

Increase premium rates by 38%

A skills validation project

Background to the project

The life insurance company had an internally developed sales training model and programme for its new hire direct salespeople.

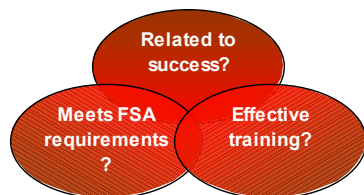
Imminent changes to the Financial Services Act and a proposed re-structuring of the salesforce meant that the company needed to assess whether or not its sales model and training was appropriate for the new world it was about to enter.

In particular the company wanted answers to three questions about its internally developed sales training:

- did it help their people meet the basic requirements of the FSA, for example, the need to know and act in the best interests of the customer?
- did it help their people sell effectively to 'high net worth' individuals?
- was it trained effectively? Did it develop the required skills and were those skills transferred to the field?

Project approach

To achieve the client's objectives it was important that we worked with their stakeholders – senior management, trainers, sales managers and the salespeople all had confidence in the project's conclusions.



We did this by:

- Attending the sales training and agreeing the observation system with the training function. This included:
 - the call structure which linked to FSA requirements
 - the behavioural skills being trained
 - the range of products being discussed
 - the level of success achieved for the call as a whole and each product individually.
- Testing the observation system in the field.
- Training a combination of training people and sales managers to use the observation system accurately to analyse calls.
- Holding interim review meetings with the 'analysis team' to check accuracy and discuss initial findings.

Sample size

Over a six month period the trainers and sales managers collected 3184 real life calls, of these 2181 were analysed.

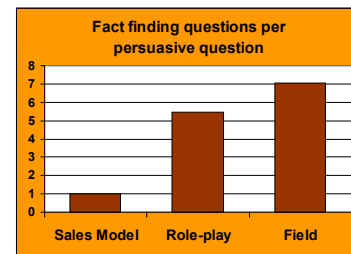
To our knowledge, this was and still is the largest research study of its type ever conducted in the life sector.

The company used end of course roleplays to validate their people's approach for Lauto. We used 97 of these to assess the level of skill gained during training.

Calls were rejected for a variety of reasons to ensure the validity of the database. In some cases they were from agents who had not been licensed, in other cases the accuracy of the observer was suspect or insufficient data had been collected on the observation forms.

A disturbing finding

The internally developed sales training was not developing the 'persuasive skills' to the expected level neither were the persuasive skills begin transferred to the field.



Part of the reason for the poor skill development was that the model was not defined clearly enough to enable effective skills development.

The sales team had good success rates with traditional products (Life and Savings) but much lower success rates with newer more profitable products.

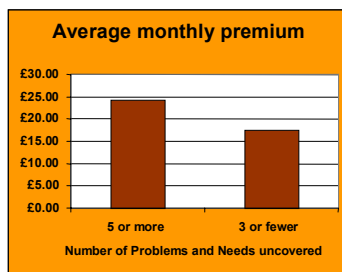
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Now some good news

When sellers used the recommended SPIN® related skills they were more effective at:

- developing customer problems
- meeting customer needs

This in turn was associated with better sales results and in particular higher premiums.



The typical total number of needs and problems obtained in successful calls was 5 and in unsuccessful calls was 3. A comparison of calls with more than 5 and fewer than 3 problems + needs showed a premium difference of 38%.

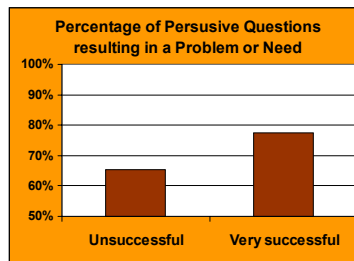
This was mirrored by looking at the number of persuasive questions asked. Where the average number of persuasive questions in calls was 8 or more, premiums were 38% higher than in calls with 5 or fewer persuasive questions.



What about quality

We were interested to see whether the quality of a seller's questions or the way in which products were presented had a relationship to success.

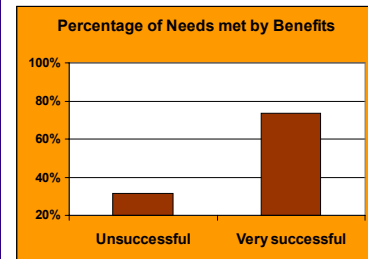
As can be seen in these graphs, there appears to be a strong relationship.



The better quality a seller's questions the more problems and needs they should uncover from the client and the more successful the call should be.

Similarly, when a client expresses a need we expect the seller to make Benefits – to confirm the need can be met. As the next graph shows, doing this is associated with success.

The concern for ourselves and the client was that the average levels of these behaviours were very low. Most salespeople were not asking enough persuasive questions nor making enough Benefits.



How was success measured?

As well as looking at premiums we also considered the amount of cross-selling being attempted and how successful those attempts were. This was important as the opportunities for improved profits came from the cross-sale of newer, more profitable products.

The company was concerned to discover that successful cross-selling was very limited and confined mainly to the older less profitable products.

What happened next?

The study had shown that the skills being taught were appropriate and that what needed improving was the training and transfer to the field. So, the company took the results of the research and instituted changes to the training programmes to resolve the lack of clarity in key areas and improve transfer of skills to the field.

What about high net worth individuals? Data from 109 calls made to this group showed that it was even more important with these clients to ask Persuasive Questions and make Benefits than it was to 'ordinary' clients.