

Manage your agency for growth

Plan now to reap the benefits later

By Joe Castaldi

Because of tough economic conditions, many insurance agency owners have operated with the goal of maintaining what they've already built. They've implemented hiring freezes, halted technology projects and resisted major changes in a "wait-and-see" mode.

Unfortunately, the market always is unpredictable. Determining when to hold steady and when to move forward with growth will continue to be a challenge. However, the most successful professional insurance agencies are poised for growth regardless of the economy, even if it means taking one small step at a time.

If you want to ensure your agency business is ready to grow—or better yet, is actually growing—here are some steps to take.

Plan now

Even though it's a best practice to develop a business plan each year, there still are many agencies that fail to do so. For example, according to a survey conducted by Bradlow, Niedermeier, & Williams, 41 percent of financial advisers surveyed didn't have a marketing plan.¹ Carve out time to draft a plan that includes goals and directions for all areas of your agency, including sales, marketing, finance and operations.

It's critical to have strategies for core business functions in writing. It's more difficult to focus on and achieve goals that are not documented. Make sure to include goals for growth in your plan. While you may not have the budget to



upgrade technology in the near future, you still can conduct research and possibly connect with potential vendors to decide what you need; how it might integrate into your agency; and who will manage it. Waiting until the dollars are available may only put you behind the competition when conditions are ideal to go after new opportunities.

Review frequently

You also need a written plan to help you periodically review, gauge progress and tweak strategies if changes are needed. The plan should include action plans with milestone dates, deadlines, expected results and estimated budgets. This will help you determine how closely you align with your strategy and how likely you are to reach your goals.

When you review your plan and progress, keep an eye on measures that provide a picture of your agency business in real-time and where it's headed, rather than focusing on what's already occurred. This will help you make changes right away.

Manage financials

If you have a plan for your agency financials (i.e., building reserves or investing in an additional producer), you'll be better equipped to manage toward reaching the goals, as opposed to managing the daily grind of accounts receivables, payments and balancing the books. Having cash-flow goals allows you to track your expenses and look for potential issues early on to avoid shortages and to ensure adequate cash

flow. In addition, these goals will help you spot the need for a business loan, line of credit or other sources of working capital to enable agency growth.

Think forward

Agencies that fail to address emerging trends may not be able to compete for long. It's important to stay abreast of what's going on with the economy, your market, competitors, carriers, customers, technology and business practices. As you learn of impending changes, consider how they could impact your agency's position, approach and sales potential. Think about how you can capitalize on change.

For example, many carriers are making significant changes to their commission structures. How might these changes affect your business besides the obvious financial consequences? And, what will you do if a new agency enters your market or the reputation of one of your carriers takes a hit? In order to grow, even at a slow pace, agency owners need to expand their perspectives and constantly be on the lookout for what might be next.

Seek growth

In what may be a long waiting game, many agencies have scaled back plans to grow. However, the right time to plan for

growth is now. If the budget doesn't exist for major initiatives, plan ahead or find activities that can be implemented on a shoestring.

Can and should you expand into new areas to broaden your agency's scope of products and services? Will a new, inexpensive social-media marketing campaign address customer needs that have gone unmet or potential customers who have been ignored? Do you write off certain strategies because of less than ideal circumstances or look for opportunities? For instance, if most customers have less disposable income to spend on life insurance, do you neglect to sell it or get creative and try to sell what you can now with hopes of increasing coverage to higher levels later?

What about hiring more staff to foster growth? Paying for a producer to increase sales or a customer service representative to improve service could offer a significant boost to growth. If the expense isn't feasible, perhaps realigning roles or responsibilities would accomplish the same results. Whatever the case, it's important for agencies to be growth-minded.

Be memorable

Often, potential and existing customers don't recognize what sets your agency apart from others. What

are your agency's identity, specialty and brand? Determine what's unique about you—or what you want to be unique about you. Part of this process should involve evaluating your market and products. Find out, through research, what your customers' needs and wants are, and then work to be the agency that aligns with them. Be careful not to be all things to all people or to portray what you believe others want. The important thing is to make sure existing and potential customers know who you are as an agency, what you offer and what's different or special about you. You want your agency to be memorable and top-of-mind when needs arise.

Any of these steps can help you grow. The key is to plan continuously and position your agency for growth. When the economy is tumultuous, there still are steps you can take to reach your goals, so when conditions are just right you can fully execute growth strategies to build your agency business. ■

Castaldi is vice president of business development for Oak Street Funding. He is responsible for developing partner relationships and has more than 20 years of business development experience working with insurance brokers, MGAs and premium finance.

¹ *Marketing for Financial Advisors* by Bradlow, Niedermeier, & Williams, 2009

This article is a summary of a white paper titled Build an Agency: Building your agency to stay independent and competitive. The full white paper can be downloaded at www.oakstreetfunding.com/build.

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