



**THE ROI OF CUSTOMER-CENTRICITY**

# **Building Your Reputation as an Essential Business Partner**

**A**s employers look to 2024, they're expecting the cost of doing business to rise. While inflation isn't expected to increase at the rate seen in 2022 and 2023, according to a report by Forbes, the Federal Open Market Committee's long term economic projections anticipate core PCE inflation of 2.4% in 2024.

The cost of employee benefits is no exception, especially when it comes to health insurance. Reports indicate that most employers are expecting a rise in health care costs as high as 6% to 8.5% this year, the largest increase in more than a decade. That increase in cost is going to necessitate many employers rethinking their benefits strategy, which could include choosing to find less expensive providers or alternative plan options to maximize the value.

For employee benefits brokers, proving value is going to be more important than ever. But value goes well beyond just the coverage a broker can provide. A positive customer experience and a strong broker relationship can be just as essential to employers as bottom-line cost. But often, brokers push customer overall experience aside to focus on assisting with the basics: renewals, enrollment, and claims.

It's time for employee benefits brokers to rethink the customer experience. There's ROI in a customer-centric operating model – if you're willing to make the right investment.

# Health Care Costs in 2024

An increase in the cost of employee benefits coverage every year isn't surprising. Employers have come to expect it. But the expected rise of over 8% in 2024 is more than employers have had to face the past few years, and employer sponsored health care plans could cost as much as \$15,000 per employee putting a strain on already stressed budgets.

Employers are going to investigate several options when it comes to cost mitigation. While often a common approach, shifting additional costs to employees isn't ideal. Due to the tight labor market, keeping benefits packages competitive is key to employee retention and attraction. The same goes for plan design. Less comprehensive coverage may be a more cost-effective alternative but decreases the overall benefits value to employees.

## What's leading to the cost of increased healthcare?

A variety of factors are leading to higher medical costs. A few of the leading factors:

### Mental Health

Employee's mental health needs rose during the pandemic and continue to linger.



### Pharmaceutical Costs

Specialty and expensive prescriptions drugs, especially for diabetes, obesity and cell and gene therapies (CGTs), are leading to a rise in the median price of pharmaceuticals.

### Cancer Treatment

Preventative screenings were disrupted during the pandemic, and as a result employers are expecting more late-stage cancers to be diagnosed among workers, thus resulting in an increase in the cost of care.

So why does this matter to brokers?

If pushing costs to employees or switching to more cost-effective plan designs aren't viable options for employers, the next option is switching to a more cost-effective insurance provider. If an employer believes their broker can't provide better coverage options and sees them as nothing more than a single-solution provider, they won't hesitate to find a more cost-effective alternative.

But, if a broker is seen as an indispensable and value-added business partner, employers are going to be less willing to look to other providers.

## **Moving to a Customer-Centric Approach**

The premiums that a broker passes onto their employers are essential to maintain a profitable bottom line, as is the support that brokers provide throughout the enrollment process. That's why brokers often put most of their focus on these two essential business factors, especially during renewal season. But the quotes you provide, and the enrollment support you offer don't matter if you aren't able to maintain a positive retention rate.

The age-old Pareto Rule, also known as the 80/20 rule, suggests that 80% of outcomes come from 20% of causes. For brokers, that means that the top, low-need employer groups are driving the most revenue towards the bottom line.

Conversely, it also means that significant resources are being allocated to address the needs of low-profit, high-need employers. This disproportionate allocation of resources leads to inadvertently neglecting the most profitable employers.



If the 80/20 rule holds true, are brokers spending enough time and resources on their more profitable employee customers? Probably not. And that's a needs-centric approach.

But switching to a customer-centric approach means focusing on the customer holistically. Not just when an individual customer needs support, but their overall needs when it comes to their benefits coverage and their business operations as a whole.

## Investing in Customer Relationships

Building a customer-centric organization starts with investing in your customer relationships. Employers are used to hearing from their broker partners during renewal and enrollment season. And employers may reach out when they need to update employee information for new hires or life events. But the rest of the year – silence.

But what if instead of silence, brokers focused on customer-centricity and creating stronger relationships year-round? After all, if employers know that their broker partners are fully invested in their success, and consider their brokers to be trusted business partners who provide essential business services, the more difficult it will be to look to alternative providers - even when faced with rising premiums and tightening budgets.



# You're Ready. Now what?

You get the value of customer-centricity – but you don't have the manpower to support a larger customer support function. You still need to meet the needs of your customers – but how?

**Start by asking yourself a few questions:**

- Do my clients feel that I am a trusted partner for their business? If not, why?
- What feedback have we gotten from our customers recently?
- What are our customers' expectations of us? Are we meeting those expectations on a regular basis?
- What differentiators do we offer? Are our clients aware of those benefits?
- Are there customer support services that our competition is offering that we aren't?
- Where are our clients' biggest financial struggles when it comes to the services we offer? Are we doing anything to help mitigate those struggles?
- Is there insurance-adjacent support that our customers need?
- Are we responding to our clients in a timely manner, even outside of questions related to renewals or enrollment?

These questions should help you think about your strengths and weaknesses. Where are you already meeting the needs of your customers – and where can you improve? The next step is thinking about the technology that will help you effectively fill the gaps in your customer support efforts.

# The Zywave Difference

Building an effective customer support platform isn't easy – that's why Zywave has done the legwork for you. The Client Cloud was designed to help brokers provide essential business services to their clients at scale, while still allowing brokers and their teams to focus on their day-to-day business.

## What's in Client Cloud?

**Compliance Tools:** Help your clients manage the complex world of compliance and risk management with tools and an extensive content library.

**People Management:** Support your client's biggest investment – their employees. HR applications and resources will help your clients HR teams do their jobs more effectively.



**Enrollment Support:** Instantly create, manage, and store enrollment booklets for each of your clients, branded to your organization.

**Education:** More than 150 training courses on topics including human resources, safety and risk management, sexual harassment, and more.

**Portal:** The easy-to-use client portal can be customized to your brand and includes all the content, tools and resources your clients need 24/7/365.

By leveraging the Client Cloud, brokers can better serve their clients, allowing them access to the tools and information they need to succeed – on their own schedule. With customizable options, the Cloud acts as a brand extension, and helps brokers prove their value as not just an insurance provider – but as an essential business partner. And by the time renewal season comes around, the Cloud will help you ensure that your partnership is a must-have, instead of just a necessary expense.

**But don't just take our word for it. Here's what Client Cloud customers, have had to say:**



## What Our Customers Say

"With Zywave tools and portals, **insurance no longer has a stodgy connotation**. People enjoy the ability to interact with their insurance program just like they do when banking or shopping online."

- Broker

"With Zywave, **I feel like I have a team behind me**. I used to have assistants and teams of people to help with things like compliance, wellness, benchmarking, etc. But now, I can deliver all that and more - on my own - easily with the Zywave tools."

- Broker

"Before starting these trainings, we had a couple strong users, but knew we weren't maximizing on our capabilities. Now we have about 50 clients on the portal, and most are actively using it. **We've gotten great feedback, particularly from our smaller clients**. They don't have HR departments or the time to think about all this information, so **the portal has become their 'HR assistant.'**"

- Broker

"There's no question that **I have seen ROI in both winning new business and retention with my Zywave tools**. Purchasing Zywave tools was an investment, especially for a small brokerage like mine, but it's been worth it, and I couldn't be happier."

- Broker

## CUSTOMER-CENTRICITY IS WORTH THE INVESTMENT



# 71%

*71% of employers report that the lack of prompt and effective service is a main factor that would lead them to change brokers.*



# 3 in 4

*When selecting a broker, 3 in 4 of employers consider available resource offerings provided by the agency.*

## Ready to Get ROI on Customer-Centricity?

For brokers ready to pivot to a customer-centric focus, Zywave is ready to help. Premiums aren't going to slow down, and in 2024 employers are going to be looking for ways to protect their bottom line. Ensure that your organization doesn't get lost in the shuffle by shifting your focus and investing in your customer relationships. If you're ready, Zywave is ready to help.



To learn more about Client Cloud and Zywave's solutions for employee benefits brokers, visit <https://www.zywave.com/employee-benefits/>.

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