

How to Create an Effective Cross-Selling System for Your Practice

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Why Develop a Cross-Selling Plan for Your Practice?

I frequently speak to advisors about the importance of cross-selling in building a successful practice, and what I find is that much of the opportunity in the market is relatively untapped. According to a recent study, 99% of advisors feel cross-selling is critical or important, yet only 46% consider themselves effective cross-sellers.

As a recent Deloitte and Touche survey revealed, cross-selling is vital to building a successful practice because it is far more effective than trying to make sales to new clients. The survey revealed that the chance you can sell a product to a new customer is about 15%. But when you sell to existing clients your odds improve dramatically—to almost 50%. Couple those dramatic splits with the fact that it costs six times more to sell to a new customer than to sell to an existing one and it's plain to see that cross-selling presents a tremendous opportunity for growth.

Benefits

There are a number of very real benefits to cross-selling:

By increasing the breadth and depth of your client relationships, you'll put up a barrier against your competition.

Cross-selling is the most efficient and cost-effective way to increase productivity.

Cross-selling allows you to increase the profitability of each client relationship.

The more products and services your clients have with you, the more likely they are to stay with you.

Cross-selling supports you in the increasingly challenging world of compliance.

So why don't we cross-sell?

Challenges

There a variety of challenges that prevent many advisors from effectively cross-selling. The ones that I come across most commonly include:

Loss of focus as time passes and the initial enthusiasm for cross-selling ebbs

Lack of confidence in their ability to educate and sell to their clients

Lack of a coherent strategy for making cross-selling an everyday activity in their business

Lack of consistency in their approach to getting in front of the right clients with the right message

Lack of time and resources to devote to applying a cross-selling strategy

What's the one thing that can help you overcome these very real challenges? An effective cross-selling plan.

In this book we'll look at a quick and easy method for creating your plan for making cross-selling an effective growth engine in your practice.

*Please note, if you would like to answer the exercises directly in this PDF you must save to your computer. When you finish an exercise, make sure to save the file in order to retain your latest answers.

Exercise:

The two key measures of advisor success are the acquisition of new clients and the retention of current clients. The third key measure is consumption—the number of products and services clients have purchased from you.

Think of your top client relationships – what percent of those clients have bought all the products and services you sell?

When I ask that question of a group of advisors, the answer is never more than 50%. So that is an opportunity. Now how can you take advantage of it?

What are some strategies you can employ to revisit those clients?

The 5 Steps to Creating an Effective Cross-Selling Plan

This eBook will lay out the process any advisor can follow to create an effective cross-selling plan for their business. As you work through the questions and checklists in the book, you'll actually be creating the plan that will enable you to successfully integrate cross-selling into your practice.

There are 5 key steps you should follow to create your effective cross-selling plan.





Step 1

Define Your Vision

In order to cross-sell consistently and effectively, first you need to know what you want your future to look like—in both life and business. And that means clarifying your vision. What do you want to achieve? Do you want to double your revenue? Work fewer hours? Only by clarifying your vision can you formulate a strategy for success that incorporates cross-selling.

To define what you want your future to look like, and how cross-selling fits into it, start by creating a five-year vision statement for your practice.

A [vision statement](#) is a clear description of what your practice will look like in five-year time. Sometimes it helps to think of it through the eyes of an employee experiencing a typical day in your business.

To complete your vision answer the following questions about your business in five years:

- How big is your business?
- How many clients do you have?
- How much time do you devote to them?
- How much time do you spend finding new clients?
- What activities do you want to focus on?
- What activities will you delegate?
- What partners and support staff do you have?
- How much time do you spend on the business?
- What would that look like?

Exercise:

Keeping those questions in mind, craft your five-year vision statement.

Step 2

Segment Your Client Base

Once you have clarified your vision the next step in creating an effective cross-selling plan is to segment your client base. Segmentation doesn't have to be an onerous process. It's merely the process of identifying your top clients so that you can act to find more similar clients and sell more products to those clients.

Segmentation and quality of service

When I speak to advisors about segmentation I sometimes get push back from some who feel that segmentation puts them at risk because they don't want any of their clients to get bad service. The idea of defining better service for top clients and lesser service for 'C' and 'D' clients is off-putting.

But, segmentation doesn't mean turning away clients who need help, it's about what you proactively plan to do to sell more to your top clients. I ask concerned advisors a simple question, "If someone calls your office today, will they be taken of?"

The answer is always, yes. Segmentation wouldn't affect service in that scenario. It's not about limiting service when clients need help. It's about being clear about how you will proactively sell more to top clients.

How best to segment?

Another question that crops up a lot when I'm speaking to advisors is, "What software should I use to perform my segmentation?" The truth is that's up to you, it almost doesn't matter. If I'm in front of a group, I'll ask how many advisors have segmented their client base. I've never had all the advisors in the room raise their hands. But when I ask those who haven't done any segmentation if they could tell me who their top clients and relationships are, the answer is always yes.

So, in effect, everyone has done some segmentation, they just haven't formalized it. And that's all we're talking about—formalizing segmentation so you can decide who you want to work with on a more regular basis, and what types of clients you want to replicate.

Exercise:

Describe your best clients. Consider: age, earnings, assets, location, marital status, family, do they own a business?

If you brought on new client that looked like this how much revenue would that generate for you in the first year?



Step 3

The Value of Your Time

One of the key challenges that gets in the way of advisors effectively cross-selling is that they don't factor in the time and resources required to implement their strategy.

Cross-selling, if done well, can help you to maximize your use of your time and resources.

If you hope to hit your annual revenue goal and work only as much as you'd projected, you will need to concentrate on tasks that generate enough revenue to meet or exceed your hourly target.

A key way to generate higher revenue with less effort is to cross-sell. It allows you to focus on high-value sales activity that has a high chance of closing, rather than having to spend time prospecting and marketing to find new clients, who have a lower chance of buying in the end.

The first step in identifying how you will spend your time is to understand what it is worth.

Exercise:

What is your annual revenue goal?

 \$

How many weeks do you plan to work?

 weeks

How many hours per week will you work, on average?

 hours

Multiply the average hours times the number of weeks and divide into your revenue goal.

This number is the dollar value of an hour of your time.

 \$

Step 4

Understand the Impact of the Three Key Financial Levers

There are three financial levers that measure your return on effort:



Product mix

All of the products and services that you sell to your clients and prospects.



Average sale

The average revenue per sale for each product you sell.



Number of sales

The number of sales of each product you plan to make over the next twelve months.

Understanding the strategy impact of these three levers on your business is crucial to implementing an effective cross-selling strategy.

The three levers in action

Let me illustrate the idea with an example. Take a representative advisor, let's call him Tom. Tom has been in business for 17 years. He's 52. He sells whole life, term, critical illness and disability products. And he has one assistant.

Tom wants to increase his revenue over the coming year. There are many approaches he could take to try and increase his revenue. The question is, which one would be most effective?

When Tom looked at the three levers in relation to his desire to increase his revenue, his situation became much clearer. He considered increasing the number of sales he made to new clients, but he really didn't want to work harder—so that wouldn't work. He thought about increasing his average sale, but Tom felt that would mean trying to migrate to a higher level of prospects and he wasn't comfortable with that.

So, Tom was left with product mix. When he looked at all the products and services he could sell, he realized that the one that he really hadn't maximized was critical illness.

He got excited about moving that lever and increasing his revenue without having to work much harder.

Only one problem—he needed a strategy for cross-selling. He initially thought he could just go out and talk to all of his clients about CI. Trouble with that is that after three months, when his

enthusiasm has waned he'd lose momentum and get frustrated. Most likely he'd end up back where he'd started, doing what he'd always done. And the revenue increase would remain a dream.

The key to making cross-selling work over the long-term would be to create a robust strategy that leveraged what he was already doing, but tweaked, so that he would get a better return on his time and effort.

The good news is there are five easy steps to creating that strategy.

Exercise:

Number of Sales

How many sales of each product will you make during the next 12 months?

Can you significantly increase the number of sales you will make to new clients over that period?

Average Sale

What is the average revenue for each product you sell?

Can you significantly increase your average sale on each product?

Product mix

Which products do you sell to clients and prospects?

Which product or service have you not maximized?

Step 5

Determine Your Cross-Selling Strategy

So how did Tom put an effective cross-selling plan into action? He created a process that any advisor can follow that will ensure that you don't lose enthusiasm or your focus on cross-selling as the year goes on.

And the process is effective at managing your resources so that you get the maximum return from your cross-selling efforts. It leverages your efforts to get you more clients like your current 'A' clients without ignoring the potential contained in your 'B' and 'C' segments.

Most importantly, it is a service strategy that keeps the focus on educating and providing value to your clients, rather than just trying to sell them another product.

Here's how it works.

Five Cross-Selling Activities

The process has 5 elements

Activity 1: Schedule Annual Reviews

Activity 2: Lunch-And-Learn (or cocktails) with a Speaker

Activity 3: Seminars

Activity 4: Direct Mail

Activity 5: Telemarketing

Activity 1

Schedule Annual Reviews

It's important to make sure clients see their annual review as true review meeting not an opportunity to sell more. That will differentiate you from your competitors, because you are acting as a true advisor versus being just a salesman.

Here's what Tom did

Tom met with each of his 'A' clients and conducted an annual review. He put critical illness on every agenda. His made sure his focus was on educating, not selling. By doing this he leveraged a service activity into a marketing activity.

Exercise:

Who will you conduct annual reviews with over the next 12 months?

Template agenda for annual review meeting

Item 1: Remind the client where they came from

Item 2: Review their current situation with them

Item 3: Explore where they want to go and examine if they are on track

Item 4: List cross-sell opportunities

Item 5: Schedule a follow-up to come back and talk to the client about the cross-sell opportunities (keep in mind that the initial annual review meeting is strictly an educational opportunity, not a sales meeting)

Activity 2

Lunch-And-Learn (or cocktails) with a Speaker

The second cross-selling activities are lunch-and-learn sessions or cocktail events with guest speakers. These events also target your 'A' clients.

The idea behind the lunch-and-learn is to provide education and value to your guests by providing a speaker of interest to them, who ties into the product or service you are planning to cross-sell.

For each lunch, invite six of your top clients. Ask each of them to bring a guest. Those guests will be introduced to you by your client—and are a source of potential new business.

Introductions trump referrals

Traditionally advisors have relied on referrals to feed their pipeline of new prospects. But introductions are a far more powerful method of, not just finding good prospects, but turning them into clients.

Why?

A referral, typically, is a name and phone number or email address given to you by one of your current clients. The onus is on you to reach out and make contact with the prospect, who may or may not have been told about you by your client.

In contrast an introduction is an actual physical meeting between you and your client and the prospect they want you to meet. In this case there is a much stronger transference of confidence in you from the client to the prospect—and they are more likely to feel good about working with you. When one of your clients introduces you to a colleague who respects that client, that respect is transferred to you.

Using lunch-and-learn events to get introductions from your top clients can significantly grow your business.

Here's what Tom did

As part of his cross-selling process, Tom ran three concept lunches for his 'A' clients and invited six of his best clients. Each client brought a guest. He had speakers at each of the three lunches:

Lunch 1: Representative from Heart & Stroke Foundation on the incidence of heart attacks and strokes

Lunch 2: Local doctor on the emotional & monetary costs of serious illnesses

Lunch 3: Supplier on critical illness insurance

Exercise: Introductions

How many 'A' clients do you have?

If you approached all of those clients, how many are comfortable enough with your relationship that they would introduce you to someone they know?

Out of those who introductions, how many could you turn into clients?

Consider how much revenue you would generate in year one from a top client. Multiply that revenue number times the number of new clients you think you can sell to see the new revenue you can earn from this approach.

Exercise: Planning Your Lunch and Learns

When can you schedule three lunch-and-learns?

What speakers will you have at each event?

Eg – doctor from local hospital talking about CI and families, Heart and Stroke foundation rep talking about what you can do to protect yourself and what to do if it happens, and an insurance company rep – talking about, not the features and benefits of policies but what they've paid out in claims and how it helped clients...

Which clients will you invite?

Activity 3

Seminars

You don't want to ignore your 'B' and 'C' clients when developing your cross-selling strategy. Hosting a seminar is a great way to leverage the work you've already done on lunch-and-learns to target those segments. Seminars are meant to be large group events featuring the same speakers that presented at your lunches—and specifically intended for your 'B' and 'C' clients.

The idea is to educate clients about a topic related to the products and services you are seeking to cross-sell.

Here's what Tom did

Tom ran a workshop for his 'B' and 'C' clients with Heart & Stroke reps and a local doctor as the featured speakers. And he had his company rep brought a booth to the event and answer client questions about their products and services.

Exercise:

When can you schedule your seminar?

What speakers will you have at each event?

Which clients will you invite?

Activity 4

Direct Mail

After the seminar it's time to reach out to your clients in a systematic way. The first step in that outreach is to send out a direct mail piece to every client in the demographic that best fits with the products and services you are trying to cross-sell.

To identify who you will target with your direct mail piece, try taking a different approach to segmentation. Instead of segmenting your clients into A's, B's, and C's based on revenue, segment them based on age. Then create a letter targeted at all your clients between 40-55.

Key Points in the letter should include:

- The letter is from you, but your assistant will follow-up by phone
- You want to make sure your client has the opportunity to take advantage of this solution
- The goal is to schedule a ten minute call—not to make a sale.

Here's what Tom did

Tom segmented his client base by age and created a letter that informed clients his assistant would be following up to schedule a short call to talk about CI and their situation.

Exercise:

List all your clients between the ages of 40 and 55

What product will your letter target?

What key points do you want to make in your letter?

Activity 5

Telemarketing

The final activity in the cross-selling process is to schedule ten-minute calls with each interested client to make sure they understand the opportunity presented by the products and services you are looking to cross-sell.

The goal of the call is to educate and ultimately to book a meeting with each client.

Here's what Tom did

Tom had his assistant follow-up his direct mail campaign by calling each interested client to book a meeting with Tom. He treated those meetings as strictly educational—not pressuring the client by trying to make a sale, but keeping the focus on adding value.

With those clients who were interested in the CI solution, he booked a follow-up meeting to complete the sale.

By working this cross-selling strategy over a 12 month period Tom saw a big increase in sales of the CI product. In the first quarter of the following year, he sold 106 CI policies.

Exercise: Telemarketing

What key points do you want to cover in the call?

What key points do you want to cover in the client meeting?

Exercise: The Payoff

What would your average premium be on a sale of the type of product you are planning to cross-sell?

 \$

What is the commission on that product?

 \$

Multiply the premium by the commission—this is the revenue you will generate from each new sale.

 \$

Ressources

Keep in mind that the cross-selling process you have defined for your practice will require some time and effort to put into action.

Recognizing this, it's important to identify the resources you have available to help you manage the process. These resources may include assistants, MGA staff, MGA created support materials, technology, etc.

Exercise:

What additional resources can you use to implement your cross-selling process?

Putting it All Together

As we have seen, cross-selling is an excellent opportunity to grow your practice without having to put in a lot more effort or significantly change the way you do business.

And effective and consistent cross-selling will not just increase revenue, but will also:

- Strengthen your client relationships, creating a barrier against your competition.
- Efficiently and cost-effectively increase your productivity.
- Allow you to increase the profitability of each client relationship.
- Support you in the increasingly challenging world of compliance

And the method for reaping all those benefits without losing focus and confidence, suffering from a lack of consistency or resources is to create an effective cross-selling plan for your practice. And the exercises you have completed as you worked through this eBook are that plan.

As you go forward, keep in mind, you don't have to do it all by yourself. Make use of resources provided by your MGA to help you segment your client base, understand the three financial levers and how they operate within your business, find speakers for your events and create direct mail and telemarketing campaigns tailored to the products and services you plan to cross-sell.

A Final Thought

Cross-selling is not just an occasional activity. It's a means to unlock the full potential of a practice. Your existing client base contains acres of diamonds. The question is: How are you mining your diamonds?

Cross-Selling Overview Checklist

- Have you defined your vision?
- Have you segmented your client base?
- Have you projected the value of your time?
- Have you examined how the three financial levers impact your business?
- Have you defined the value of a new top client?
- Have you scheduled annual reviews for all 'A' clients?
- Have you scheduled three lunch-and-learns for your 'A' clients?
- Have you scheduled a seminar for 'B' and 'C' clients?
- Have you created a direct mail campaign to support your cross-selling?
- Have you defined your telemarketing campaign?
- Have you identified the resources you will use to implement your cross-selling strategy?



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For over twenty years Ray Adamson has held senior leadership roles in the financial services industry. At companies like Kronos Technologies, Bluesun, Great West Life and the Covenant Group he has worked to implement national practice management strategies, increase client acquisition and retention, and build out sales capabilities. As an advisor, consultant, practice management coach and speaker, he has helped management and advisors at the largest carriers and distributors in North America take their business to the next level. Ray has presented to many of the top North American financial services companies and associations, including MDRT & LIMRA.

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