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THE LIE ABOUT LEADS

I get a dozen e-mails a week offering me “free leads.” Most of these advertisements are bait to get agents to sign on with a particular insurance wholesaler or product provider as they grovel to add value by providing agents tools that will help make sales. But let’s take a closer look at what the industry calls a “lead” as this word is used inconsistently. The agent needs to know what’s being offered.

Cold lead—this is worthless—it’s a name form a mailing list broker. The person may meet certain criteria—e.g., age, income or household value. Above that, it’s just a name. Like a name from a phone book. When I was a young stockbroker, the mutual fund wholesalers brought me 1,000 “leads” like this. When they left the office, I threw these in the trash. Right—I’m going to waste my time cold-calling strangers.

Warm lead—the person has requested information by completing a card, an Internet form or expressed interest with no coaxing. Your best prospects will always be the ones that take action on their own, with no one convincing, no coaxing, no call from a telemarketer. This lead has value as the prospect has made a request and expressed interest.

Telemarketed lead. This is supposedly a warm lead with interest in meeting—they tell you that the prospect is waiting for your call. I doubt it.

It's poor people have time and inclination to talk to telemarketers on the phone and sales people. Rich people, the people you want to talk to, put their name on the “do not call list,” hang up on telemarketers and run away from sales people. Telemarketed prospects did not take action on their own. Someone called and pitched them and convinced them to take the next step. By the time you contact this prospect, the “convincing” has worn off and you basically have a cold lead.

These are weak leads as opposed quality prospects who see an advertisement, a piece of direct mail or other offer and act on their own.

Set appointment—this can be a very valuable lead but ask how the appointment was made. Did the prospect first call from an ad or direct mail offer and then a telemarketer set an appointment? That’s good, because this prospect took the initiative.

Or, did the lead company call this person cold and talk them into an appointment? This is like the “tin man” lead—the firm that calls people at random stating that a representative will be in their neighborhood installing aluminum siding on a neighbor’s home and could stop by and show them how they too can increase their home’s value. This type of lead is weak and usually is not at home 30% of the time when you arrive for the appointment.

When you consider a lead of any type, ask the critical questions:

1. How is this person qualified for my product or service—what criteria do they meet?
2. Were they cold called and convinced to be a “lead?”
3. Or did they act on their own, essentially raising their own hand to say “I’m interested!”

It’s this third type of lead that you desire. At minimum, 10% of these people will become clients. This allows you to quantify the value of your lead as follows.

If you earn $2500 from a client and are content with paying 10% to get that client ($250), then you would be willing to pay $25 per lead for 10 leads that resulted in at least one new client.

To maximize the value of leads, make sure you have the sales skills. Sales skills do not come through experience—they come through training. So before you spend significant time and resources to buy leads and make presentations, gain the ability to close prospects. Get professional sales training from schools like Dale Carnegie, Sandler Institute or Huthwaite. If you don’t, you’ll waste your career earning a mediocre living and working harder than necessary.