



Cookson Walker Consulting

Building a Platform for Growth

New Resource for Brokerages Looking to Upgrade Performance

By Eric Walker and Karen Rutherford.

Brokers in Canada who are currently enjoying sustained organic growth of 20 per cent or more have several critical success factors working for them. They have a strong management team that understands the significance of a good strategic plan and knows how to implement it. They also have talented employees and they develop their staff with focused training initiatives. They have recognized the importance of a sales plan and support their sales team with great leads, attractive products, a marketing department and a fair compensation plan. Their IT systems are current and deployed properly, with checks and balances in place to ensure that everyone follows the rules. In summary, brokers growing organically have a solid organizational platform underlying their sales activities.

So what is the difference between an office growing 20 per cent a year and the average operation? Many brokers find themselves leaving the day-to-day management of their firm on autopilot while the brokerages resources are gobbled up by client service demands. In brokerages without a definitive and aggressive sales and marketing plan, organic growth is more a game of chance than a mapped out strategy. Time is consumed by marketing problems, working with unhappy customers or putting out fires.

Brokers caught in the trap of crisis management may find themselves struggling to keep pace with the softening market. Sound management protocols like taking time for strategic planning or sales planning are often missed month after month. The result, of course is a brokerage with unrealized potential or, in extreme cases, a brokerage struggling to survive. Brokers often confide that they know they're supposed to have a strategic plan, a recovery plan, a succession plan, a sales plan, etc., but since they only have time for taking care of existing clients the task ahead seems overwhelming.

Until now, external support for brokers looking to improve their operations has been limited to consultants with their own unique products and services to sell. For example, if a consultant is a specialist in the field of sales training, then everything in a broker's office can be fixed with more sales. Sort of the old story – if all you have is a hammer, then everything looks like a nail!

Now there is a new resource in Canada to assist brokers in creating a list of priorities and determining the path to achieve growth goals. For nearly eight years, Gold Seal, an international company, has provided a range of services to insurance agencies, brokerages and underwriting agencies, including comprehensive procedural manuals for

agency and brokerage operations, human resources guidance programs, internal and external audit services, reporting procedures and business processes. All of the programs integrate risk management and compliance requirements for insurance agents and brokers. They also provide templates to assist with the preparation of standard documentation.

The standards referred to by Gold Seal in its audits, tools and templates are recognized by E&O carriers, Lloyd's of London and brokers, as well as major insurance companies in several countries. E&O carriers are interested in assisting their brokers in avoiding claims. A Gold Seal performance audit, among other things, provides a list of the weak areas in a broker's operation. Lloyd's of London requires cover holders to be audited regularly and is attracted to Gold Seal because of the quality of work, its standard approach in all brokerages, and its experience in multiple jurisdictions. Insurance carriers like Gold Seal because it is an effective way to bring value to their brokerage force. Brokers discovering it for the first time in Canada will find it a very useful tool to assist in diagnosing their brokerages weaknesses and helpful in the implementation of improvements.

AUDIT

The Gold Seal performance audit is one of the key services, providing accurate, objective information on the current status of a brokerage, prioritizing items that need to be addressed, and offering effective strategies to execute the necessary changes.

The initial phase of a Gold Seal audit includes a comprehensive review of the five critical areas of a brokerage: Front office, organizational capacity, administration, products and services, and corporate controls. The report is based on the findings measured against best practices benchmarks.

The front office part of the review encapsulates all that happens with the client – quotes, new business, endorsements, renewals, cancellations and claims. This involves a rigorous examination of paper files, the broker management system, workflows, documentation (certificates, broker of record, submissions, applications, letters, policy issuance), complaints handling, financial arrangements and service plans.

The organizational capacity component looks at everything that might affect a brokerages' ability to grow, such as information technology, human resources, financial picture, in-house skills and external partners. The back office or administration part of the exercise analyzes money management, credit control and financial management. The products and services stage assesses those activities involved in developing or selecting insurance carriers, products and services while the corporate governance stage puts the spotlight on the activities involved in establishing overall management disciplines for the business operations.

Each level of analysis provides a comprehensive and objective evaluation, identifying problem area and suggesting improvements that are prioritized to assist brokers in making the changes necessary.

ADVANTAGES

Brokers can benefit in many ways from this type of audit. Most probably already know theoretically what changes they need to make but many struggle with deciding which task should be tackled first, what actually needs to be done in order to move the brokerage forward, and how long each improvement might take. In practice it is easy to get sidetracked.

Once brokers have a fully developed picture of their brokerage they can aggressively build and execute a plan. For instance, the audit may indicate that staff members lack the ability to service the type of accounts that the firm is seeking to acquire. The broker can then quickly identify that all continuing education efforts should be focused on ensuring that employees have the opportunity to learn the necessary skills.

In terms of organizational capacity, a broker may discover that he is not using his BMS to capacity. The list of prioritized issues will help him settle whether or not he needs to simply improve staff training and workflows or whether he needs to review his entire system. Brokers with a better understanding of their BMS won't be distracted with the latest sales pitch from a supplier, buying whatever is being sold rather than acquiring what they really need.

Training is another typical problem area. How many brokers can honestly say that the training they pay for is directly tied to the growth plans for their brokerage? Brokers in Canada can and should demand that their suppliers create customized solutions to meet their needs. Whether it is a training program or consulting services to assist with strategic planning or some other topic, it is reasonable to expect your suppliers to adjust their product to suit your exact needs.

With an unprecedented number of brokers due to retire in the next 10 years, grooming a brokerage to maximize the return on investment must be on the minds of hundreds if not thousands of Canadian brokers. Gold Seal's philosophy is to assist – beyond expectation. With experience in several countries and experts domiciled in every jurisdiction, the standards of excellence are unequalled.

Now brokers can afford to have a world-class review of their brokerage and the assistance of an objective professional to identify the plan of action. Every broker can enjoy the thought that if they wish to, they can identify their shortcomings, create a solid plan to eliminate their weaknesses and then focus their energy on growth. The result would be a stronger, more valuable brokerage.

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