

Presented By:



RESEARCH REPORT

# INDEPENDENT INSURANCE AGENTS AND BROKERS: THE GENERATION GAP

## OVERVIEW

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This research is the first comprehensive, quantitative study on generations within independent insurance agents and brokers. In 2011-2012, Assurex Global sponsored a study conducted by LifeCourse Associates in order to help understand generational dynamics in the workplace, and how these dynamics impact sales performance and perpetuation. LifeCourse surveyed 47 independent insurance agents and broker (IABs) in North America, and this report summarizes the research findings.

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### **The Challenge of Generations in the Workplace**

In today's typical business, generational differences pose important challenges. Boomers (b. 1943-1960) and Gen Xers (b. 1961-1981) have trouble understanding each other—and neither generation knows what to do about the rising young Millennials (b. 1982-2004) that have recently entered the workforce or are currently graduating from college. Because all of these generations look at life and work differently, they often develop distrustful and unproductive relationships. Boomers talk about “careers,” and Xers “jobs.” Boomers favor depth, Xers breadth. Boomers see work as a values statement (how I live my life), Xers as a transaction (how I get a life).

Meanwhile, incoming Millennial employees' new sense of specialness, teamwork, closeness to parents, and need for structure are all mystifying employers. Only 30 percent of Millennial workers recommend their organization as a good place to work—largely because they are not receiving what they need from their Boomer or Gen-X managers, according to a recent Leadership IQ survey. And with Boomers on the verge of retirement, the Millennials will make up a rapidly increasing share of America's workforce over the next twenty years.

Most workers are highly aware of these generational gaps and regard them as a serious problem. Nearly 3 out of 4 American workers agree that “there are real differences between older and younger generations and how they approach work,” according to the LifeCourse National Benchmark Survey, and over half agree that these differences sometimes or often pose challenges in their workplace.

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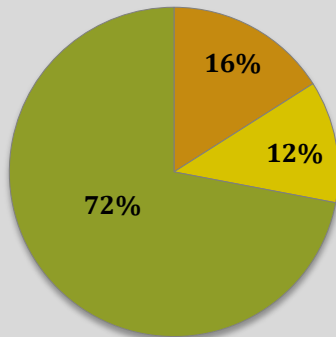
### **Independent Insurance Agents and Brokers (IABs)**

Generational differences appear to pose even greater challenges in IABs than they do nationally. Fully 84 percent of IAB employees surveyed agree that there are real generational differences regarding work, and 72 percent agree that these differences pose challenges in their workplace, substantially higher than the national average.

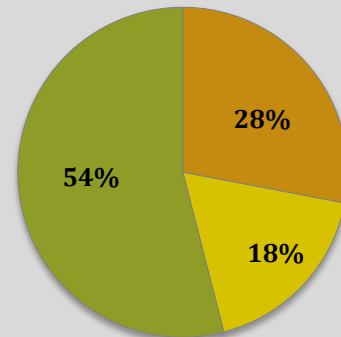
### Perceived Generational Differences in the Workplace

*"In my organization, there are real differences between older and younger generations and how they approach work."*

#### Insurance Agents & Brokers



#### National Benchmark

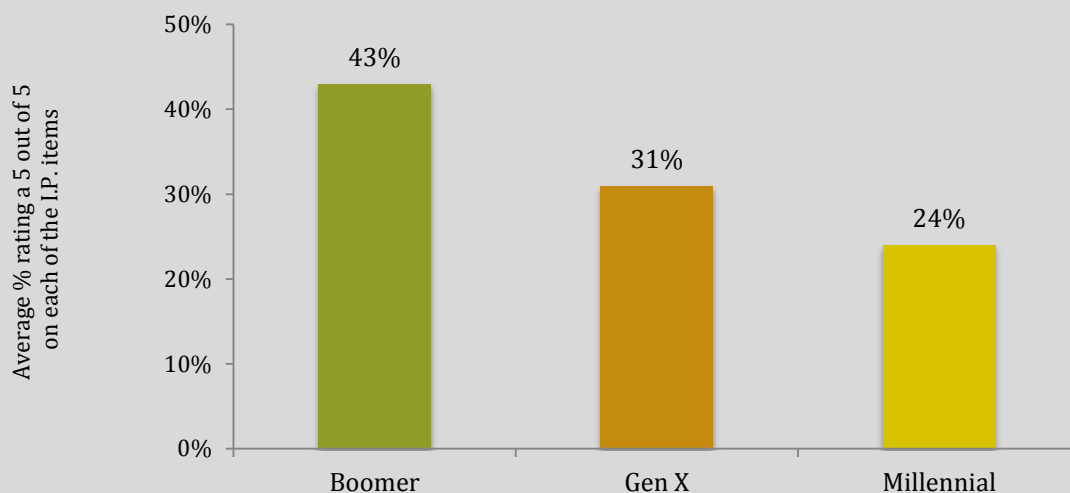


\*The National Benchmark consists of a nationally representative sample of full-time employees across a variety of job roles and industries. LifeCourse Associates conducted the survey in June 2011.

### Perceptions of the Insurance Industry

The IABs appear to face particular challenges meeting the needs of Millennial employees (those under 30 years old), who have a substantially less positive perception of the insurance industry than their older coworkers. LifeCourse asks respondents to rate their impressions of the insurance industry as a place to work, the likelihood they will continue to work in the industry, and the likelihood they would recommend the industry as a place to work. Among those employees surveyed, there is a nearly 20 percent gap between Boomers' perceptions (43 percent) and Millennials' perceptions (24 percent) on these questions. Gen Xers are also somewhat negative at 31 percent.

#### IAB employees' favorable perceptions by generation

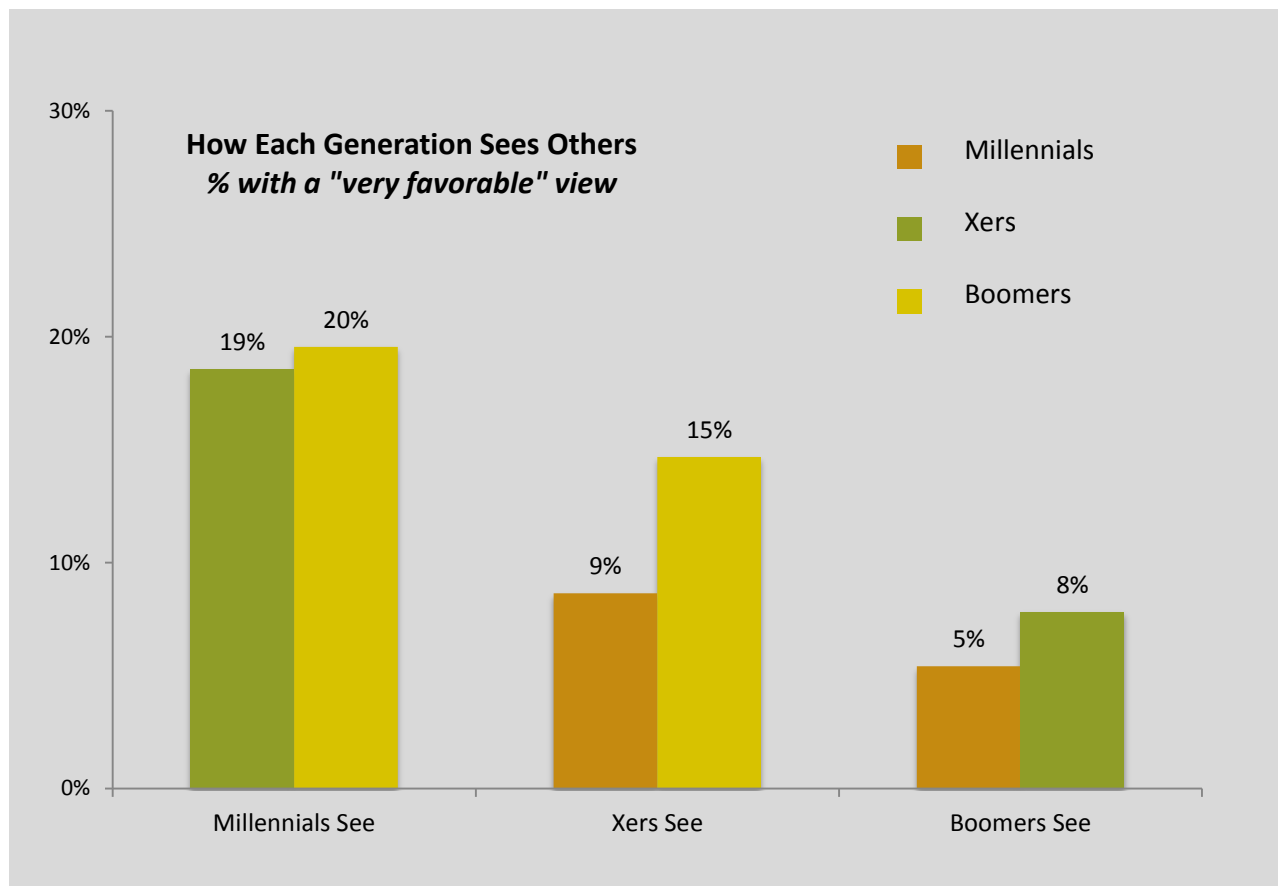


These generation gaps undoubtedly impact employee performance within the IABs—particularly the performance of the sales force—and they therefore impact bottom-line revenue. Boomers, who are the most satisfied with the industry, are retiring as leaders and owners, and as observed by many partner firms as well as the recent Reagan Consulting report on perpetuation, not as many Gen Xers or Millennials are stepping up to take over their roles. The results of this research should make clear that IABs will need to adjust their policies and communications to attract and retain this next generation of organizational leaders.

## Generational Collaboration

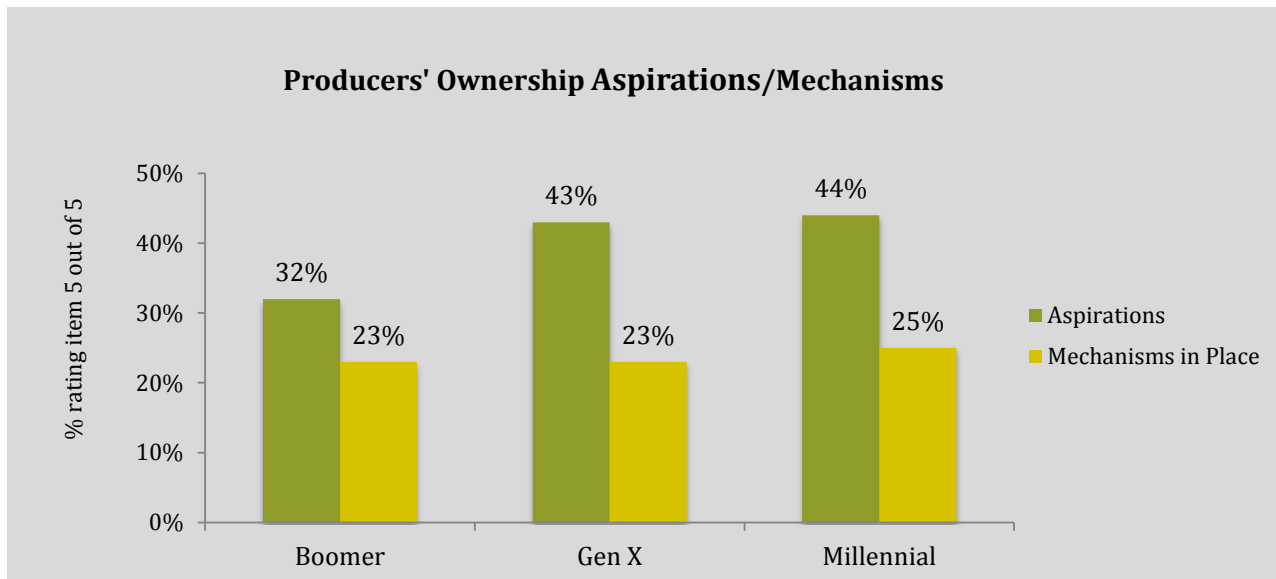
The survey includes several questions about the topic of collaboration. Specifically, they ask how well each generation collaborates with the others. The results reveal how much each generation favorably sees the others.

The data show that the Millennials have by far the most favorable view of other generations in the workplace. Nearly 20 percent of Millennials give both Boomers and Xers perfect Collaboration scores, with a very slightly higher share for Boomers. By contrast, Boomers have by far the most unfavorable view of other generations in the workplace, and they are the least favorable about Millennials. Gen Xers have split opinions about other generations in the workplace, rating Boomers fairly highly and Millennials fairly low.



## Producers' Perceptions on Perpetuation

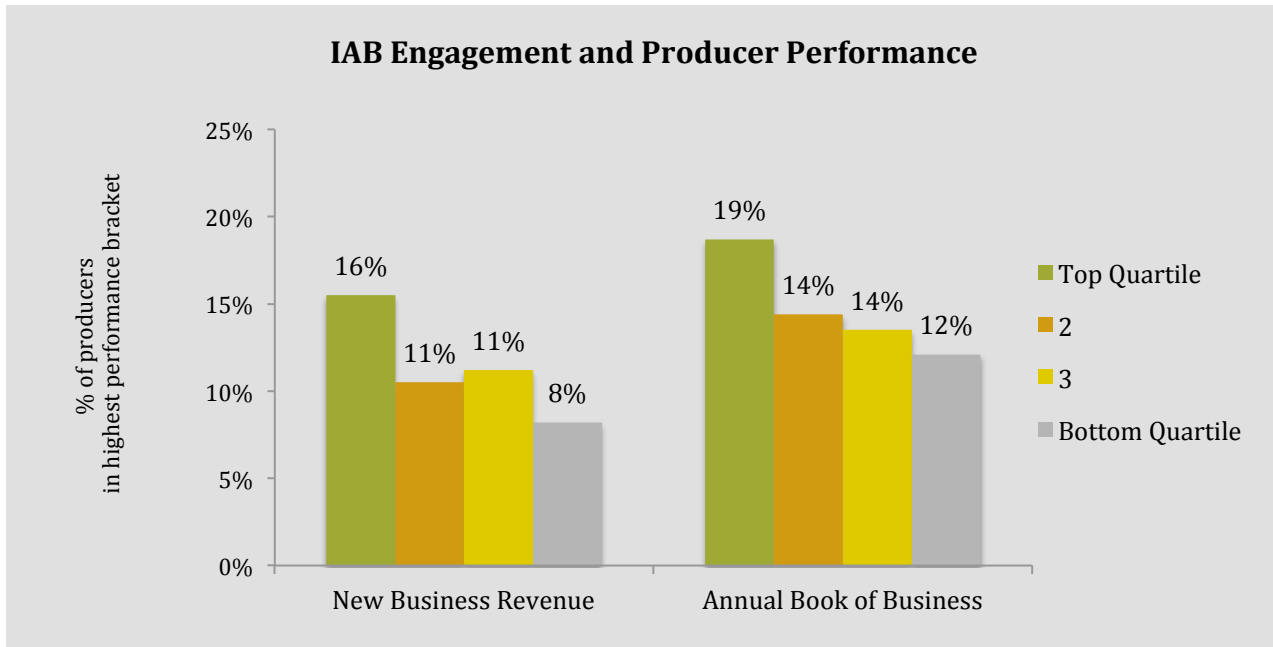
A series of questions in the survey were directed exclusively to Producers within the IAB firms. Responses from the questions indicate that producers feel stymied in their leadership aspirations within the industry. Over 40 percent of Gen Xers and Millennials currently in a sales role say they are “extremely interested” in agency ownership—yet only about one-quarter strongly agreed that the mechanisms are in place to allow them to get there. Coupled with the younger generations’ lower industry perceptions, this indicates a potential risk for succession planning within IAB firms.



## Producer Engagement and Sales Performance

Engagement is widely accepted as a leading indicator of positive business outcomes such as productivity, profitability, employee retention, and customer satisfaction. The survey measured Engagement in order to understand how it correlates with these positive business outcomes.

In addition, the survey measured the correlation between Engagement and sales success within each of the IABs. It asks producers and account executives about their average annual new business revenue over the last three years, and about the annual revenue amount in their book of business. Top producers and account executives are defined as those with \$201,000 or more in average annual new business, and those with \$1 million or more in their annual book of business. Respondents were then divided into four quartiles based on their Engagement level. The chart below shows the percentage of top producers and executives in each Engagement quartile.

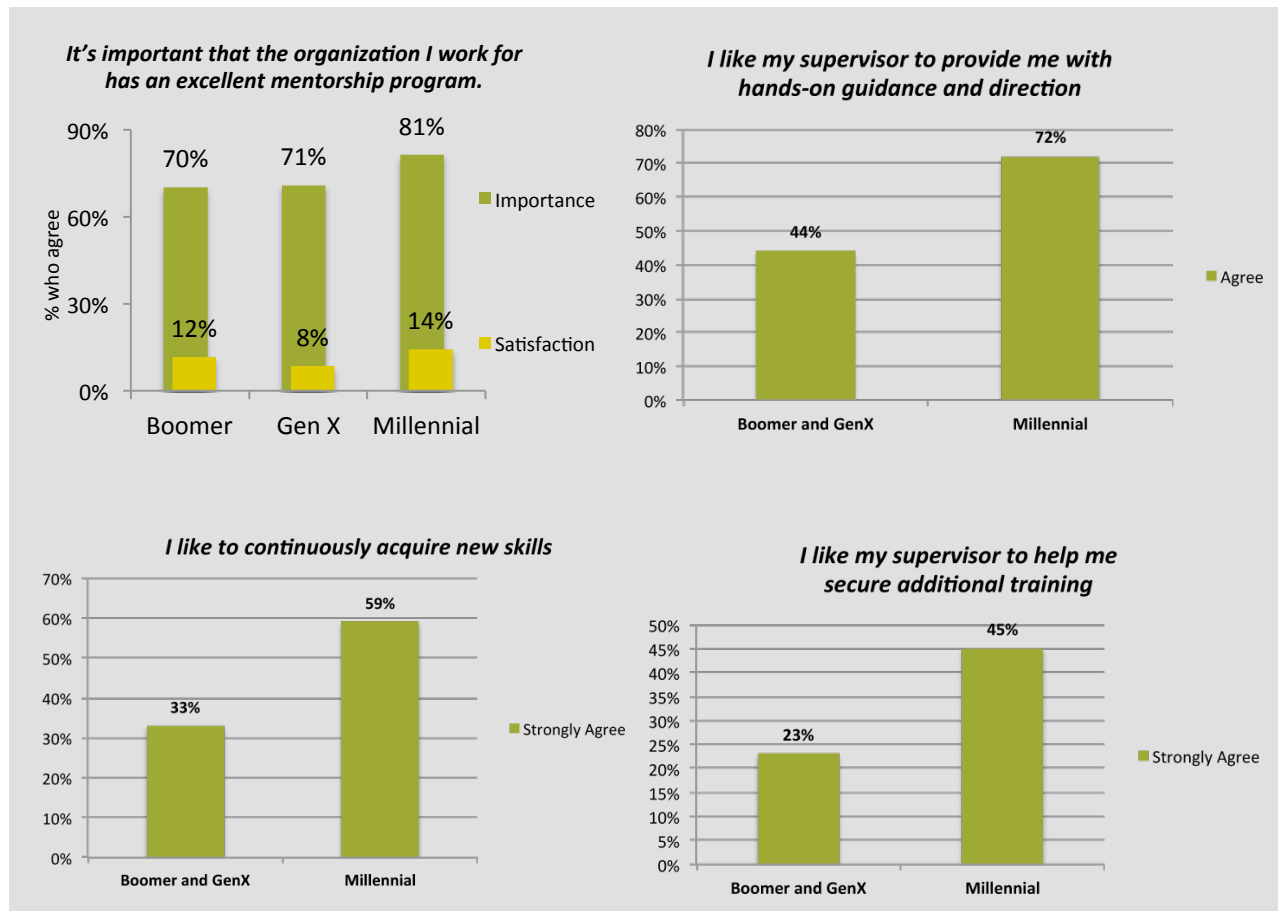


The most engaged quartile has far more top producers and executives than the least engaged quartiles—in fact, almost double the number of top producers in new business revenue, and a third more top producers in annual book of business. As we would expect, Engagement appears to be an important driver of bottom-line productivity among IABs’ producers. By moving the dial on generational Alignment, IABs’ partners can therefore expect to improve not only employee Engagement, but bottom-line business revenue.

## The Need for Coaching Millennials

Millennials have different priorities in the workplace compared to older generations. They want hands on guidance and direction and the opportunity to acquire new skills. They also want their supervisors to provide them with additional training, education, and mentorship in order to advance their career. While these priorities rank at the top of the list for IAB Millennials, they rank among the lowest in terms of overall satisfaction in these categories, reflecting the fact that IAB employers may not have formalized coaching programs for their new Millennial Producers. More than likely, IAB managers did not have the kind of structured coaching when they started in the insurance business twenty or thirty years ago, so there may be an assumption that new Producers will thrive in an environment of “sink or swim”, like they did.

Generational education in the form of workshops and executive presentations can help close this gap. Boomer and Gen-X managers can benefit from workshops and presentations by providing hands-on strategies for managing, coaching, and mentoring Millennials. At the same time, Millennials can benefit from basic training by understanding Boomers’ and Gen Xers’ perspectives on workplace expectations.



## Conclusion

The survey confirms that there is a systemic pattern in the way today's three generations of IAB employees view their workplace experience. Millennials appear to want a great deal more from their employers than Boomers or Gen Xers. They are also more positive than older co-workers about what their employers do provide. Boomers are the most satisfied overall with what employers currently offer, with Generation X in between. The survey identifies the need for both Millennials and Xers to acquire assistance in furthering their professional development and education, and also the need for Boomer managers to be educated on generational workplace issues.



The message is clear: IAB employers can expect to increase both employee engagement and bottom-line sales performance by directly addressing these generational concerns. Such an effort is particularly important in the case of Millennials, both to boost sales performance and to ensure perpetuation. These

younger workers represent the future of the insurance industry—yet they are both the least satisfied and the least well-regarded employees in the IABs. This helps explain why they have a substantially less positive perception of the insurance industry than older generations. It also helps explain why Millennials, and to some extent Gen Xers, do not feel supported in their own leadership aspirations within the industry. Workshops and executive presentations on generations can increase engagement for *all* generations, and can increase productivity and profit in the near term, and perpetuation in the long term.