

# Account Rounding: Leveraging Your Current Book's Buried Assets

## Introduction

Most agents overlook the gold mine buried in their current customer base. Actually, most businesses, of all kinds, do the same. For some reason, the focus to pursue new customers wins out over growing revenue by satisfying more needs of the current customer base. In this article, we'll take a look at how a small, focused effort toward account rounding can yield a massive improvement in agency profitability, while providing better service to customers. Interested? Read on...

## Some Simple Truths

Did you know that rounding a current account costs five to six times less than writing a new account? And, that a customer with at least three accounts with your agency will stay with you for an average of eleven years? Both of these factors are very often overlooked in the pursuit of profitability. Account rounding can have immediate effects on short-term profitability, but perhaps more importantly, can dramatically impact long-term profitability via customer retention. Factually speaking, a five percent gain in customer retention can increase profits by thirty-five to fifty percent. So, account rounding benefits your agency and your customers.

## Benefits of Account Rounding to Your Agency

So, multi-account customers are more loyal than single account customers. That's a big benefit in more ways than simply profitability. Think about all of the ways that loyal customers benefit your agency, in addition to higher lifetime customer value. Loyal customers are more likely to provide referrals for your agency. Over a lifetime, a single loyal customer might provide dozens of referrals. Customers with multiple accounts have trusted your agency in the past to provide advice on additional types of coverage, and if they are satisfied, they will trust you again when the need arises to expand coverage. It has also been proven that loyal customers maintain a lower loss ratio, and that they are more tolerant of mistakes. Cultivating loyal customers should be the goal of every business. And more businesses are paying attention to this important activity. As a matter of fact, in 2003, Harvard Business Review published an article on measuring customer loyalty that introduced the concept of Net Promoter Score as a measure of customer loyalty. The idea took off and the NPS metric has been adopted by businesses of all sizes in all industries. You can find out more about NPS at [www.netpromoter.com](http://www.netpromoter.com). Now, let's take a look at the benefits to your customers that account rounding can enable.

## Benefits of Account Rounding to Your Customer

Customers want more than just low cost and good prices...they want advice about their coverage, and they want a trusted advisor that can guide them toward good coverage at a reasonable cost. Really, what all customers want is a personalized approach to their insurance coverage needs. One size does not fit all, and customers do not appreciate being lumped in with the masses. By offering personalized packages that include multiple coverages, you are delivering many benefits to your customers. First, there are discounts and credits available when accounts are rounded. You are actually saving your customer money. You can also save your customer time by placing multiple coverages with one company, since the billing and paperwork can be easily consolidated. Lastly, by taking your customer's interests to heart and creating personalized packages that provide the proper amount of coverages, you are providing what most agencies do not...peace of mind for your customer.

## How to Round Accounts

OK...so you know the statistics, you're convinced that account rounding will certainly improve your agencies' profitability, but you are now asking yourself – "how can I carve out the time needed to do account rounding? I'm already swamped with customer support and prospecting activities...there is no way that I can add one more thing to my plate!" Well, fortunately, you can implement a simple account rounding plan with very little effort, if you consider outsourcing the process. In this case, you simply pay a small fee each month and reap the benefits. How? Mechanically speaking, it's a matter of devising a method to track and maintain updated information about your current customer base, but most importantly, that information must find its way back into the prospecting process. This is where most, if not all, account rounding efforts fall short. For example, most agencies use agency management systems, but most agencies still can't provide complete profiles of their own customers that feed a proven prospecting process. They don't know what additional coverage might be interesting to their customers, so their prospecting is ad-hoc, at best. They don't track important events in the lives of their customers to know when expanded coverage is needed. By partnering with a reputable firm that can provide these types of account rounding services, you can save loads of time and effort. But most importantly, you can implement a process that provides customer benefits and agency profitability, simultaneously.

## Summary

Well, hopefully, you are convinced of the need to retain customers using account rounding. Perhaps you are also contemplating starting a program right away to begin increasing your agencies' profitability. In any case, we wish you all the best for continued success. And remember, you can always get more information on the topics covered in these articles by visiting us online at [www.myRelEvent.com](http://www.myRelEvent.com) or dropping us an email at [info@cleardataint.com](mailto:info@cleardataint.com). Happy Rounding!