

WHY J.D. POWER AND OSAT WORK AGAINST YOUR AGENCY

It sounds like the perfect formula for success. Just call all your clients, greet them cheerfully, cater to their needs, provide outstanding service, and ask them to rate you with a survey score of ten (10). Then, you'll reap the benefits of outstanding retention, profitability and growth and fly off to the next reward trip. According to district sales managers, state sales directors and AMFAM magazine articles, follow this plan and you'll think you died and went to American Family heaven.

Meanwhile, down here on earth, reality paints a more sobering picture of the effects of striving to achieve high Overall Satisfaction (OSAT) scores and the chance to wear the label of "J.D. Power Distinguished Agency." In fact, thinking through the process and outcomes of this current corporate obsession with OSAT reveals several reasons why the current structure of J.D. Power surveys and application of OSAT scoring to agents work against the business interests of American Family agents. Here are three to consider.

1. The OSAT paranoia is at odds with your long-range business interests.

According to the zealously promoted formula by your sales management hierarchy, there is the implication that there's "no downside" to your frantic efforts to win the hearts and scores of your clients, every one of them. However, as anyone who has been in the sales business for any length of time knows, your book of business is not a homogeneous block of currently happy or even potentially happy people. Many factors that directly affect your clients are out of your control. For example, you don't send the bills, apply pricing models based on credit, settle the claims, make many of the system changes and set the rules of underwriting that directly impact the client in many ways. Simply put, every day you are offered an infinite number of relationship-limiting opportunities. To survive some days with your client list intact is a feat worthy of dinner table conversation.

In addition, as any sales professional knows, there are some clients you regret bringing into your agency. You have your share either because you wrote them directly or you inherited them through transfers. Some of these clients don't know you because they refuse your Personal Insurance Review (PIR) offers, they pay late, they lapse out, and they hate insurance. They feel it's a rip off and don't hold you or the industry in high regard. This is the segment of your client list that costs you the most money, time and anxiety. And there are those few who cannot and will not be pleased or even grateful for your time and effort. But to your district sales manager and sales director, you should be calling these people and asking for their highest survey rating.

Don't underestimate your business experience and feelings. You know it's wrong to throw away valuable time and effort trying to breathe vitality into a client relationship that is on life support. Bury the dead with respect and spend your time helping the living. Many sales training experts charge high fees to teach the skills of ridding your business of people who are toxic to your agency and your long-term business interests. Get rid of those who drive up your service load, hate paying their bills, won't return your phone calls, and show disdain for what you do all day. To call those clients and pander for a high OSAT survey score of the (10) is a fool's errand.

The quest for OSAT, as it's currently employed at American Family, entices you into the delusion that every client could regard your efforts with a "Top 10" survey score. Even with the short history of American Family's use of J.D. Power surveys, we know this is not true. Many an American Family agent has already been shocked to find low survey ratings from clients who are still simmering over past difficulties and even the shortcomings of a *former* agent, even though the current agent is named on the survey form. And there are a number of veteran agents with substantial production who were dealt out of the most recent All Lines trip to Hawaii because of OSAT scores. Based on the current formula, many agents will be ruled out from Rome and Cancun for the same reason. In reality, you will best serve your agency by encouraging that troublesome sector of your client list to take their business elsewhere, thereby improving your agency's efficiency, long-range business interests and your state of mind.

2. AMFAM's system prevents agents from challenging OSAT scores.

Ever try boxing with your shadow? The outcome is always the same: you'll never win. Ditto for any attempt to challenge the structure of American Family's OSAT process.

No system in business is perfect. There are always exceptions, special circumstances and parts that just don't work right. Yet, American Family's OSAT system masquerades as perfection itself. Why? Because the system is kept secret. Agents have never been told the details of the secret formula that determines which clients get a survey form. Does a claim trigger a survey? Does a new policy trigger a survey? Is a single-line client just as likely to get a survey as a household with multiple lines? Does the client who was involuntarily transferred to you last month have the same chance of being asked to rate you as a long-term client? It's hard to tell.

In Americaa even a criminal trial or an Internal Revenue Service audit allows for challenge and investigation of relevant facts. However, the American Family OSAT process offers you no such avenue for review. This can have disastrous effects on your agency. Consider the case of one American Family agent who had a couple of overly playful friends receive J.D. Power surveys. As a joke, these clients rated their agent and good friend a score of one (1). After the agent learned that his overall score was trashed by his friends, the clients quickly offered to re-rate him fairly. American Family and J.D. Power nixed the redo, claiming that all survey data is relevant and can't be revised.

Despite the pretense of perfection, we know the survey process and scoring is flawed. Consider the efforts of Glen Westlake, American Family's marketing research and development direct. He's laboring over five different versions of survey information—three surveys with different language and a fourth print version with larger font size. The company is also tinkering with the idea of calling your clients by telephone. This would probably be outsourced to a company using minimum-wage clerks who call clients to rate you. With a development like this, it would be hard to remember that you are an independent contractor and business owner. This sounds a lot like the definition of dysfunctional marketing: READY...FIRE...AIM.

Until American Family's OSAT process operates with total transparency and honors agents with the details of the system that is becoming increasingly significant to the financial interests of an agency, a serious question of credibility will continue to undermine any benefits of this secret process.

3. AMFAM's OSAT surveys encourage "sniper fire" from your clients.

Remember this number: 26. It's the number for the question in the J.D. Power survey that may distinguish your clients as honest critics of your services or pot-shooting snipers. Unfortunately, American Family is unconcerned about which lifestyle the survey respondent chooses. Question 26 states: "AGENT NOTIFICATION. Please let us know if we may share your name and specific responses with your agent." It is followed with a box to indicate *yes* or *no*.

So far, American Family has endorsed surveys that give survey respondents this option, with all responses treated in the same way—absolute and valid. The company also has hidden behind the position that clients need to be free to express their opinions without fear of repercussions from agents. As a result, such survey responses now appear as "anonymous" entries in online results available to agents. This practice by American Family presents two fundamental problems that work to the disadvantage of agents.

First, survey respondents who are offered anonymity are being encouraged to push the envelope, so to speak. Rather than tell it like it is and be proud of their honesty, the change to go stealth elicits a "what the hell, let's blow off some steam" response in some people. These folks come home from a tough day at work felling a bit undervalued and abused. Unfortunately, for you, the agent, the J.D. Power survey is waiting in their mailbox, anxious to soak up some black marks. For a few, the survey is a welcome

outlet, a catharsis, a way to say, “Take that, world” with absolutely no chance of blowback or cost. There is a cost to the agent, of course. That cost is a less-than-fair evaluation that may *cost* you an OSAT score level sufficient to be properly rewarded for your long-term efforts.

When agents have complained about “sniper fire,” which is usually accompanied by low ratings, many district sales managers and state sales directors have trivialized the practice. They have told agents not to worry about it because the volume of survey responses will outweigh the negative anonymous surveys. Such responses by sales managers fail to address the underlying problem by implying that volume counts and quality is unimportant. Such responses also beg the question of what value are sales managers, but that consideration is best left for another article.

Second, American Family’s tolerance of the anonymous respondent robs the agent of the ability to learn and benefit from the evaluation process. Imagine the value of being able to call every client and ask, “How can I help you and earn a higher OSAT score in the future?” Any agent operating in the spirit of client service would have a mechanism to listen, understand and resolve issues for the client who provided a poor score. The beneficial outcomes are a win-win-win to the client, the agent and the company.

Companies in a variety of industries are using surveys. Just about everyone has gotten a survey after buying some product or service. How often were you offered the chance to rate a person or company and then hide your identity? Probably not very often, or never. Yet, American Family defends this practice!

American Family’s reported concerns about angry agents calling and blasting clients for giving low scores is a different problem. In these rare instances, American Family’s problem is not with the OSAT survey process, but rather with the agent, who should then be dealt with as a separate issue. It makes little sense to keep all agents in the dark with anonymous surveys because a very few agents might mismanage the potentially valuable feedback clients could provide.

A final aspect of anonymous survey responses is the potential for manipulation of the scoring process. While this writer has no direct evidence of intentional manipulation of any agent’s OSAT score, it is not hard to imagine the advantages to a company of such unethical and secretive actions. If such manipulations occurred, *it might reduce costs for the business enterprise and lower the number of agent campaign qualifiers*. These outcomes could be achieved far more easily in a system that remains secretive and without recourse from agents.