

*How to Grow Your Agency One Lead at a Time*

# 7 Proven Tactics For Higher Lead Conversion



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## Health Insurance Agents Have It Good

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There's No Excuse Not To Start Now

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### Introduction

# Health Insurance Agents Have It Good

Compared to other areas, the health insurance industry offers greater opportunities for entrepreneurs and self-motivated individuals.

It's easier to get in and get established. It's also much easier to start generating revenue — and profits.

Hard to believe? Take a look at what it would take to open a Subway shop or an Allstate office.

|                  | <b>Subway™</b>   | <b>Allstate™</b>                            |
|------------------|--|---|
| Initial cost     | \$70,000 to \$220,000 (plus \$12,500 franchise fee and 8% royalty) | \$50,000                                    |
| Ramp-Up          | 6-9 months   | 3-6 months                                  |
| Operating Burden | Employees, advertising, signage, rent, etc.                        | Employees, advertising, signage, rent, etc. |
| ROI Wait         | At least 1-2 years   | Up to 2 years                               |

Source: Thefrancisemall.com

Now compare that with how little it costs to start up your own health insurance agency:

1. Licensing course, test and fees: \$400
2. Setting up a home office: \$1,000
3. Phone and Internet connection: \$100

Most agents can have their office up and running just days after getting their license. And smart agents can start seeing a return on investment (ROI) in less than 90 days!

There is a downside to this low barrier to entry. Because it's easier for new agents to enter the market, competition can be that much stronger.

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## An Increasingly Online Market

Another important feature of today's health insurance industry is that consumers are now going online to shop for health insurance, in ever-increasing numbers. In fact, the Pew Center released a study in January 2009 that reported that nearly 75% of adult Americans now use the Internet.

But this actually offers an even bigger opportunity. Unlike Subway franchises and, to a lesser extent, Allstate agencies, you don't have to spend thousands of dollars looking for a prime location.

The Internet is the great equalizer. The web empowers one-agent shops to compete with larger offices for the fast-growing online health insurance market — if you have the right tools and resources.

Sales automation technology, such as quote engines, email autoresponders, lead management systems and a 24/7 website, lets you put off hiring additional help. Beginning agents can now run a 50-applications-per-month office out of their homes ... by themselves.

In addition to saving money on rent and unnecessary payroll, the Internet also lowers your marketing costs. By harnessing the power of the Internet, you can more easily connect directly with the health insurance shoppers you're targeting.

How? Simple – with qualified Internet-generated leads.

- **Reduce marketing costs.** No more “gambling” on direct mail or advertising campaigns. You just pay for the results: leads.
- **Skip the wait.** When you launch a traditional marketing campaign, you usually have to wait days or weeks before the calls start flowing in. With Internet-generated leads, you can start talking to prospects immediately.  
You'll be able to focus more time on selling and closing deals.

But even with leads, you're going to face competition. Top producers have learned from experience what they need to do with their leads to ensure the highest conversion rates and sales.

This whitepaper explores the 7 most effective methods used by top producers... so you can immediately close more leads and submit more applications.

# 1. Speed Kills

By this, I mean that your speedy response to new leads can overwhelm the competition. Procrastinators, on the other hand, will never be top producers.

The saying “you snooze, you lose” quickly came to mind when I discovered these two recent findings:

- Leads are 22 times more likely to convert when you make contact within 5 minutes of lead generation.
- Nearly 78% of prospects convert with the company that contacted them first

These two statistics reinforce the importance of fast service. If you’re looking for an easy way to increase your lead conversion, this is it: make sure you contact all new leads immediately.

Why would agents make their potential clients wait?

Unfortunately, too many agents ignore this simple principle. They figure that they have the lead data and assume that the prospect isn’t going anywhere. They’re dead wrong.

With the Internet revolution, individual health insurance shoppers literally have thousands of agents to choose from at nearly every hour of the day. And when you don’t call a new lead right away, your chances of converting that lead into a client starts falling by the second.

### **Solution**

- 1. Prioritize.** Make new leads a top priority.
- 2. Automate.** Use an autoresponder to immediately send a welcome email to new leads that enter your system.
- 3. Control.** Turn off your lead flow when you’re not available.

# 2. Get and Give Quality

From my frequent discussions with top producers, I've come to the rough estimate that converting leads is 57% lead quality and 43% sales quality.

You can have the most ready prospect on the phone, but if your sales process isn't ready to meet their needs, chances are you'll lose that prospect to someone else.

Similarly, you can be the best agent in the state. But if you get a low-quality or invalid lead, you'll just be wasting your time. And your time is money. Because every hour you spend chasing low-quality leads is time you could instead spend on guiding qualified clients into submitted applications.

### **Solution**

- 1. Quality leads.** Look for the highest quality leads your budget can afford. Make sure that your leads are genuine shoppers, who weren't bribed with incentives to fill out a form. And to ensure the freshest leads, insist on Internet-generated real-time leads.
- 2. Sales training.** Your licensing class qualified you to sell insurance. It didn't teach you how to sell. To succeed in this competitive arena, you need to take the time to learn advanced sales. Books and videos are a good place to start, but personal or hands-on training sessions are even better.
- 3. Drip marketing.** Not all quality leads are ready to close right away — even if you are the best agent in the state. That doesn't mean you abandon them, however. You need to make sure that you have a drip marketing program to keep you connected with your "longer term" leads, while you guide them to a successful closing.

### 3. Persistence Pays

As noted above, many quality leads just aren't ready to close right away. They want to buy health insurance, but they're just not ready to pull the trigger.

Maybe they're still looking for more information or exploring all their options. Maybe they're still building their comfort and trust level — with you.

Or perhaps they're preparing for an impending layoff... and loss of their health insurance coverage. Whatever the reason, they're just not ready to buy now.

Unfortunately, many of these long-term prospects fall through the cracks and are forgotten as agents turn their focus to newer and "ready to close now" leads. So they make one or two attempts to contact a hard-to-reach prospect or attempt a follow up. Then they give up.

That's too bad, because studies have shown that...

- It takes an average of five (5) attempts to contact a lead
- 40% of quality leads will close with long-term follow up
- Up to 70% of leads are long term in nature

The bottom line is that many of those abandoned leads will actually close — with someone else!

The good news is that persistence marketing can be easier if you have the right tools and system.

#### **Solution**

**1. Your first goal is first contact.** How many times should you try to connect with a new lead? Again, the average is five; but you should continue trying at least a dozen times. Until you confirm that the lead data is invalid or the prospect is not interested, you still have a potential client. So don't be so quick to give up on them.

**2. A lead nurturing program.** If your prospect just isn't ready yet, you'll need a lead nurturing program that will guide them to a buying decision — and ensure that you're nearby when they're ready to buy. A drip marketing system, combined with a lead management program, is the ideal tool for lead nurturing.

**3. Schedule future "touches."** Use your lead management tool to schedule future contact, whether it's a postcard, phone call or email. It helps to build trust, while keeping you connected with a genuine prospect.

# 4. Do Stray From The Pack

Humans are ingrained with the herd mentality. This is most evident in business, where everyone seems to follow the same routine.

When everyone else is doing the same old thing, straying from the pack can help you find underserved markets and generate more sales.

For example, many agents yearn for the 9-to-5, Monday-to-Friday workweek. Some turn off their lead flow during the weekends and off-hours. Others keep it on, but let those weekend or evening leads sit in their inbox until the next business day.

But consumers don't necessarily shop during the regular business workday. Most consumers work 9 to 5 and often need to wait until after hours or the weekend to shop.

This disconnect is a great opportunity for agents willing to work flexible hours. Shared leads that come in at night or during the weekend often have fewer agents calling them right away. If you're the agent handling that lead, you'll often have relatively less competition. In fact, we've found that leads generated on the weekends are 26% more likely to convert.

### **Solution**

- 1. Flexible schedule.** You can still keep it under 40 hours a week. But try adding weekday evening and weekend hours into that schedule.
- 2. Automated 1st response.** Use an email autoresponder to send an immediate response as soon as a new lead hits your system. This initial email will prepare them for your call and put your contact info in their hands. Plus, if you can't call right away, it can provide them with links to your website and quote engine.
- 3. Look for underserved niches.** Keep an eye out for growing, but underserved niches. Maybe it's the Medicare Advantage or Supplemental market? Or maybe it's the local small business owners who want to give their employees access to HSA or guaranteed contribution programs. A good niche can be your ticket to increased sales.



# 5. Understand What Really Counts

If you're focused on your cost per lead instead of your **cost per application (CPA)**, you're making the biggest mistake in lead management.

But don't feel too bad. This is the most common lead conversion mistake with health insurance agents. Plus, although calculating your cost per lead is easy, measuring your CPA takes a little more time.

The good news is that you now have an effective method for quickly improving your conversion rates — and bottom line.

Your cost per application metric gives you the whole picture. It takes into account all the extra costs involved with cheaper leads. And, it lets you see the potential savings and greater opportunities you get with higher quality leads.

To really understand the difference between cost per lead and cost per application, let's take a look at this comparison matrix of three lead types.

This scenario assumes three factors:

- A lead budget of \$1,000.
- It takes you an average of 15 minutes to work each lead and that your time is worth at least \$50 per hour.
- An average commission of \$500 (20% on premiums of \$2,500).

|  | Source 1   | Source 2   | Source 3   |
|--|------------|------------|------------|
| Cost per lead  | \$5.00     | \$10.00    | \$20.00    |
| Number of leads  | 200        | 100        | 50         |
| Total lead cost  | \$1,000.00 | \$1,000.00 | \$1,000.00 |
| Conversion rate  | 3%         | 7%         | 12%        |
| Submitted applications                                       | 6          | 7          | 6          |
| Total commissions  | \$3,000.00 | \$3,500.00 | \$3,000.00 |
| Time spent on leads  | 50 Hours   | 25 Hours   | 12.5 Hours |
| Cost of your time  | \$2,500.00 | \$1,250.00 | \$625.00   |
| Total cost   | \$3,500.00 | \$2,250.00 | \$1,625.00 |
| <b>Cost per application</b><br>(total cost / submitted apps) | \$583.33   | \$321.43   | \$270.83   |

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When you compare the three lead sources, you can see that Source #3 offers the best value for your money. Source #3 leads aren't the cheapest, but their higher quality level helps you earn bigger profits with less overall costs.

More importantly, this reveals that the cheapest lead source is actually a money loser. The cost per application on cheap leads is more than the potential commissions!

Another down-to-earth metric also supports the advantages of going with lead source #3.

When you compare the gross revenues, source #3 actually pays you more per hour.

|                         | <b>Source 1</b> | <b>Source 2</b> | <b>Source 3</b> |
|-------------------------|-----------------|-----------------|-----------------|
| Total commissions       | \$3,000.00      | \$3,500.00      | \$3,000.00      |
| Time spent on leads     | 50 Hours        | 25 Hours        | 12.5 Hours      |
| <b>Revenue per hour</b> | <b>\$60.00</b>  | <b>\$140.00</b> | <b>\$240.00</b> |

### Solution

- 1. Calculate ROIs and CPAs regularly.** Take the time to regularly measure and analyze your lead ROIs and CPAs. Look for sales automation and lead management tools, such as BrokerOffice, that can provide real-time ROI calculations in seconds.
- 2. Identify your strongest niches.** Measure your ROIs and CPAs on different types of leads and various providers. For example, see whether you do better on shared, exclusive or live transfer leads.
- 3. Adjust your lead budget.** Tweak your budget to put more money toward leads that give you a lower cost per application — and eliminate the money-losing leads.

# 6. Never Stop Testing and Tracking

What would a one percent (1%) increase in your conversion rate do for your bottom line?

If you currently handle 100 leads a month, that's one additional submitted application ... or another \$350 to \$500 in commissions.

For larger operations working 100,000 leads each year, a 1% increase in their conversion rates is 1,000 more submitted applications — and about half a million dollars in additional revenue.

If you can increase your conversion rates without increasing your lead price, that extra revenue is FREE money!

That's also what you get with a lead tracking system. By regularly calculating your ROIs, CPAs and lead conversion rates, you can make on-the-fly tweaks to your lead budget. And if you have a team of agents handling those leads, tracking their lead performance can also help you determine which agents should get more leads.

Successful call centers have people specifically tasked with monitoring lead conversion rates.

But you don't need to hire anyone new to implement a lead tracking regimen. You just need to know what to look for — and have the right tools.

### Solution

- 1. Lead tracking program.** Your first step is to find a health insurance lead management program that comes with lead tracking features. You won't have to hire anyone to "run the numbers" when you can get real-time reports with a click of the mouse.
- 2. Set benchmarks.** When you first set up your lead tracking program, you need to establish your benchmarks. Determine what your current closing ratios are on the different types of leads you work. But also take a look at geography, demographics and, most importantly, lead providers. This is your starting point. From there, you can start making adjustments to see if your conversion rates and cost per application improves.
- 3. Eliminate your weak spots.** One way to quickly improve your bottom line is by looking for your weakest spots. An effective lead tracking system can expose those underperforming parts of your marketing and sales program. Once they're identified, see if you can realistically improve them. Otherwise, you should consider eliminating them — especially if they're costing you money.

# 7. Automate So You Can Close More

Have you heard about the newly licensed health insurance agent submitting over two dozen applications every month — from a spare room in the basement?

This is no longer a rare occurrence. Many one-agent shops are now routinely outperforming larger traditional agencies.

How do they do it?

In one word, the answer is “technology.” With the right automation tools, anyone can efficiently handle dozens of applications each month.

By using technology to automate your agency, you can focus on your most important task: selling. Best of all, these powerful tools are now available for every health insurance agent in America.

### **Solution**

- 1. Lead management.** By automating your lead management, you can handle hundreds of new leads each month without having to hire an admin — while you reduce the chances of leads falling through the cracks.
- 2. Quote engine.** Slash your quoting time by up to 96% by generating up-to-date quotes and detailed proposals in seconds.
- 3. Website.** You can't afford not to be online. And with an imbedded quote engine, your website can be a one-stop 24-hour resource for online health insurance shoppers.
- 4. Drip marketing.** Make your persistence marketing nearly effortless with an email autoresponder that keeps you connected with thousands of unclosed leads — without pulling your focus away from the hot “ready to close” leads that need your attention now.

# There's No Excuse Not To Start Now

Lead tracking does take a little effort at first ... just to get things started. But they don't require a lot of extra expenses.

The top lead management system in the health insurance industry is BrokerOffice, which offers real-time tracking reports with a click of the mouse. BrokerOffice can be used on leads from all of the top health insurance lead providers, but it's also free for all current Norvax and ProspectZone clients.

The real cost arises from the hundreds, if not thousands, of dollars in lost sales revenue and profits ... if you don't monitor your leads.

To begin uncovering the untapped closings and sales hidden among the leads you already have, you need to start your lead tracking program today. You'll increase your revenue without busting your budget — while you grow your business one additional lead closing at a time.

## About the Author

### **Clint Jones**



In 2001, Clint Jones co-founded Norvax to provide sales automation and web marketing technology for the health insurance industry — including the first nationwide multi-carrier quoting engine for health insurance professionals. He currently serves as the company's CEO.

Along with co-founder Brandon Cruz, Clint has been instrumental in building Norvax into the leading provider of technology and Internet solutions for thousands of health insurance agents, brokers and carriers. In both 2007 and 2008, Inc. Magazine recognized Norvax as one of the Top 20 fastest-growing software companies in the nation.