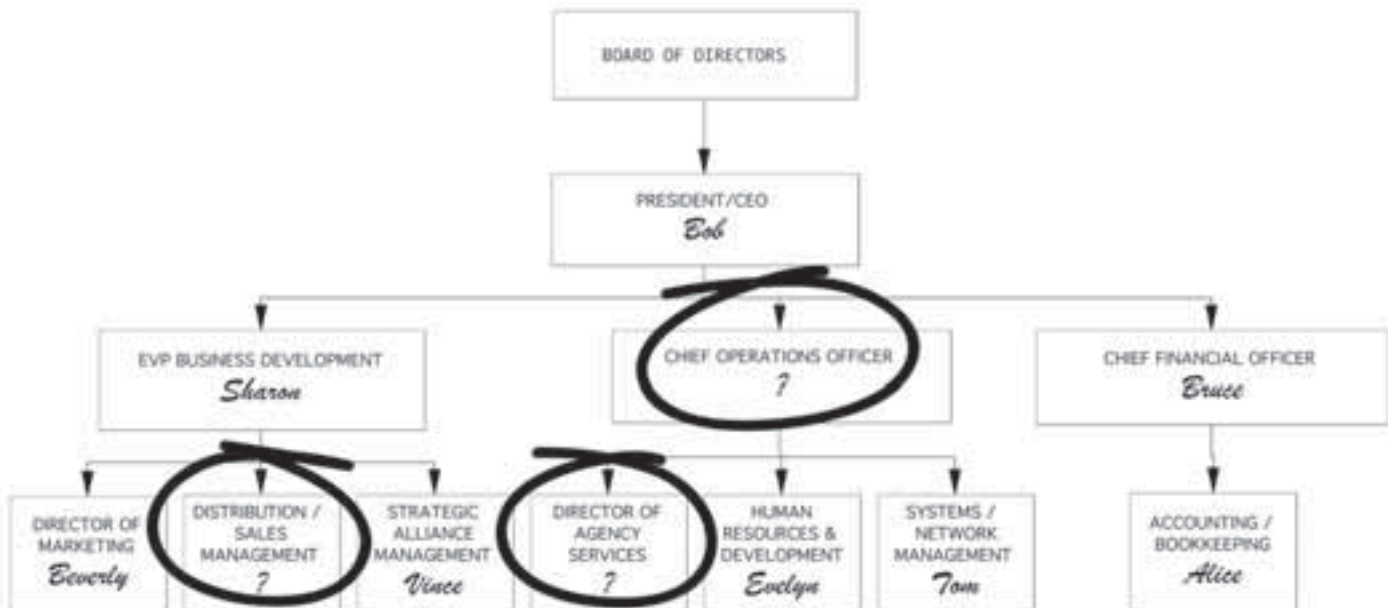
even podcasts are gaining in popularity among top producers. Keeping up with friends and colleagues has taken on a virtual dimension with the popularity of professional networking sites like LinkedIn.com, with some 15 million users.

Thinking Outside the Box

Training and mentoring programs must be a part of any agency’s strategy to retain and recruit agents. And technology is a tremendous component of that strategy. BGAs should provide hands-on training for new software and Web 2.0 tools to encourage online mentoring programs and networks. Essentially, to be the bridge between yesterday and tomorrow.

These are investments the industry must make in order to keep today’s younger agents from washing out, and especially to attract the best and brightest of the next generation: the agents of the future. 

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— Michael C Sayles, CLU, ChFC, Managing Partner

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