



The New Work Force: Appealing to Gen-X Employees



Problem

Attrition among newly licensed insurance agents was costing \$41 million a year

Solution

Alacer designed performance metrics and compensation to motivate a younger generation

Results

88% of new hires licensed within 90 days with 0% attrition, \$4.5 million saved in recruitment/replacement costs

Overview

One of North America's largest insurance companies faced a daunting problem: how to make a career in insurance sales appealing to Generation X. Almost half of the company's new, post-baby boomer employees left within 18 months of employment, costing the organization \$41 million annually in replacement and ramp-up expenses. Lost sales/asset management was approximately \$500 million for every 18 months of aggregate agent time lost across a 10,000-person sales force base. For the company's future health, Alacer was tasked with quickly identifying problems and instituting solutions.

Challenges

What appeals to the Gen-X demographic? Alacer determined that the company's compensation system and training experiences were ineffective in attracting and retaining young employees. Through focus groups with successful, established sales agents, the team identified the key elements needed for creating a new and successful launch path in insurance sales for Gen-X employees. An entirely new compensation program specifically aimed at recruiting and retaining a young work force was instituted, and career support elements were introduced that included formalized tracking of revenue produced per agent.

Results

Within 90 days, 88% of new agents achieved basic licenses with a 0% attrition rate; within 180 days, more than 12% had attained series 6 or 7 licenses (7% over goal). Attrition improved by 36% over 18 months and sales production increased by 3% in the pilot group. With full adoption across 1100 new agents, the program is expected to produce an annual 70% gross ROI (\$56 million in sales versus \$16 million in cost); additionally, agent recruitment/replacement expenses were lowered by \$4.5 million.

