

Rising Health Insurance, Struggling Small Businesses and Consultative Selling

<http://www.insurancenewsnet.com/article.asp?n=1&id=101002>

November 26, 2007

SOURCE: InsuranceNewsNet, Inc.

Based on the preliminary findings from consulting firm Mercer's employer survey 59 percent of U.S. employers will increase workers' deductibles, co-pays and percentages of a medical bill that workers pay next year in order to reduce the cost of health care.

A Kaiser Family Foundation study supports these preliminary findings. While big corporations are able to continue providing health-care coverage, small businesses (less than 200 employees) are starting to falter. According to the Kaiser study, only 62 percent of small companies offer coverage compared to 100 percent of big companies.

To avoid cutting coverage altogether, many small companies are passing the cost of health insurance to their employees. About 33 percent of employees in small businesses have annual deductibles of at least \$1,000 before their plan kicks in to pay a share of their health-care bills. In 2007, the figure was 20 percent. Kaiser says it could be the trend for many working people as more small companies may be forced to offer less comprehensive health insurance coverage.

However, this does not indicate a waning interest in health insurance among small business owners or a bleak future for this market segment. Owners of small companies know the value of providing their employees with health insurance. They know that what is good for their workers is good for business. Health insurance is also a powerful enticement for valued workers to stay and for recruiting highly qualified people.

In fact, most small business owners – even those that do not currently offer health coverage – are probably looking for ways to provide the best plan they can get for their limited resources. In other words the demand for the right health plan is there and the desire to provide health insurance is present. Unfortunately, business owners have a lot of things on their minds, especially under the current economic conditions.

This is not the time for producers to wait for small business owners to approach them. Despite rising health-care cost and worsening business conditions, savvy producers can still benefit from the market through the right approach.

One such approach is consultative selling. In consultative selling, sales professionals assume the role of consultants to help customers to be more effective and successful in their business. This is a far cry from traditional selling where the focus is on the product or services.

Some experts refer to consultative selling as the WIIFY ("What's In It For You") approach. It involves putting the client's interest and situation first and building a scenario around the solution that fits the situation.

Some sales people go into consultative selling but still focus on the sales, dubbed the pay-me-now-or-I-quit-doing-this-consulting mentality. Genuine consultative salespeople will only attempt to make a sale if they know the customer will gain from the transaction. But since they still make their living by making sales, consultative salespeople will only make contact with prospects they reasonably think might have a need for their goods or services.

How is consultative selling applied in the case of small businesses looking for affordable health insurance?

Retail, restaurants, construction, or start-ups typically do not provide health insurance. But owners of these types of businesses are fully aware of the value of having healthy employees and the effect of employee absences due to health problems. (This establishes that they have a need for the right product and the right service.)

Instead of selling them health plans, producers should show business owners how providing even basic coverage can improve their operations because of healthier workers, attract qualified employees and retain reliable employees. (This is the WIIFY.)

Another component of consultative selling is focusing on the client in an effort to help them better articulate those

needs so that producers can meet them. But it was mentioned previously that business owners are preoccupied with keeping their companies afloat. How do producers convince them to set aside some time and talk to them about health plans.

Experts say agents don't have to talk to business owners to get to know them. By talking to their employees producers can start gathering a lot of information about the kind of health coverage they have, if any. This gives the producer time to come up with proposals that stand out from other competitors by the time he or she meets with the business owner for the first time.

A good employer-employee relationship is also good indication that the employer is a suitable prospect who is likely to be open to new ways of providing their employees with better coverage.

By showing employees that the agent's objective is to help them and their employer as a partner in problem resolution – and not a salesperson – a producer can easily gain access to the employer through a trusted or highly valued employee.

Consultative selling continues even after the producer gets access to the business owner. This is not a time for selling. It is a time for identifying the company's specific health insurance problems and presenting customized solutions.

For example, what if the company does not have any health plan because it doesn't have the funds to pay for one? One option the owner may not be aware of is a list bill individual health insurance program – this basically helps workers buy their own benefits. In this set-up, the employer provides employees with an online enrollment program for individual health insurance policies, manage the policies and allow participating employees to pay the premiums through payroll deductions.

This option is available at no cost to the employer. Although the employees pay for everything, it shows that their employer is taking some steps in the right direction. Under their company's current financial situation employees will understand why they have to pay for things at this point.

Consultative selling can still work if the company already has an existing health plan. An agent can come in and look for ways to help the company save but not at the expense of the employees. Does the company's health plan include benefits that may not be necessary needed given the general age and health status of the employees?

For example, employees of a gym are generally young and in great physical shape. It makes less sense for the company to pay for such benefits as specialist visits and comprehensive prescription drugs.

One advantage of consultative selling is that it paves the way for long-term relationships between producers and their clients. This means that as small businesses grow so do will their needs. And when the good times come they will call on the consultative salesperson who was right there with them during the tough times.

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