

BOOST SALES & INCREASE REVENUE PREDICTABILITY

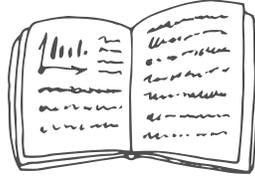
ENHANCE YOUR SALES PROCESS USING BEHAVIORAL
ECONOMICS AND DECISION SCIENCE





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INTRODUCTION

As a producer, how often do you have a “gut feeling” that a particular deal will close, because of the rapport you’ve built up and other factors—but then it falls through? As an agency owner or sales manager, is forecasting revenue difficult because you don’t have a reliable and consistent way to track probability of closing across the agency?

This ebook will explore some of the natural biases all people have that cause these issues to occur in the sales environment. We’ll explore the basics of behavioral economics and how it relates to sales. Then we’ll overview the steps you can take to improve your sales process to guide each producer and set up a consistent framework for success. This can not only improve your ability to forecast revenue, but also improve the individual sales success of each producer.



CHAPTER 1

WHAT IS BEHAVIORAL ECONOMICS & WHY IS IT IMPORTANT

Whether you're a producer, sales manager or agency owner, you may be wondering what "behavioral economics" has to do with selling insurance. It actually has a huge impact, and we'll look at the basics of the theory and why it's important in this chapter.

BEHAVIORAL ECONOMICS:

Is the study of psychology as it relates to the economic decision making processes of individuals and institutions. It explores why people sometimes make irrational decisions, and why and how their behavior does not follow the predictions of economic models.

Source: [Investopedia](#)

HOW BEHAVIORAL ECONOMICS IMPACTS PRODUCERS

Essentially, everyone has various internal biases based on their past experiences, and these biases cause some people to make bad decisions instead of decisions based on logic. A salesperson, for example, may have optimism bias, causing them to ignore negative buying signs and potentially clouding their judgement of when to walk away from a deal.

Each salesperson, or insurance producer, has their own set of experiences and patterns wired into their brain—these influence how that producer makes decisions. Instead of pausing and making a rational or logical decision, a producer may subconsciously be influenced by what their "usual" experience is.



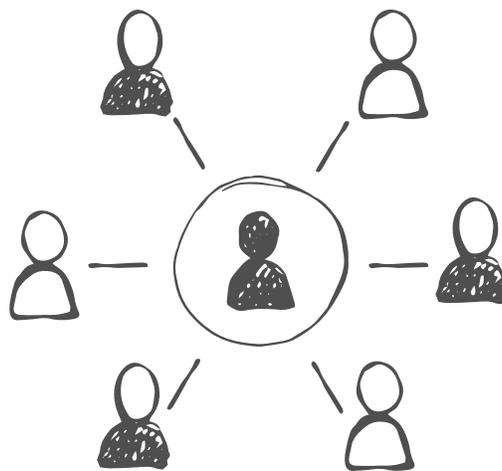
CHAPTER 1, CONT.

WHAT IS BEHAVIORAL ECONOMICS & WHY IS IT IMPORTANT

HOW AN AGENCY CAN BENEFIT FROM RECOGNIZING THESE BIASES

By applying behavioral economic concepts to your agency's sales process and sales team, it provides objective data points to help each producer make better decisions. Here's how this can benefit the agency as a whole.

- Identify gaps in the customer's buying process and your sales process, allowing for you to align the two
- Know the important factors your producers should focus on to move an opportunity forward, based on data, instead of anecdotal evidence
- Recognize opportunities that you shouldn't be pursuing, faster (this can save immense amounts of time and resources, helping producers focus on opportunities they can win)
- Have more confidence in your monthly or quarterly revenue forecasts





CHAPTER 2

UPDATING YOUR SALES PROCESS: STEPS 1 & 2

Now that we understand the basics of behavioral economics and why it is so important to salespeople, we'll focus on practical steps that an agency owner can take to remodel the sales process using these principles.

STEP 1: HAVE A WELL-DEFINED SALES PROCESS

The first step of enhancing the overall sales team at an insurance agency is focusing effort on codifying the sales process. Most agencies likely have at least a loosely defined sales process, but clearly defining each step and what it entails is essential for this effort.

A sales process is a set of steps aimed at initiating and supporting the identification and evaluation of prospects, sales presentation, and successful conclusion of sales activities.

Source: [Business Dictionary](#)

Broadly, most insurance agencies will have a similar sales process, which will likely include steps such as initial contact, first meeting, evaluation, close, among others. However, it is important that your agency's sales process is well-defined and clearly communicated. Helpful elements to consider include: a consistent, repeatable process; criteria for what defines each stage, and the criteria for advancing the opportunity to its next stage.

Many of us have experienced various forms of sales methodologies, processes and funnels. On their own, there is not a lot of evident value. However, consider the benefit of "familiarity" when it comes to process. It allows everyone to be on the same page, without spending precious time to create that alignment, every time a discussion occurs. Defining your sales process will foster consistency among producers, improve communication with sales managers and increase revenue predictability.



CHAPTER 2, CONT.

UPDATING YOUR SALES PROCESS: STEPS 1 & 2

STEP 2: CREATE A CHECKLIST FOR EACH STAGE OF THE SALES PROCESS

Once you have a well-defined sales process established, the next step is to determine the finer points of each stage that represent momentum or risk in the sales cycle - or client's buying cycle. Each producer and sales manager gravitate to a few factors that they tend to place importance on (key points that can stall or advance a deal), but each person's list will be different and incomplete. A well-defined documented process checklist allows producers to make objective sales decisions and have a better chance at overcoming the biases that impact their judgment.

1. Conduct a workshop by bringing the team together, including your managers, veteran producers and top salespeople. Include everyone in the process.
2. Together, brainstorm what each stage looks and feels like. What represents risk? What represents momentum at a given stage? Your goal is to create a list of important data points for each stage. During this exercise, it is critical that you consider multiple perspectives. Consider your internal processes. What boxes need to get ticked? What is the buyer experiencing in their decision-making and buying process at the same juncture? How should the buyer ideally behave at this point? What behaviors indicate risk or low priority on the buyer's part? Are there any external concerns like competition, or "big picture" issues to consider, such as ACA or rate increases?
3. Brainstorm as many ideas as you can, and then decide what the key items should be for your final checklist. As a best practice for this stage, guard against narrowing the list too far. However, be clear that the items on the list are true indicators of risk or momentum at a particular stage in your sales process. Your goal is to put every producer in a position to quickly run down this list when evaluating a deal in your revenue pipeline. Think of it as guiding the thought process without having to spend as much time prosecuting every opportunity. It helps producers elevate their game by making better, more objective decisions about the next actions to take.



CHAPTER 3

UPDATING YOUR SALES PROCESS: STEPS 3 & 4

Once you have defined a sales process and created a checklist for the key points of each stage of the process, you've set up foundation to help your producers control against their internal biases and make more objective decisions. The next step is to focus on the potential biases of your buyer, and then make a plan to implement the new system at your agency.

STEP 3: CONSIDER THE BIASES OF YOUR BUYERS

It's important to have a strategic conversation within your agency about the various people involved in the buying decision, their potential biases, and how producers can strategically overcome them.

1. Consider the people typically involved in the decision to choose an insurance broker (or switch brokers, as is most often the case). This may be HR, the CFO, the CEO, or anyone you commonly encounter.
2. For each of these people, you want to deeply understand their pains (nothing new there) and examining potential cognitive biases is an excellent way to do this systematically.
3. Think about the buyer behaviors you typically encounter that catch you off guard. Also examine the list of [decision-making cognitive biases](#) and discuss what the most common are in your sales process. (Consider status quo bias and loss aversion bias, for example.)
4. Recognizing and understanding these biases should help mold your sales strategies, particularly for overcoming objections. In addition, review your checklist from Step 2, and make sure these biases are accounted for at appropriate times in the sales process.



CHAPTER 3, CONT.

UPDATING YOUR SALES PROCESS: STEPS 3 & 4

REPORTING REQUIREMENTS

There are different ways you can choose to implement the activities from the first few steps. Now that you have a checklist of important factors to consider at each step of the sales process, that is already a huge step in enhancing your sales process and helping your sales team.

Your checklist can be used as a guide for every producer, to help them make objective sales decisions, minimize personal biases and expedite their thought process. In the end, the insight of the producer is still vital, but the checklist just gives more structure and objectivity for that decision making. Using a checklist will make decision making more efficient for top producers, and will help underperforming agents perform at a higher level (helping them think a little more like the most productive members of your team).





CONCLUSION

Experience is important for salespeople, and producers can learn many valuable lessons from their past sales experiences. However, it's important to recognize that producers can also be unduly influenced by their past experiences, patterns and tendencies, causing them not to make the best sales decision.

Examining behavioral economic principles at your agency, and updating your sales process appropriately, can have an immense impact on your agency. Individual producers will all benefit from have a structure to make objective decisions within, and the agency as a whole will benefit from increased sales, better forecasting ability and more transparency into the sales pipeline.

ABOUT DYNAMIS

Dynamis was founded in Milwaukee, Wisconsin by insurance brokers. Unsatisfied with the traditional spreadsheet-based plan models, static reports and three-ring binders, the founders sought a way to engage employers in an interactive way.

The Dynamic Plan Designer was the result of hundreds of hours of interviews with agents, producers, account managers and most importantly, employers. CEOs, CFOs, HR leaders and benefits managers all agreed that annual meetings with their group health brokers were frustrating (to say the least). They helped design an interactive method to provide competitive health care coverage at affordable rates — all in one meeting.

Through the Dynamic Plan Designer, Dynamis drives collaboration between brokers and their clients, cementing each and every customer relationship. The Dynamic Plan Designer rapidly models innovative benefit plans in a clear, visual format that's easily understood by customers. By doing so, on-site decision-making becomes the standard, positioning the broker as an indispensable asset to the customer's business. Employers will never go back to the spreadsheet method after working with a Dynamis broker.

Dynamis works with leading brokers throughout the country, helping them grow and retain their books of business by finding the most effective plan designs for their employers. Learn more at <http://www.dynamiscorp.com>.



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