

August 26, 2007

## THE NECESSITY OF UNDERSTANDING AND EMBRACING CHANGE

The bread and butter end of my consulting has to do with the expertise, knowledge and experience that I bring to those who wish to have their agency evaluated and appraised. Sounds pretty straightforward, and it is, except for those rare occasions when agency owners don't understand the rules. I am using a direct quote (page 57) from my book *Insurance Agency Consulting* to make a very important point and it's entitled RESTATE CLIENT'S WISHES:

*At this point, ask the client exactly what he/she expects you to accomplish. Then, you reiterate your understanding of what your client stated. Here is where you can begin to have a meeting of minds. When you provide your client with this type of feedback, it may be the first time your client has heard the problems verbalized by an outside source.*

*Don't think that whatever your client said initially is exactly what they want. Ask questions. In fact, few consultants like to take this step because it can often muddy the waters or at the least raise some new issues.*

*In many cases, what your client told you what he/she wanted accomplished will be totally different from your initial understanding. That's okay. This is a valuable checkpoint because it lets you re-work your proposal or contract to make it fit what your client outlined. You can now attack the real issues and spend less time on non-productive parts of the assignment. The goal here is to minimize or avoid times such as these.*

I urge agency owners to give careful consideration, to what it is, they wish an agency evaluation-appraisal to accomplish. Consultants in the discovery stage of an evaluation-appraisal may come across information that would tend to make the agency owners expectations out of line with the facts. Any consultant worth his/her salt has an obligation to get with the agency owner and bring him/her up to speed in light of the new findings. Ignore this warning signal, and when it comes time, for an agency owner to review your report you may find yourself having a hard time getting paid the balance of your fee.

At first glance, you may think the first part of this column was directed solely at consultants. My reason for reiterating such an important point is really directed to agency owners. When an agency owner seeks an evaluation-appraisal of their agency it is not done out of a frivolous nature. It is done with a great deal of thought for a specific reason such as: divorce, merging, sale or new investment money. Agency owners must have a solid understanding of their agency, its functions, and its problems, as well as its strengths. The more knowledge an agent

can bring to a consultants attention the more concise and factual their final report will be.

Speaking of rules, I had an interesting call from a prospective client. The agency owner's name is Gadi Binness and he is the principal of an internet company called Moving Insurance, LLC. He asked if I would be interested in evaluating and appraising his agency. The name of the agency is: Movinginsurance.com. That should have been a tip off. It was, and is, a total internet company. I broke my own rule and found myself out of my area of expertise when I agreed to listen to what Gadi had to say.

Gadi is a very creative individual with a tremendous work ethic. He started the agency from scratch some three years ago. The agency does not write automobile, homeowner or commercial related policies. The agency specializes in the writing of moving insurance for their clients whose goods are being transported from one domicile to another throughout the United States and Internationally. The agency operates as a Limited Liability Corporation out of Montclair, New Jersey.

Gadi brought to the party some sixteen years experience working in the moving industry. What he didn't have was the technical knowledge to setup his fledgling agency as a total internet agency. He sought out some highly skilled computer programmers and along with Gadi's input they developed a program that fit his parameters. He keeps a highly skilled computer whiz on the payroll on a full time basis.

Now, all he had to do, was convince some backers that people would buy his policies off the internet and then he would be good to go. Everyone he approached, told him it couldn't be done. The buying public wasn't ready to buy a policy and pay for it all on the internet. Despite the nay sayers he went forward. He proved a very important point. The buying public was indeed ready to buy his policies off the internet. Something many insurance companies, as well as agencies, did not, and do not, believe even as we speak.

One of the breakthroughs he had to accomplish was with the insurance carriers. They were uncomfortable with clients buying directly off the internet without a face-to-face with an agent. That proved to be a thorny issue as anyone in the insurance business knows. Carriers will go to great lengths to avoid giving up control. Well, the impossible happened. Gadi is, if anything, a master salesperson and he soon got underway. Incidentally, his annual loss ratios have hovered between 40 to 48 percent during each of the last three years and his carriers love him.

The agency operates throughout the United States as well as Internationally and does so with a staff of four including himself in Montclair and three other

associates, one of who is his risk manager, out of their in-home offices in St. Louis, Missouri. The role of his associates is to sign up Moving companies. Gadi has established strict guidelines that the moving companies have to meet. He preaches quality, quality, quality. Moving companies that give him less than desirable business soon find themselves no longer representing Movinginsurance.com.

The policies his clients purchase are in force normally for 30 to 90 days with an option of renewal on a monthly basis. Standard insurance renewal ratios are non-existent, beyond the monthly extensions. The policies are in force from the time a mover picks up Movinginsurance's clients good until they are delivered to their final destination and the move is officially completed.

By now you have no doubt figured out I was hooked. I was determined to wrap my arms around this very interesting and challenging agency. I established a set of standards, some quite similar to the P & C agencies I evaluate and appraise. Combining the best of both I was able to establish a value for Movinginsurance.com. I didn't say it was easy, just challenging. Gadi will welcome any and all calls from those who wish to see how he made it all fly. In face of tremendous odds. I might add. For those who wish to call him his office number is: 888 893-8835 ext 16.

The following is an important concept that Property & Casualty owners should consider. As one would expect from an internet agency reports are up-to-the-minute and completed on command. Movinginsurance.com faces limited competition domestically, as well as internationally. Most carriers operate as hybrid carriers. The majority of whom rely on face-to-face interviews and customer interaction. This is what sets Movinginsurance.com apart from their competition.

As our population continues to age we have many new players on the stage. They are the young people who have and are used to computers. They learned in school the value and scope of these means of communication. With time being compressed for the young households of today they are not afraid of tackling or trusting the internet. Present day agency owners must give more thought as to how they can fold the internet into their agency. Well developed, agency computer programs are worth one-to-one and-a-half persons. Also, international business now makes up five percent of his total book and this phase of the business is steadily growing.

Associate turnover is a constant bugaboo for agency owners. Take a look at your office staff and the number of people you have reporting to you. Could you do with less, if you provided a phone-computer link for any of your associates who wishes to work out of their homes? Those who have embraced the office-in-home concept will tell you it cuts turnover. Extra agency real estate is no longer needed. The only person you have to impress is your bank account. What is the real problem I have

outlined? Agents are like the insurance carriers they serve. They too, will go to any lengths to avoid giving up control. Ironic isn't it?

If you wish to discuss any of the above with me give me a call. Should you have an interesting story that will play well in Peoria. Tell me about it and we'll see how far it takes us. Oh, yes! For those who have read this far. Call me, order my book and I'll include a special bonus free of charge. My book is a great read and it has a ton of valuable information agents can use.

Sincerely,

**Edward Curry**