



## Business Planning: Making It Happen in Your Agency

by Daniel J. Devlin

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**H**ow often have you thought about making changes in your agency? Perhaps you had some great ideas in sales and marketing to generate new sources of revenue. Or, maybe your operations manager is thinking about making changes to the job design of your customer service area to improve service to producers and customers. But, somehow time goes by without the ideas being implemented. Why? Our experience indicates that it is usually the absence of a formalized planning process that allows you to share ideas with your key employees, develop action steps, assign responsibility, and set target dates for completion.

Our experience further indicates that agencies that conduct their business from a written plan outperform the competition and are leaders in facing the challenges of the changing insurance marketplace. Business planning is essential for any agency having recently experienced a major change, like a merger, acquisition, shareholder transition, or sale to a bank.

### Getting Started

A planning session should take place off-site. Key management and sales and service

personnel are included. The session is enhanced by the use of an outside facilitator, particularly one with no close ties to the agency. The facilitator brings outside perspective to the session, and is comfortable challenging stale and unproductive agency strategies. Next, the participants identify the "key result areas" that warrant discussion and solutions. These topics need to be limited and prioritized. Too many topics will make the session lengthy and create boredom. A master facilitator keeps the session on track, and is capable of bringing real solutions to the table when participants cannot.

Detailed below are frequent topics on the agendas of business plans that this consultant facilitates. Keep in mind that this outline is of a basic business planning session. Organizations planning for the first time, and those that have lost their strategic direction, may need to devote time to an agency mission statement and an assessment of outside forces adversely impacting their business model.

### Financial Issues

Many agencies believe that a budget is a business plan. While it is not, it is a document that needs to be completed in advance of a planning session. The budget sets financial parameters on planning participants. It is usually Act I in a business plan. Corporate needs for revenue and earnings growth will drive sales goals for the production staff. And expense constraints may limit the participant's ability to devote capital to new marketing ideas. This all needs to be presented by the financial manager, and assessed by participants.

Overdue receivables, the firm's credit and collections policy, and anticipated carrier

contingency income are frequent topics raised by the financial manager in this early part of the planning session.

### Sales Goals

One of the most important parts of the business plan is setting sales goals. Before establishing these, management needs to detail carrier commitments and communicate target markets by product line to producers. Once established, the financial manager can present the firm's revenue needs. Now watch the stress meter rise. Growth goals by product line are divided up among the sales staff, *including principals*. Politics and posturing often develop at this point, particularly if the sales goals are aggressive. Many producers will plead that their book of business is too large for new production goals. The sales manager, in conjunction with the facilitator, can guide the group through this difficult process. Tentative goals may have to be adjusted upward in light of normal attrition and potential rate decreases in some product lines. Be warned that aggressive sales goals set for the first time may drive a salesperson out of the agency. Usually this is not a loss, as frequently they are poor performers.

### Marketing

This is the fun part of the program. The sales staff is always in need of improved sales and marketing techniques. These include telemarketing, direct mail, advertising, and custom newsletters that rotate features on members of the sales staff. Proven techniques to obtain leads from existing customers are also effective. Marketing and promotional techniques that identify and build agency name recognition and value are also a key part of

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the discussion. The facilitator should bring to the session samples of proven marketing and sales material, so that planning participants instantly can see the quality and creativity necessary to wage an effective marketing campaign. It has been the consultant's experience that most agencies are weak in the development and use of quality marketing material. Accordingly, upgrading marketing material can be expensive. However, experience shows that it often pays for itself with increased sales.

Many of the action steps developed in this category are divided among the sales staff. By putting "sweat equity" into initiatives that can bring improved sales results, participants are usually motivated to contribute their time and expertise. In larger agencies with the resources to hire a marketing manager, many of these action steps are completed by this one person. However, regardless of the size of an agency, many marketing tasks can be outsourced to local professionals.

## Operations

In most agencies, operations do not support sales. Unfortunately, this often comes to light when sales staff are asked to take sizable increases in their goals. Their first objection is that they are servicing many of their accounts (instead of selling) because CSRs are either too busy or incompetent. This may not always be true, with the real reason sometimes being that the producer cannot delegate. All of this needs to be sorted out in advance of the planning session. Complaints about CSR support from the majority of the sales staff during a planning session can derail the setting of mutually agreeable sales goals.

Forward-thinking operations managers are wise to address these issues well in advance of the meeting. This can be done by surveying the sales staff on the quality of CSR support 90 days prior to the annual

meeting. Many of my clients have *operational reviews* performed every few years by Devlin Consulting, LLC to ensure that operations are supporting sales.

During a planning session, support staff costs and overall agency efficiency are usually discussed. Keeping support staff payroll at between 20 to 22 percent of total revenue is a sure way to free up funds for marketing ideas and select acquisitions.

## Additional Topics

Customize and focus your business planning session with topics that are important to *your* team. They may include automation, perpetuation planning, expansion, acquisitions, bank joint ventures, etc. Survey your staff in advance of the session for ideas. They may surprise you with subject matter not on senior management's radar screen.

## Set It to Writing

One of the benefits of a formal planning process is that a written document is produced at its conclusion. This serves as a common "game plan" for all to follow. Action steps by topic include a person responsible and an agreed-upon date of completion. This makes monitoring easy. Accountability increases, as employees conduct their business in the new year using a plan they helped to develop in full view of peers. Another natural by-product of group planning is a sense of teamwork and commitment to agency goals. Successful implementation of the plan requires that management and staff meet regularly to assess progress on each action step and production goals. Those behind schedule, or struggling to get started, have the opportunity to bring this to management's attention early.

After enjoying the benefits of doing planning right, working from a written business plan becomes a luxury that your team won't be able to do without. ■

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