

Netwatch

By Jim Carroll

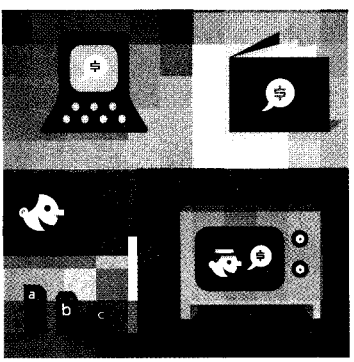
Your guide to business & accounting on the Internet

Motivating the middleman

In the early days of the digital business revolution, predictions surfaced that the "middleman" in many industries would no longer be needed because businesses would be able to go directly to the consumer. There was even a fancy name for the anticipated trend — "disintermediation."

But it didn't quite happen. Sure, there are a few industries, such as travel and stock trading, where a huge increase in the number of direct transactions has occurred. But elsewhere, companies realize that the opportunity in today's connected business world isn't necessarily about eliminating the middlemen. Instead, it is about empowering them with sophisticated technology so they can better serve the end-customer.

Take the insurance industry, for example. Experience shows that few consumers are prepared to buy insurance online, because they've come to rely upon the relationship with their broker or agent. So instead of investing in fancy consumer-oriented sites, insurance companies have been spending heavily to provide their brokers and agents with access to sophisticated online tools. The result? Today, agents and brokers can look up details for particular clients, write up new policies, issue coverage, review the commissions they've earned, or perform any other number of sophisticated transactions on behalf of their customers, all through the convenience of their insurance provider's website.



Certainly the strategy makes sense. However, the adoption rate of these tools is extremely low. I've seen more and more situations where companies are puzzled as to why their middlemen — whether they be the corporate sales force, distributors or agents — aren't chomping at the bit to adopt these tools.

It appears the problem is primarily due to a lack of communication. But any organization can do a few simple things to spur along the adoption of new technology in its sales or distribution channel.

First, clearly communicate the strategy. All too often, digital business initiatives fail because no one explains to the staff, sales channel or company representatives the reasons why the company is doing what it is doing. In the absence of a clear strategy, inertia sets in.

Second, provide some incentive to adopt the technology. I recently spent time with a major US financial firm that took an enlightened approach to this method — it put a big Pay Me button on the home page of its broker system. This allowed brokers to request an immediate electronic funds transfer of any commissions due them. The adoption rate shot up dramatically.

Third, address tension. New systems can often be misinterpreted as a threat if their purpose is not properly explained. Assure staff that the intent of any new way of doing business is to help them do their jobs better, not take their jobs away.

I had one situation where a sales force refused to support an online transaction system because they thought they wouldn't be needed anymore. Not so — the company wanted to get them away from "writing up orders" and have them focus on selling.

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HOW TO COMMUNICATE CHANGE

Communicating Change: A Dozen Tips (Harvard Management Communication Letter)
http://managementezine.com/mgchange.htm

10 Tips for Communicating Change (*Inc* magazine)
http://www.inc.com/articles/growth/entrep_skills/entrep_skills_basics/19312-print.html

Mutual Service Corporation (example of a broker-oriented business system)
http://www.joinmsc.com/joinmsc/Technology/Demonstration.asp