

# Moving ON

**How to ensure your broking business keeps growing as you prepare for retirement.**

By Nick Hill



One of the major challenges facing insurance brokers is the ageing demographic and the desire for broker principals to take a step back and enjoy the fruits of their hard work.

In previous years many have chosen to sell to other firms, but there has been a recent shift to maintaining brokerages and taking a step back to let existing staff or family members run the business.

Most brokerages have been built over decades, based largely on the relationships built by the principals. If the principal takes a step back, or sells the business, there is no guarantee these relationships will continue to prosper. The 10 activities outlined in this article represent ways companies can ensure the business keeps moving forward once the principal takes that step back.

## **Plan in advance**

The longer you are able to put a plan in place to manage the process, the more successful the transition will be. Ideally, the ongoing structure of the business should be planned with at least two renewal cycles to go before the principal changes their activities. This allows clients to get used to the change and importantly enables brokers to work through any issues that are likely to occur.

## **Treat it as an opportunity**

Review, revamp and reinvigorate. A major change in the business is a good time to take a step back and look strategically at the business as a whole and where it is heading. Key areas to consider are any product niches that were the prime domain of the principal but may not fit with the remaining employees' skill sets and additional areas the business should now be focusing on. If the company name is tied to the principal, this is a good

time to look at that too. For example, if the principal is called John Smith from John Smith Insurance Brokers, maybe JS Insurance Brokers is a more appropriate name.

### **Increase promotion of wider team**

Often the business revolves around the principal. A concerted effort should be made to start promoting the new management team and other people within the business. There are many ways to do this including developing team profiles on your website, encouraging others to run presentations/seminars, incorporating team members into client meetings and adding their profiles to client documentation.

### **Update material**

As is the case when anyone leaves, marketing material and websites need to be amended to make sure they are up to date. For example, if the principal has taken a step back you do not want their name all over the website as a main contact.

### **Don't over-publicise change**

While you do need to ensure information is up to date, you should not overplay the changes. Clients are always wary of change and making a big song and dance about the fact that more than 30 years of knowledge and relationships is leaving the business is not going to help maintain revenue – but you do need to keep communicating with clients.

### **Identify key linked accounts**

A large number of the clients will have been with the business for a long time on the back of relationships with the principal. The ones with the biggest

value to the business require a specific plan to introduce new people into the relationship and ensure the client is comfortable with how things will be handled going forward.

### **Invest**

Invest in people, promotion and activities. Use additional ways of marketing the business to highlight the value you provide and boost awareness. This is not just advertising, but should include activities like increased face to face client meetings, corporate hospitality, local sponsorships, direct marketing and a wider client communication program.

“ THERE IS A BALANCE BETWEEN STAYING INVOLVED AND HINDERING THE BUSINESS – KNOW WHEN TO LET GO. ”

### **Review clients in similar situations**

They may also have directors looking to move on from the business. This means all existing relationships are null and void. These clients need to be treated as new in terms of the need to build relationships and demonstrate value. Ideally, these organisations should be identified in advanced to enable a tactical strategy to be developed.

### **Ensure internal knowledge transfer and communication**

Taking decades of expertise out of a business can seriously impact the value it adds. The principal should make sure that employees are given every opportunity

to learn from the wealth of experience the principal has on offer. Activities like weekly 'lunch and learn' sessions can prove very effective. While there will be occasions when the succession plan is too sensitive to be shared with employees, their involvement and support in the new management of the company is the lifeblood of its success.

### **Stay involved**

But not too involved! A smooth transition is best achieved through the continued involvement of the principal in the business. This can be managed through a reduction in hours, only being involved in initial client/prospect meetings and troubleshooting. Be warned, there is a balance between staying involved and hindering the ongoing development of the business – know when to let go.

Throughout any transition process there is a need to monitor business levels more closely. This will help to identify any potential issues early and develop plans to rectify them. As the business changes, it is important to remember that every employee has a vested interest in maintaining success and using their combined strength, rather than just that of the principal, will result in better returns. ✓



Nick Hill is the Director of Hillster Marketing and has over 15 years' experience of marketing within the insurance industry around

the world. Prior to founding Hillster Marketing he was the National Marketing Manager for OAMPS Insurance Brokers. Nick has developed a practical workbook to illustrate 10 steps to successful marketing for SME brokers and he can be contacted on 0419 371 018 or email [nick@hillster.com.au](mailto:nick@hillster.com.au)