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6 Steps for Getting Ahead in the Benefits Marketplace of the Future

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As health care reform threatens to shake the foundation of our industry, brokers and agents are trying to understand where they will fit in as the employee benefits marketplace realigns. While there are still many unknown factors, change will quickly delineate between the haves and have nots. New players will enter the field, and the most effective firms will offer solutions that drive value and affect costs for employers and employees.

Depending upon your career timeline, market focus, capabilities, threats to your niche, and other factors, there are basic steps that every agent can take to prepare for the future and align with the entities best suited to your needs.

1. Realistically evaluate your competitive position

Are you playing offense or defense today? Regardless of your orientation, you need to understand why. Is your value proposition almost entirely tied to the knowledge in your head and your long-term client relationships? This will not become unimportant overnight, but it certainly won't be enough to survive. The wave of the future is teams of people with diverse skill sets, coupled with tools and services leveraging technology. These solutions are coming to a neighborhood near you – if they haven't already.

2. Connect with the individuals and companies reshaping our industry

This can happen locally, regionally, or on a national basis – just make sure it happens. PEOs, payroll companies, technology solutions, other agents, industry consultants, service providers, and carriers of traditional and non-traditional products are among the forces leading the industry change. If you wait to see how things evolve over time, you may become obsolete. The only way to understand the role you will play in a realigned industry is to actively participate in the conversations taking place around you.

3. Ensure access to carriers

Inevitably, carriers will begin to stratify agents and brokers based on size, growth rates, and capabilities.

Look to the P&C space as a harbinger of things to come. Smaller P&C agents now struggle with access to product, pricing, and workable commission levels. This same dynamic will lead to dramatic consolidation among employee benefits agents and brokers.

At the same time, carrier consolidation as a direct result of health care reform will hasten this process. It is best to get out in front of this phenomenon, rather than be run over by it downstream. For many agents, this may spur you to seek your next employer, and it can present fantastic opportunities.

4. Avoid being a generalist

Make it an absolute priority to identify and own your area of specialization. The benefits business will be an unforgiving place for agents who lose sight of this consideration. Agents can align to enhance their services, expertise, and capabilities, but you need to bring something special to the table to have a seat at it. Build it, learn it, buy it, or align strategically with it – but whatever you do, don't go it alone as a generalist.

5. Approach partners carefully

There is no easy way to determine the winners and losers in a realigning benefits marketplace, yet you should understand that in a "survival of the fittest" environment, organizations may overstate their capabilities. Most small

firms will struggle in a crowded space. A helpful tip: Put on your client's hat when assessing available tools, technologies, and combined solutions.

6. Get excited about the future

Disruption can create real opportunity for agents and brokers who have the right attitude, energy, and passion for the business. Realistically assess where you sit today and what you are willing to do about it. Someone who hopes to spend a couple of more years in our business may come to a very different conclusion than a person who hopes to be viable in another decade – and beyond. Once this “gut check” is complete, you've taken the first step to align yourself for the future.

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