



Cookson Walker Consulting

Mind Mapping

Making Strategic Planning 'Fun and Easy'

By Karen Rutherford and Eric Walker

Brokerage owners usually have no problems establishing their basic strategic objectives: Targeted growth and profit levels. The next stage, however, creating a plan setting out cogent strategies with clear implementation steps, is often the showstopper.

This task seems overwhelming in complexity – time-consuming and fraught with painful details. Combine these factors with a situation where the owner of a brokerage is often the largest active producer and you can quickly understand the dilemma. Owners of brokerages have to make critical time choices: Either skip the strategic planning and keep running out the door to new sales opportunities or give up potential revenue and sit around in meetings. For many, the sacrifice seems too great and planning is ignored.

Planning is important for all businesses but, in particular, it is crucial for insurance brokers facing succession or transition issues. With more brokers set to retire in the next 10 years than ever before in Canada and knowing that a great succession plan can take up to five years, isn't it good to know strategic planning can be made easier, even fun?

Why is a strategic plan so critical? The most important reason is that it makes sure all the talent in your office is pulling in the same direction and you are not alone dragging everyone along for the ride. Successful business owners from every sector of the economy know that great growth and profit is not achieved with one or two stars, but with a concentrated team effort. For staff to understand and support your business objectives and to work enthusiastically towards them, they must first trust your vision and be able to see the role they play in your brokerage. The only way for owner-managers to provide this necessary element is to work through a strategic plan.

TRADITIONAL PLANNING

What exactly are the critical elements of a strong plan: Mission statements; an environmental scan; an analysis of the strengths, weaknesses, opportunities and threats ("SWOT"); the subsequent identification of key strategic objectives, then detailed action programs to implement and achieve the objectives.

An effective plan usually has a mission statement – a first step that is much maligned but is actually invaluable. It should be a statement that you and your staff believe and live every day, one that you are proud to repeat to clients. It is hard to sum up your mission in a sentence or two but when it is done and staff believes it, you have an anchor for everything you do. A mission statement is effectively a benchmark against which the major decisions in a brokerage are taken.

One of our favourites comes from one of our clients: “We believe quality counts, integrity lasts and treating people with respect makes great things happen.”

The next step is a bit more technical in nature and that is the required “environmental scan.” Actually, brokers do this regularly but they just don’t recognize it when couched in these terms. Take a few minutes and jot down what your competitors are up to. What is going on with government regulation? What is happening in your region of the country? Is the economy stable, hot or are you dependent on one industry or one large employer? What is likely to happen in the next few years? What’s the lay of the land with your insurance company partners?

These are the questions often asked and answered over coffee in the morning, at lunch or in the late hours of a hospitality suite. To plan for the future you must take in the present, wonder what will change and what will stay the same.

Following an environmental scan you must take stock of your current strengths, weaknesses, opportunities and threats. The SWOT analysis is a great tool. The trick for most is thinking broadly enough and being brutally honest. The identification of opportunities and threats arises from the environmental scan discussed. Typically, the assessment of strengths and weaknesses takes into consideration your human resources, the talent you already have, and the talent you may need to develop. Financial performance relative to benchmark operating results, balance sheet ratios, sales productivity, business mix, volume by carrier and loss ratios should also be reviewed and considered.

The previous steps are primarily analytical in nature. The next step in the strategic planning process is to focus on the long-term objectives that a brokerage would like to achieve. These are identified via the SWOT analysis and should be consistent with the mission statement or may result in altering the mission statement.

Objectives should be ranked. The top five to eight points should clearly rank above all others for, say, the next three to five years. They should serve as quantifiable, measurable yardsticks against which the business can be measured over time. Categorically, the objectives should be operational and financial. For example, an operational objective might be to establish an “other financial products” division. Financial objectives could include profitability and growth targets, stating the required level of working capital, debt to equity ratio, or desired aged premium receivable profile.

Finally, the steps or actions required to achieve the desired objectives for the year, along with assigning responsibility and establishing completion dates, should be set out.

A sales and marketing section of the plan might detail the various programs (industry, class of business, orphan accounts, telemarketing, etc.) that will enable the brokerage to meet the growth targets for, say, personal lines, commercial lines, and life/group business. Type of customers, details of relevant coverage, the number of letters and/or calls required, identification of the individual responsible for implementing the program, and a revenue target would form part of the detailed plan.

The insurance company being used for the program should be noted in order to control the distribution of new business to the broker’s markets. Other objectives identified in the

other functional areas of financial, human resources, and management would be similarly dealt with and transformed into detailed action plans.

Who normally participates in this exercise? This is a task best done collaboratively. Some businesses use a trusted client to work through some of the steps, some use their accountants or lawyers, others senior staff. What is important is to have some input from a respected individual to help you challenge your thinking, your assumptions and your conclusions.

Brokerages need to work through this exercise on a regular basis. Annual adjustments are necessary to keep the plan current, viable and energized. As described, the typical plan is built with a three- to five-year window in mind but, as the world changes around you, an annual update keeps your plan focused.

MIND MAPPING

Now how do you make the nuts and bolts of traditional business planning easy, using the smallest amount of your valuable time, and have fun doing it? There is a business skill that has been developed over the last 15 years; some describe it as “radiant thinking” but we call it “mind mapping.” This is an efficient, flexible, dynamic and easy-to-use skill; developing and applying it could be a brokerage owner’s salvation.

According to Wikipedia, “a mind map is a diagram used for linking words and ideas to a central key word or idea. It is used to visualize, classify, structure and generate ideas, as well as an aid in study, problem solving and decision-making.

“It is similar to a semantic network or cognitive map but there are no formal restrictions on the kinds of links used. Most often, the map involves images, words and lines. The elements are arranged intuitively according to the importance of the concepts and they are organized into groupings, branches or areas.”

Corporations and organizations from the U.S. Department of Defense to one-man businesses have discovered this powerful technique. For those who love their computers, there is software available such as Mindjet. For those who prefer to mind map by hand, this tool is just as effective with a few coloured pens and a blank sheet of paper, the larger the better. There are books and online seminars to teach you how to become a mind-mapping expert. Many think the activity is messy or disorganized but after you try it a couple of times you will wonder how you managed your business without it.

The rules and technique of mind mapping are simple. Put the topic in the centre of the page, circling it in some fashion. All ideas radiate out from that. Imagine a tree with many growing branches. On each branch you will write a key word or phrase. For those with an artistic flair, a diagram or stick figure drawing would be even more effective. There is no right or wrong approach to the order, and no restriction on how many branches you use. The most amazing mind map I have seen is the maintenance plan for a nuclear power plant, which reduced a maintenance manual from 790 to 28 pages.

What makes the technique brilliant for strategic planning is you can jot down your SWOT, your goals, your mission and other ideas as they hit you, or as they come up during a meeting. As a business planning tool, mind mapping aids the decision-making process by visually highlighting trade-offs and competing factors in a broker’s business.

It is an easy thing to then number the ideas in order of importance and set priorities.

Once you have a giant mind map of your thoughts, you can refine it and then, if you like, commit it to a more traditional paper version. It is our experience that most brokers are entrepreneurial and dynamic in nature. The time traditional meetings take wears them down. Mind mapping is fast, doesn't require mental organization and reduces the time required to document a plan significantly.

The results of planning will allow you to see the areas within your organization that are perfect the way they are, and those that require improvements. For example, if you have plans to grow your commercial book of business and your SWOT shows your staff is not currently skilled in handling commercial accounts, you can move to utilize all your training time and money to building the skills that support your strategic objective. No longer will you send employees to a homeowners rating seminar just to get the CE credits. Think about it for a moment: If you developed your staff to match your strategic objectives, what would the results be?

You'll know you have a brilliant plan when you ask your staff about the brokerage's mission and their role in achieving it and they can actually answer the question. You will feel the results of putting a strong plan in place when you recognize the momentum in your office is a result of everyone's energy and not just yours.

Karen Rutherford and Eric Walker are consultants at Cookson Walker Consulting Group and can be reached at krutherford@cooksonwalker.on.ca or ewalker@cooksonwalker.on.ca. Both teach mind mapping techniques and assist brokers through facilitating strategic planning sessions.