

RESILIENCE THROUGH PLANNING

Part two of an economy series
brought to you by Bravo Group.



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INTRODUCTION

What does resilience mean to you? In this four-part whitepaper series, we explore how brokers can build resilience through growth, planning, community strength and adaptability. Here's what we've learnt so far:

In part one of Bravo Group's economy series, we covered Resilience through Growth. Within this, we took a deep dive into the UK's economy, how it has been affected by COVID-19 as Brexit continues to simmer in the background and what experts predict for the future now we've fallen into recession for the first time in 11 years.

It wasn't all doom and gloom though. We spoke to three of the leadership team at Bravo Group to find out why the acquisition arm is thriving throughout the pandemic and how there's hope for a bright future for M&A. We heard the benefits of being a part of a wider group and how it can provide a robust backing for independent brokers during these turbulent times. To reiterate what Bravo Group CEO, Des O'Connor, mused, "there's safety in numbers."

We also set out the benefits of adopting a sustainable business ethos through protecting clients during the COVID-19 crisis. We learnt how this approach can help brokers continue to generate revenue, deliver income for insurers and, in turn, enable brokers to offer more competitive prices. In this, Executive Chairman of Bravo Group, Ian Clark, discussed whether there is a regional divide for brokerages across the company pertaining to their rate of recovery.

What's next?

In part two of this series, we cover the theme of Resilience Through Planning. Throughout this whitepaper, you can explore ways to strengthen your business resilience from within, continue to retain clients and win new business and ensure effective financial planning throughout the pandemic. We hope you will benefit from the practical advice offered and that this will provide you with some new ideas and approaches to consider moving forward.

Let's get started.

BUILDING BUSINESS RESILIENCE

During these testing times, businesses need to demonstrate resilience more than ever, yet with COVID-19 still threatening both the health and freedom of members of staff, many businesses are unconsciously leaving themselves vulnerable.

Over-reliance on individual members of staff

Amid the current pandemic, the idea that staff members could be rendered incapacitated due to ill health for an extended period has become a significantly more real and an immediate threat.

Think about the key figures within your business; not taking their personality attributes into account, does what they do within their role make them critical to the company? To put it simply, do they do something in your business that no-one else can do? If so, consider what would happen if they were taken out of action for a matter of days, weeks or even months.

Too many businesses place such a reliance on these key figures that they would simply not survive if the individuals were taken out of action for an extended period or even permanently. In reality, no one member of staff should be indispensable to your business. If there's a role that only one person with your business can do, this could leave your business exposed.

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Identifying and safeguarding business-critical tasks

Certain essential tasks need to be done regularly to keep your business running, including payroll, month-end close, access to bank accounts, insurer rec and IT system maintenance. For many businesses, the onus for completing these on time falls on individual staff members. Often these processes aren't properly written down or documented because it hasn't been necessary in the past. While this won't particularly pose a problem if the people who know how to carry out the task are always present, it can cause momentous issues in their departure.

In order to ensure continuity for both your staff and your customers, as a business you need to have the provisions in place to ensure these essential duties can be carried out by anyone. For staff members who usually take these on, it's imperative that they get the processes written down in a clear and comprehensive way, so that anybody picking up the notes can perform the task to the same standard. Your aim is to plan ahead to ensure the job can get done no matter what.

Allocation of work within a broking business

Ask yourself if you're running an autocratic or an exclusive business. Many businesses are autocratic without even intending on being so and this is leaving them badly exposed. If you are running such a business, now's the time to change. Think about what you can do to work with the people that you have around you to instigate a more inclusive environment and delegate tasks across the business.

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It can be tempting as a leader to take on as much as possible as this way, you know it will get done on time and to your standards. But with effective delegation and documentation of processes, this shouldn't be necessary. By taking this approach, you will not only become more resilient as a business, but you will also free up your own time as a leader.

If you have members of staff who are unwilling or don't have the time to sufficiently hand off these processes or formally document how to execute them, this only serves to stunt the growth of your business. With these roadblocks in place, if something does happen to that employee, their absence could cause your business to falter or fail altogether – that's why eliminating these now is essential.

Testing your processes

Once you've documented the processes for these business-critical tasks, it's then time to test them out on your staff to ensure that they are clear enough with a dry-run. If you don't do this, you could find that you're in no better a position should the time come that you need them.

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It could be worth asking another member of staff or a trusted family member to test the process by calling in with a certain query or posing as a customer. This way you can see how your employees would react and follow the guidance in a 'real-life scenario', without it having a detrimental impact on your business.

By taking calculated steps to build your business resilience now, you will be in better stead should a key member of staff need to take sudden and extended sick leave.

THE FIVE STAGES

TO EFFECTIVELY RETAIN CLIENTS AND WIN NEW BUSINESS

In the first few weeks of the national lockdown, many brokers across the country received a high volume of calls and queries from worried clients. They expressed concerns over their insurance cover, as they experienced the biggest business challenges they'd ever faced.

Now that the inbound calls may have slowed down a little, it's the perfect moment to look inward at your client retention and new business processes.

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Be a trusted advisor, not just a policy peddler

Unfortunately, the insurance industry has been criticised in the press for not communicating to its customer base. It has been said that we've been talking to our clients less than other sectors affected by COVID-19, such as gyms, pubs, restaurants and hotels. Yet, we are in an amazingly gifted position where we can actually help our clients. So, it's time to have courage and pick up the phone.

Use this period to make service-led calls to your clients. Don't go into the call with the intention of making a sell, simply phoning to ask how you can help them, their family or their business is the most important thing you can do right now.

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Taking the time to use this approach shows that brokers are not just policy peddlers, by making these calls you become a trusted advisor. In turn, this imbues your relationship with your customers with loyalty and continuity going forward. We've seen how clients across the Bravo Group have been extremely grateful that someone is willing to listen

to their experiences. In some circumstances, brokers have gone above and beyond, sourcing PPE equipment for their customers, which won't be forgotten by those clients.

You may want to start with your most important clients or those that you know are struggling. We'd advise creating a COVID-19 list of existing clients that have phoned around furloughing or reducing cover; these will be the first people you want to call when we reach the other side of the pandemic. This tactic will not only ensure you're protecting your clients as they may forget to change their cover from the adaptations they made during the crisis, it will also boost your future income.

Variety is the spice of business

You might be thinking who in your team should make these kind of phone calls, as you may have renewal outreaches coming up as well. We'd advise looking at moving your team around and putting your Account Handlers on renewals.

This then frees up your Account Executives' time to be able to provide that service-led approach where they are consoling, advising and listening to your customers' concerns, allowing them to build solid relationships with your client base.

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Out with the old in with the renew

That brings us on to renewals. There's a tried and tested model; whereby when a client is coming up for renewal, you ring them weeks in advance and ask them how they think they should proceed. The chances are they will turn the question around and ask you what you think they should do. This is where you offer to make a renewal agenda for them. The likelihood is they're going to say yes, as right now they are busy trying to navigate the COVID-19 landscape and keep their business afloat. Once they say yes, put a call in for the next day to go through the plan with them.

Having a renewal agenda forces one standard conversation with your customer, as currently several of your Account Executives may have different discussions with them, depending on what policies they have on cover. An agenda gives the process structure and increases your professionalism, which as a result enhances your reputation.

There is no better time than right now to embed a phone-based renewal procedure into a business. The seven topics we'd advise covering on the agenda are:

1. What changes have happened?
2. The renewal proposal.
3. The renewal payment.
4. Are there any insurances not held? This is an opportunity for you to cross-sell for example cyber and shareholder protection.

5. Are there any insurances held elsewhere? This is another area where the renewal can generate additional revenue, as you can demonstrate how you can source fuller and perhaps even more competitive cover for the client.
6. Do they need any personal protection, such as home insurance?
7. How else can you help? This is the most important point, as it shows your client where you can add value. It also reinforces that trusted advisor status.

More bang for your buck

We've touched on cross-selling in point four of the renewal agenda, and this is another area to focus your attention on. The current upselling opportunity for cyber insurance is huge.

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Shareholder protection is another big cause for concern. No-one wants to ever imagine the loss of a shareholder or co-business owner; however, the Coronavirus is threatening people's lives. Unfortunately, if your client can't find the money to buy those shares if their co-owner or a major shareholder were to sadly pass away, the business could be sold.

The process of cross-selling to a client can take some figuring out. The conundrum is usually that they can never picture a scenario happening to them. However, if you can tell them a story that they can relate to then there is a higher likelihood that you will be home and dry in selling that protection. Do your research on other cases and find a business that has a similar set up to your customer that was subject to a cyber-attack for example. It shows you care about and understand your clients' businesses and, again, are that trusted advisor.

If your customer is concerned about the cost of extra cover, look at where you can create savings on other policies, so you can add on cyber or shareholder protection at no extra cost to them.

Sow those new business seeds

Last but not least is finding those new business leads. Try replicating those service calls that you've started making to existing clients with your list of prospects who are doing well during the COVID-19 pandemic. You already have their contact details, so you've got nothing to lose. You may think about dropping a prospect an email, but you want to stand out. Don't forget, winning new clients is about contacting prospects in a way

that makes you memorable. You have a greater chance of sticking in their mind by making a call over sending an email that will probably get buried in their overflowing inbox.

A great way to start a conversation is telling a prospect that you've seen something about the way a business like theirs is expanding that made you think of them. By delivering empathy and advice and matching the opportunity to the client it differentiates you from other brokers.

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Doing the groundwork now will help you to get through the door and put those future meetings in place, whether that is virtually or in person if you are meeting face-to-face with clients again. It might be a mid-term new business lead, or they may remember you at renewal.

You can either see this time as a window of opportunity or as a threat. The best brokers are using this period of adversity to put a good structure in place, laying the foundations now by using the tips we've mentioned. As a result, they will reap the benefits on the upswing. Opportunities are there, so seize them.

EFFECTIVE FINANCIAL PLANNING DURING COVID-19

As the world has changed drastically from how we once knew it, there's no telling what changes will continue onto the other side of the pandemic and how long it will take to get back to what we once considered 'normality'.

As a result of this uncertainty, there's little that we can control when it comes to external factors and the economy, but there are things we can manage within our own businesses. During the Coronavirus pandemic, there is a distinct need for quality financial planning in order to maintain cash flow and avoid getting caught short or missing out on Government-led low-interest loan opportunities.

Plan for the worst, expect the best

In terms of the impact of COVID-19, it's impossible to say how fast things will move as the nationwide lockdown has eased and whether the speculated 'second wave' could prove the final nail for many SME businesses without forward planning. Some brokerages during the initial lockdown period saw their income drop by up to 70% and didn't have the budgets in place to account for such a sudden decline.

Most brokerages should have at least a simple budget of what they expect their income to be in the next financial year, including their costs and profitability and these will flow into what is called a 'cash flow model'. In order to plan and adapt accordingly, it's important to review the impact of your revenue line in decreasing increments, from 5%, 10%, 25%, 35% and so on, in order to explore how this would affect your business, including income line commissions, fees and premium finance income.

At what stage would your business need to make changes? How significant would these changes be? And what's the maximum drop your business would survive?

At what stage would your business need to make changes?

In each of these scenarios, you will need to consider how your business will manage costs accordingly dependent on what each scenario looks like. This will include having conversations with staff to manage and reduce costs, looking at areas such as travel expenses, and nonessential areas of expenditure.

You may also need to manage the expectations of your staff in terms of salary and the possibility of redundancies. There's a chance your staff will take a short-term decrease in salary in order to prevent redundancies across the business. With the right planning and communication in place, you will be able to retain employee performance and morale despite a temporary lack of financial incentive.

Establishing cash flow

At this moment, cash flow is critical, yet many brokers don't necessarily have that in place and don't necessarily have an idea of what this would typically be across

a 12-month period. The reason behind this is because, usually, cash flow is not a primary concern for brokers.

As a result of the ongoing crisis and resulting economic impact, brokerages need to start planning cash flow now, with the same urgency as if it was going to dry up in a fortnight's time. This will encourage you to take action with the pace and necessity that is essential at this moment in time.

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It's also worth speaking to your bank to determine whether you can get a holiday on rent, loans or mortgage costs. Explore every line of spending that your business incurs and consider what you can do to preserve that cash flow

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in order to protect your business should it get hit hard further down the line. As previously mentioned, nobody knows how long the impact of this pandemic will last but by adopting this approach and ensuring that there is cash flow available when you need it, this will put you in better stead for the future.

Reinforcing cash flow

After you have worked through the possible scenarios and it looks like your business will run out of cash in the next three to four months, you should speak to your bank now. The facilities available off the back of COVID-19 could evaporate and even if they're still available, there could be a delay in getting the funds through.

You should speak to your bank now.

Overall, preparation and cash flow are key for business retention during these testing times. Use the facilities that you have available to you and remain open with your staff, lenders and any investors, shareholders and so on. With careful scenario planning, stringent budgeting and open conversations, you will be in a stronger position once the economy steadies once again.



UP NEXT:

Resilience Through Community Strength