

# Best Practices for Agency Operations

### Sales Velocity Tom Doran / Reagan Consulting





Independent Insurance Agents & Brokers of America, Inc.



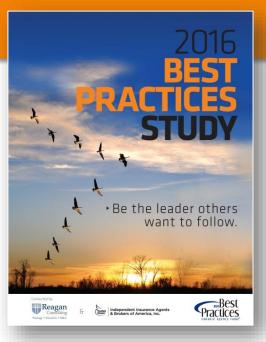


Trusted Independent Insurance Agents & Brokers of America, Inc.

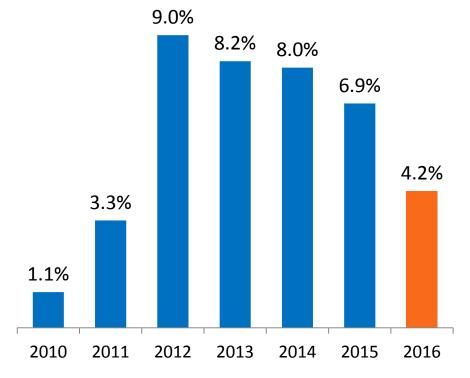
Strategy • Valuation • M&A

# **Sales Velocity**

Tom Doran / Reagan Consulting June 28, 2017



### Key Industry Challenge: Organic growth is slowing



Source: Best Practices Study, All Agencies

# What affects organic growth?

**Retention rate** 

Pricing

**Exposure changes** 

New business

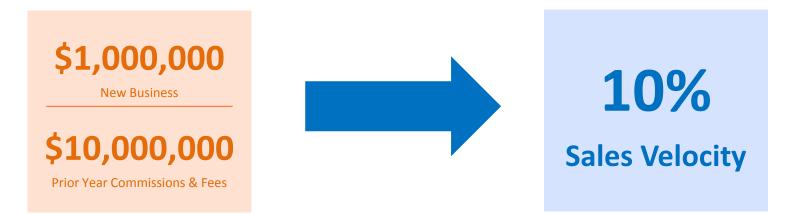




**Best Practices Webinar Series** 

## **Understanding the Sales Velocity Metric**

### **Determining Agency Sales Velocity**



# Sales Velocity is the new business variable in determining organic growth





### **Multiple Stories Behind 6% Growth** Sales . 2016: \$1,060,000 2015: \$1,000,000 6% Growth Commission + Fees **Commission + Fees** Down 5% on rate New Business of \$950,000 \$181,250 = Sales Velocity of 18.1% Down 7.5% on attrition

\$878,750







# Multiple Stories Behind 6% Growth \$1,065,000 \$1,065,000 Down 2.5% on attrition Up 6.5% on

\$1,038,375

### Same growth ... very different growth culture

6

rate

2015: \$1,000,000

Commission + Fees





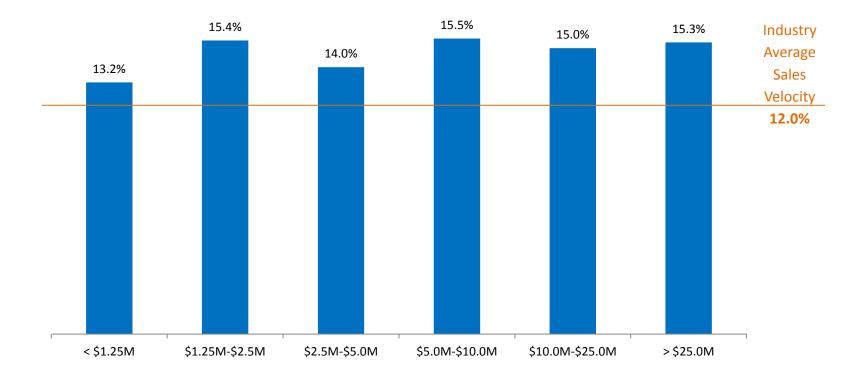
\$21,325 = Sales

Velocity of 2.1%

### **Sales Velocity**



### Sales Velocity of BPS Firms by Size Category



Source: 2016 Best Practices Study



### How do BPS agencies generate high SV?



- They build cultures of accountability where producers must consistently produce new business at levels consistent with other BPS agencies
- They aggressively invest in recruiting and developing young producers





# Their support of this industry initiative is an invaluable investment in the health of insurance agencies across the country.



