

September 2013

Maximize your impact

Gain the advantage in the small business market



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A research report for advisors

A research report for advisors on how to maximize their impact when selling, servicing and renewing group benefits for small businesses.

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New research

New Sun Life research – involving more than 400 Canadian small businesses – reveals what business owners need from their group benefits plan and their advisor. There is no shortage of opportunities – and success rests with advisors who can best address what small businesses are looking for.

THE CONVERSATION.

At Sun Life, we know that it takes many voices to have a great conversation. That's why we are working with a wide range of people – inside and outside of Sun Life – to bring the best thinking in Group Benefits to the marketplace. These are subject experts, visionaries and leaders in best practices and innovative ideas – coming together to take benefits to the next level. We will be using our resources, expertise and relationships to facilitate the dialogue. We understand the power of great minds. We want everyone to contribute.

Join **THE CONVERSATION**. Brought to you by Sun Life Financial.

1 Why the research

Last year, we asked advisors across Canada what aspect of their work kept them awake at night. A predominant theme was the worry about business growth – landing new prospects and successfully renewing existing business.

We listened – and saw an opportunity to provide better insights on what the small business market (businesses with less than 50 employees) wants and needs from advisors and their group benefits plans.

We partnered with a third party research firm, PMG Intelligence, to conduct the research. There were two parts:

- **Focus groups (qualitative):**

A series of focus groups were held in January 2013 in three regions: Mississauga, Vancouver, and Quebec City. Participants included a mix of group benefit decision makers from small businesses who currently have group benefit plans. A cross-section of industries were represented in the groups.

- **Survey of decision makers (quantitative):**

We surveyed over 400 small businesses across the country in March, 2013. Respondents ranged from Human Resources and Payroll Managers to Senior Executives to Owners (300 had group benefits plans, while 100 did not) and came from a cross section of industries.

2 The opportunity for advisors

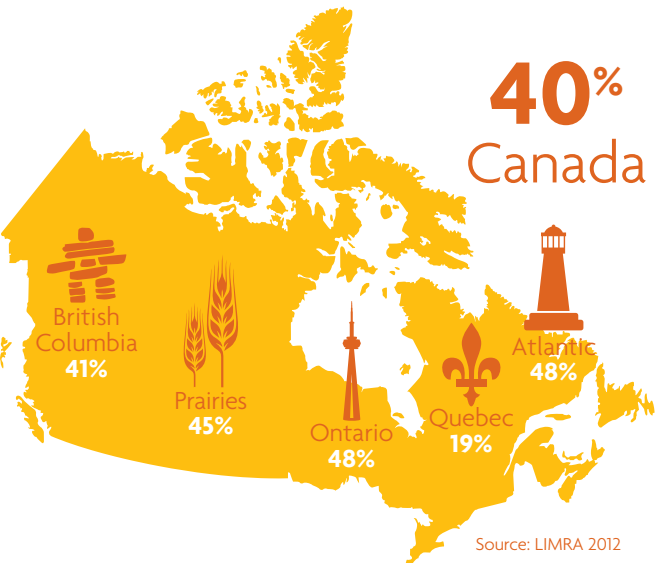
GROUP BENEFITS COVERAGE

The small business market in Canada is a large one – with more than 400,000 businesses having between 5 and 49 employees according to the Canadian Federation of Independent Business.¹

More importantly for advisors, only 40 per cent of these small businesses currently offer a group benefits plan. While the numbers vary significantly by region – with 19 per cent of Quebec businesses offering a plan versus 48 per cent in the Atlantic provinces – there is no region of the country where a majority of small businesses have a group benefits plan.²

Nationally, this means that more than 6 in 10 Canadian small businesses are potential new group benefits clients, and many are already considering offering their employees benefits in the near future.

COMPANIES WITH LESS THAN 49 EMPLOYEES

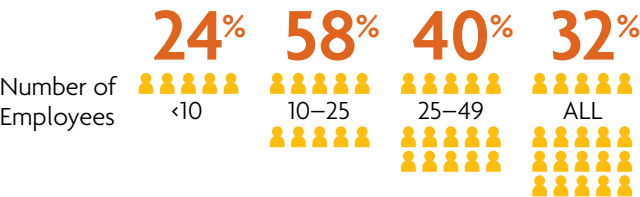


1/3 OF BUSINESSES ARE CONSIDERING A PLAN

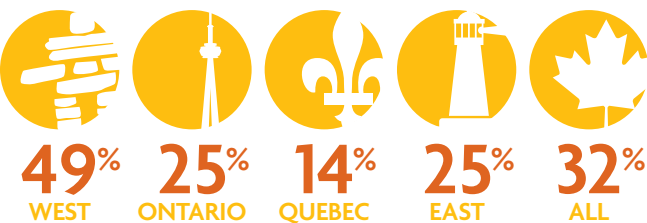
The research found that a significant number of businesses without a plan (32 per cent) are considering the adoption of a group benefits plan within the next 24 months. In effect, much of this market is already receptive to the right group benefits conversation with an advisor.

% OF SMALL BUSINESSES CONSIDERING OFFERING GROUP BENEFITS IN NEXT 24 MONTHS*

SIZE OF BUSINESS



BY REGION



* % who reported that they “might”, “probably” or “definitely” offer group benefits in the next 24 months





SET THE RECORD STRAIGHT – EMPLOYERS ARE NOT “TOO SMALL” FOR BENEFITS PLANS

The research reveals that the largest barrier to group benefit plan adoption for small businesses without a current plan is the simple belief that their organization is “too small” for group benefits. This reason was cited by 50 per cent of businesses surveyed, with cost being a distant second at 34 per cent of respondents.

The smaller the organization, the more pronounced the belief, with 59 per cent of organizations with fewer than 10 employees stating that their small size is a barrier to group benefits plan adoption. This suggests a lack of awareness and understanding of group benefits – about cost, process, administration time and appropriateness of group benefits coverage for their business.

Unlike a factual barrier such as cost, the “too small” barrier is based on perception – something that advisors are expertly positioned to address. This means that the largest barrier to group benefits plan adoption can be overcome through the advice and education that you can provide.

TOP REASONS CITED FOR NOT OFFERING GROUP BENEFITS

SIZE OF BUSINESS

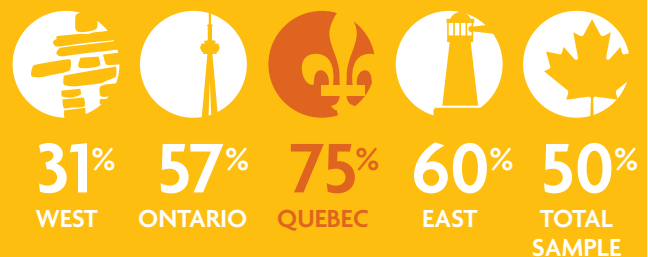
SIZE OF BUSINESS – TOO SMALL



	# OF EMPLOYEES			TOTAL
	<10	10–24	25–49	SAMPLE
COST	32%	44%	17%	34%
PART TIME/ SEASONAL WORKERS	16%	9%	33%	15%

REGION

REGION – TOO SMALL



	WEST	ONTARIO	QUEBEC	EAST	TOTAL
COST	36%	32%	38%	20%	34%
PART TIME/ SEASONAL WORKERS	14%	16%	6%	40%	15%

3 Adding value to maximize your impact

Small businesses have clear needs when it comes to their advisor relationship – and our research revealed specific ways that you can meet those needs to increase sales and grow your business.

At the core of what we heard from business owners is that they want a consultative approach – whether during the sales, service or renewal processes. While this doesn’t necessarily mean more face time, it does mean making sure that each interaction you have with your small business clients adds value.

With time already in limited supply for most advisors, the trick is finding ways to address these needs in a time efficient manner, either by refocusing your time commitment on value-added tasks or by leveraging existing or easily accessible materials to share and discuss with clients.

Here are the research findings for each of the sales, service and renewal functions – with tips that can help you to better retain your existing business as well as grow your client base.



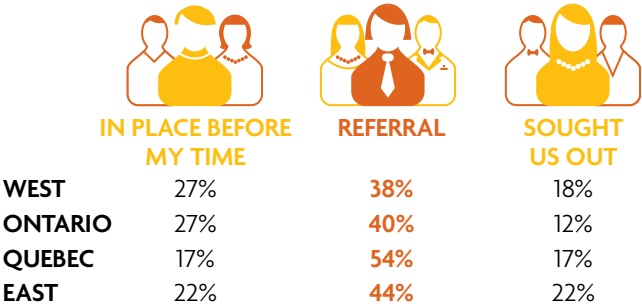
SALES

If there is one overall theme to what a client is looking for during the sales process it’s to have the initial contact points with you as “warm” as possible. That means approaching the client with a knowledge of their industry and potential needs – and if at all possible, approaching them by means of a referral rather than through a cold call.

In fact despite being a very popular marketing tactic, respondents were unanimous that cold calling strategies (especially telemarketing) were the least effective. In the urban centres where our research was conducted, many small businesses went as far to say that that cold calls often decrease the possibility of a future relationship with them.

Plan sponsors in this segment have a higher pre-disposition to refer – and the research suggests that seeking referrals from existing clients – or through connections made through industry partnerships and associations – is overwhelmingly the best strategy.

“HOW DID YOU FIND YOUR ADVISOR?”



The research also suggests that starting the sales process well in advance of a client’s renewal date is preferable. For this reason, you should make full use of CRM tools to ensure there are a number of touch points in advance of the renewal date.

THINK BIG ABOUT THE “TOO SMALL” BARRIER

The main barrier to the adoption of group benefits by small businesses is the perception that an organization is too small to have a benefits plan – and that there are no group plans that cater to their needs.

For this reason, education should be the focus of your initial conversations with many potential clients, especially those with fewer than 10 employees. This means:

- explaining that there are products and services designed specifically for the small business market, and
- highlighting the potentially large impact that the loss of an employee for health reasons could have on their organization, more so than a larger organization with backup resources.

You may also have to address issues of cost, process, and administration time – as small businesses may assume that the cost and time commitment are beyond their reach. The owner or office manager is already playing multiple roles – and you can play a big role in reassuring the decision maker that issues such as plan member education and ongoing administration are mostly taken care of.

WHAT TO SHOOT FOR

Once contact is made, here is what the research suggests you can do to maximize your impact on the sales experience.

- **Appropriate and convenient timing.** You should confirm the prospective client's renewal date in the initial sales approach, then build a case with the information they need over time, with a proposal at least several weeks in advance of the renewal. This gives you the time you need to collect information – but lets you “strike while the iron is hot” with a proposal close to the decision making period.
- **Formal employee needs analysis.** A group benefits plan investment is wasted if it doesn't address employee needs. A formal analysis ensures that your proposal is targeted to address the specific needs of the employee base. This can be accomplished by something as simple as a short form survey on what's most important to employees.
- **Consulting and understanding business needs.** In addition to employee needs, the business itself may have goals that can be addresses with certain types of plans or features.
- **A customized pitch.** Clients want to see the consulting work and needs analysis that you have undertaken reflected directly in any sales pitch. For example, if their goals are focused on attracting and retaining employees, you need to show them what a competitive plan would look like. Tools such as Sun Life's PlanInSite can provide you with this benchmarking information.
- **Strong knowledge of what's available.** In discussing a proposal, small businesses expect you to have a strong knowledge of all the products and plans that are available to them. They are expecting you to provide quotes from at least three carriers and importantly, be able to compare them on a coverage and price level to demonstrate which one is the best value.

“ I want the advisor to know our needs coming in with an estimate.
Vancouver small business owner

HOW TO UP YOUR GAME

- **Stay visible.** Between the initial approach and the presenting of a proposal, demonstrate a “value-added” approach by providing relevant and targeted educational collateral to increase your profile during the business development process. If possible, tailor the information to the prospective client's market or industry.



“ I want to see several different proposals – clearly and concisely presented – with the advisor involved in the decision-making process.
Quebec City small business owner

- **Use a system.** Most advisors don't have time to reinvent the wheel for every pitch. For this reason, you need to develop a simple method that can be used to consult with the prospect and carry out an employee needs analysis. Developing a simple employee needs survey and leveraging existing resources such as Sun Life's PlanInsite tool are good starting points for developing a method.
- **Be explicit in the proposal.** Ensure that your proposal clearly sets out the business goals and employee needs and how to address them. Strategically, look at the plan over a two to three year period. Holding costs steady over this time period – as opposed to coming in low in the first year – can avoid the “shock factor” in year two of a high renewal rate. This lets small business owners better plan for the longer term.
- **Make use of timing opportunities.** Most clients review their plans with an advisor only once a year. This provides a window of opportunity for others to come in with value-added proposals to win this business. Consider

touching base with a prospect quarterly to see if their current plan is meeting their needs. Make sure you add value by, for example, informing them of benefit trends that could impact their plans or cost containment strategies that could save them money.

“Any proposal needs to be customized to my company.”
Mississauga small business owner

“HOW OFTEN DOES YOUR ORGANIZATION
REVIEWS ITS GROUP BENEFITS
WITH YOUR ADVISOR/BROKER?”

80%
Once a year

- 11% More than once a year
- 5% Every two years
- 2% Less than every two years
- 2% Company has never reviewed benefits with a broker

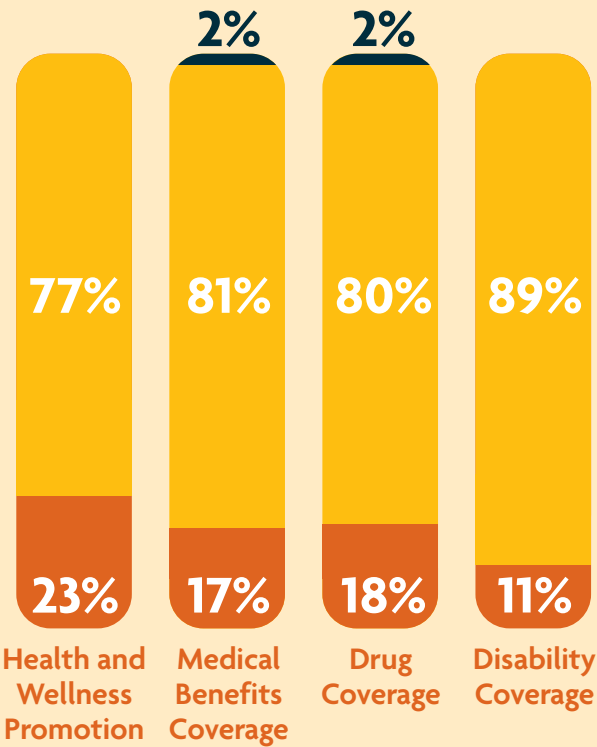


SLOW ECONOMY?
CLIENTS ARE
MOVING AHEAD

The research indicates that recent slower economic growth is not providing significant headwinds to small business intentions regarding group benefits.

Small businesses with group benefits plans say that they do not anticipate scaling back their plans in the coming five years. Many anticipate at least maintaining their current level, with each benefit type showing a contingent of employers looking towards expanded coverage.

A key growth area is health and wellness, with one in four organizations (23 per cent) looking to increase their focus in this area in the coming five years. Sun Life’s recent Generation Y research found that the youngest (and fastest growing) segment of the workforce has a strong desire for wellness-related benefits.



- An increase in coverage/focus
- About the same
- A decrease in coverage/focus



SERVICE

The client service window – between the initial sale and the annual renewal – is also a time period where the research suggests you can add considerable value.

In terms of client meetings or calls, it doesn't have to involve a huge time commitment. Neither survey respondents nor focus group participants claimed to want or need a lot of interaction with their advisor. Most felt that once a quarter was more than sufficient, with many citing two brief face-to-face interactions a year. However, small businesses want these interactions to be relevant and meaningful – and this means that you must come prepared.

“I want an advisor who tells us about changes – and is able to come up with real figures about usage. Basically, I want them to help us understand what is going on and keep us informed.”
Quebec City small business owner

WHAT TO SHOOT FOR

Here is what the research suggests you can do to maximize your impact on the service experience.

- **Proactive.** When warranted, notify the plan sponsor of key changes or developments that could affect their plan, their costs, or the employee experience. Sponsors want their advisor working to help them manage costs and improve the value they are getting from their benefits spend.
- **Educator.** A visit or online presentation devoted to educating plan sponsors and plan members on the features of their plan can go a long way to enhancing member appreciation for the plan.
- **Accessible.** Business owners want to be able to pick up the phone when they have a problem with their plan and have you take care of it in a timely manner.
- **Change manager.** In situations involving a carrier change, you should ease the transition between carriers by supporting the change through communication and education, in particular addressing factors that impact the plan member experience.

“To me the advisor's role is to build a relationship and understand the business and what our employees' needs are. They should also monitor the plan and tell us if we are not using some of the benefits or trying to make claims for something we are not covered for.”
Mississauga small business owner

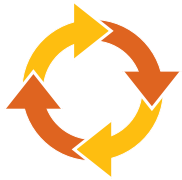
HOW TO UP YOUR GAME

- **Flag trends.** Keep up with industry trends. If developments apply to your wider client base, you can leverage a single communication that can be sent to all clients, with minimal customization required.
- **Consult outside of renewal.** Schedule at least one consultation or presentation for sponsors or members during the service period – whether for education about the current plan, plan usage, an overview of new products, or a discussion of trends.
- **Keep an eye on cost containment.** Of all concerns, opportunities to save on premiums carry the most weight with sponsors – and are also of importance to plan members who often have to carry a high level of plan costs. If an opportunity for future savings comes to your attention, you should bring it forward as soon as is practical.

“I like to see action – like have you thought of changing this to get that and just being proactive in general.”
Vancouver small business owner

MAKE USE OF CARRIER AND INDUSTRY RESOURCES

Insurance carriers often publish information on trends, new product features, and market research that is of keen interest to small businesses – but takes little time on your part to bundle and share. Group benefits or advisor publications – that few small businesses would subscribe to or read – also contain great information on what's happening in the industry.



RENEWALS

Client contact at renewal time is an essential part of your role. The research points to this as the time you can show your stuff and reinforce your value to the client by going beyond the basics to assess the plan and its effectiveness in meeting the needs of the business.

WHAT TO SHOOT FOR

Here is what the research suggests you can do to maximize your impact at renewal time.

- **Timing.** Clients prefer advance warning of renewal – at least 2 months ahead of time – so that there is time to review information, consider the impact, and think through potential actions
- **Due diligence.** Small businesses can go through major changes in the course of a year. Ideally, clients want you to have an understanding of the company and employee needs before the renewal process gets underway.
- **Trends.** Small businesses have to compete like any other, but often lack the resources to analyze trends or compare their compensation package to others in the industry. From a benefits standpoint, you can add value in this way, by highlighting industry trends and benchmarking benefits against similar organizations.
- **Cost.** You should provide detailed explanation for any rate changes, and if appropriate, suggest strategies to contain costs.

“When people come to renewal they want to look long term so demographics come into play...I also want to know how our plan competes in the industry.
Vancouver small business owner

HOW TO UP YOUR GAME

- **Discuss.** Have a renewal discussion well in advance of the renewal date – and ask the client about any changes in the business or in the employee base. In addition, you can analyze usage trends to stay ahead of the curve on any emerging client needs.

- **Educate.** Educate sponsors on industry trends and provide benchmarking where appropriate. Carriers often provide this information or offer services – such as Sun Life’s Plan InSite tool – that can provide important benchmarking information. This information can then be factored into the renewal and decision making process.
- **Come prepared.** With a prior discussion, you will know in advance what options the client may want to consider. So you should bring appropriate quotes and a range of options to discuss. This provides the client with flexibility and choice – with costs factored in up front.

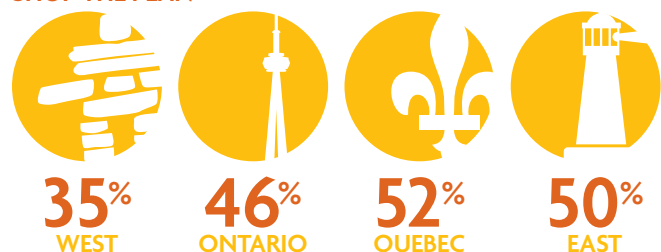
“I want to be kept up to date on things. Our advisor calls us two months in advance for renewal and we are in touch every quarter. We also have a town hall meeting with all the staff – and the employees are encouraged to call with any follow up questions.
Mississauga small business owner

FOCUS ON ALL BUSINESS NEEDS WHEN SHOPPING THE PLAN

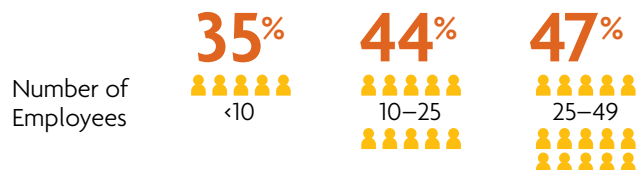
Most small businesses do not see a strong need to shop their plan frequently – but say they would definitely switch if cost increases were significant and or if service levels became an issue.

“DO YOU SHOP YOUR BENEFITS PLAN?”

SHOP THE PLAN



SHOP THE PLAN

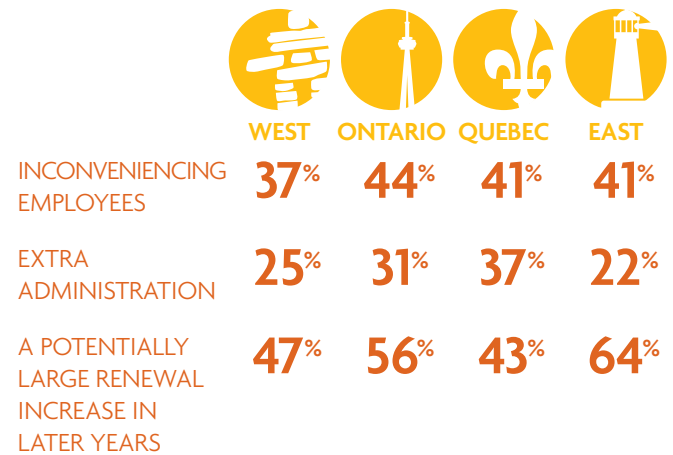


“I look to our Advisor to explain to us everything and proposes some improvements...He sends us a report before the renewal so if we have any questions we are ready to ask them.
Quebec City small business owner



Small businesses recognize that switching carriers can have a wide impact. They recognize that there are switching costs involved in changing carriers – from inconveniencing employees to the potential for large increases in later years – and these factors are considered when making a change decision.

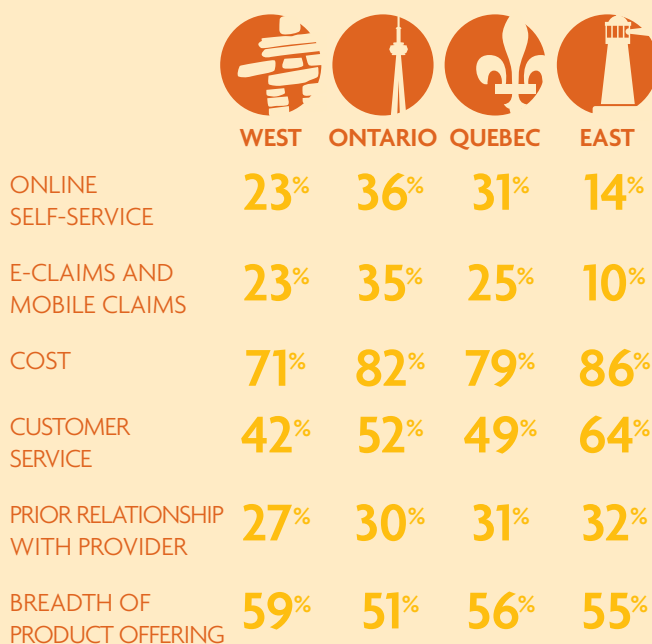
TOP THINGS BUSINESSES GIVE “SIGNIFICANT CONSIDERATION” TO WHEN THINKING OF SWITCHING BENEFIT CARRIERS



DRIVE YOUR BUSINESS FORWARD – LOOK BEYOND COST

When it comes to the choice of carrier, cost is very important in the small business market. But the research shows that there are other important drivers to client satisfaction with their group benefits plan.

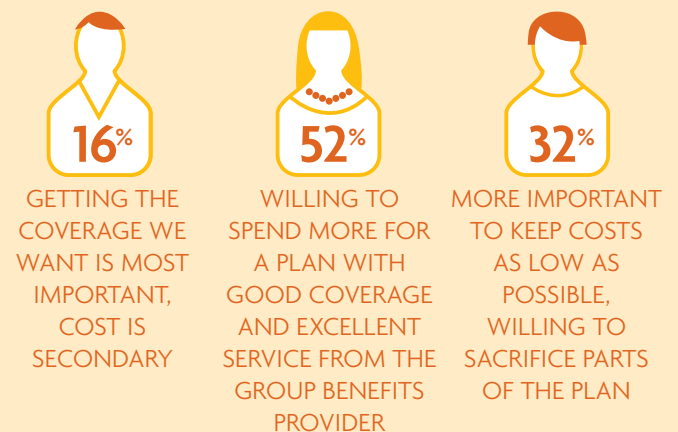
% OF BUSINESSES WHO SAID EACH MADE A “SIGNIFICANT IMPACT” ON THEIR DECISION TO CHOOSE A CARRIER



Coverage that meets employee needs, is accompanied by excellent service, and includes features such as online and mobile channel options, can also be very important to consider when choosing a plan and a carrier.

In fact, 52 per cent of survey respondents with group benefits state that they are willing to spend more for a plan with good coverage and excellent service, while 16 per cent say the right coverage is more important than cost. This means that for 2/3 of respondents, variables other than cost are important drivers in their decision making process.

“WHICH OF THE FOLLOWING STATEMENTS BEST DESCRIBES YOUR APPROACH TO PLAN DESIGN?”



It’s important for you to determine which of your clients fall within this group – as their ultimate satisfaction with the plan will depend on it. Every small business values lower costs, but a poor plan member experience can quickly erode the goodwill that a benefits plan can provide. For this reason, as part of the discovery process, an assessment of the needs of the employee base and the client’s goals for the plan is essential.

4 Less worry, more business on the road ahead

With 60 per cent of Canadian small businesses currently without a group benefits plan – and almost 1/3 of these organizations thinking about introducing a plan in the next two years – opportunities in the Canadian small business market are significant.

One point from the research is clear – small businesses are looking to you for your insights and expertise. And while time is limited in any busy advisor practice, those advisors who can refocus their energies and develop time-efficient strategies that tap into the service needs of small businesses are poised to make the greatest gains.



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About Sun Life

A market leader in group benefits, Sun Life Financial serves more than 1 in 6 Canadians, in over 12,000 corporate, association, affinity and creditor groups across Canada.

Our core values – integrity, service excellence, customer focus and building value – are at the heart of who we are and how we do business.

Sun Life Financial and its partners have operations in 22 key markets worldwide including Canada, the United States, the United Kingdom, Hong Kong, the Philippines, Japan, Indonesia, India, China and Bermuda.

¹ CFIB, Small Business Profile

² "The Building Blocks of the Canadian Employee Benefits Market", LIMRA, 2012

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