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# BOOST YOUR AGENCY GROWTH

Develop a niche

**A** hard market has a funny way of turning an agency's business model on its head. And with loss costs rising and rates skyrocketing, many agency leaders are discovering the old methods of growing their businesses no longer apply.



To achieve profitable growth today, some independent agents must revamp their business strategy completely. Agencies that once differentiated themselves solely on cost must now find fresh ways to offer their clients long-term value. And agencies that once benchmarked their success on premium growth alone must now double down on achieving policy growth.

Given these stark realities, many agency owners are looking toward new niches in small commercial lines as a prime expansion opportunity. Such an approach can reap great rewards. However, if not done properly, it also can bring plenty of potential headaches. These best practices can help independent agents identify the right new niche, grow their expertise within that niche, and balance new business with existing clients for optimal success.

**Take a close, hard look at your current business.** Before you run off to pursue a new niche, first review your agency's value proposition. A solid first step is to perform a SWOT analysis that evaluates your agency's strengths, weaknesses, opportunities and threats. This will help you determine what your agency does well, what you need to improve upon, and how you can increase the service you give to existing customers and expand into new lines of business.

**Consider the appetite of your carriers.** If there's a Golden Rule to entering a niche market—consider your carriers' appetites. After all, if you select a risk class and then find out your current group of carrier partners doesn't want to write it, you will frustrate potential clients, overwhelm your staff members and erode your business. A better approach is to talk with your carrier partners first, determine their appetites for writing certain niches, and then flesh out those opportunities.

**Consider your personal appetite.** Maybe your research on niches leads you to an incredible potential financial upside to underwriting auto body shops. That is great. But if you really have no interest in cars, you will not be able to relate to your clients. As a result, you may struggle to win new business. You also could grow bored. That is why you should instead choose a niche that reflects a personal or professional passion. For example, if you like sports, then underwriting amateur or Little League teams might be a better niche to explore than those where you have no personal investment or interest.

**Find the road less traveled.** As you start to zoom in on a potential niche, weigh the opportunity carefully. Consider how many other agencies are providing serve to the same niche, and how many potential accounts are within your purview. You may find that a niche with 5,000 potential accounts but no competition could be better for growth than one with 12,000 potential accounts and two other competitors.

**Think beyond traditional boundaries.** Five years ago, insureds mostly sought agents located nearby. But in today's digitally connected world, clients are willing to go beyond immediate local barriers to find an agency that provides the best coverage and service for their particular risk. This new reality opens the door for your agency to find clients from a broader geographical area, across any state where you are licensed to conduct business.

**Become an expert.** You should do this on two levels. First, brush up on your knowledge about the insurance side of entering a new niche. Talk to your underwriters. Understand what conditions they favor and know their

red flags. Meet the loss-control partners in that niche and learn how you can create a better experience for them. Consider the potential value of joining a network of independent insurance agents.

Once you have developed your insurance expertise, start to become an expert in the niche business itself. Seek opportunities to talk with business owners about their industry, and not about insurance. Consider joining an industry trade group, or even consider serving on a board of directors of that group. Visit businesses in your niche and utilize their services. For example, if you are entering the restaurant niche, visit a prospect's establishment for lunch. Then, schedule time to meet with the restaurant owners during off-peak hours, and engage in conversation about your experience and your business.

**Round out the market.** To create a best-in-class experience for insureds, you will need to not only underwrite a niche's main risk, but also tackle its ancillary and challenging risks. You can make this happen by understanding what those risks are and by partnering with brokers in excess-and-surplus lines to provide the needed coverage.

**Round out the account.** Never assume you or your insured will know exactly what is needed. Business owners most likely will start the conversation with their agent around general liability. It is your job to look for additional helpful policies, such as workers' compensation, professional liability, business auto or pollution and environmental. By informing your insureds of their other potential risks and offering options to cover them, you will position yourself as an expert and

develop potential long-term relationships with your insureds.

**Empower your staff to prioritize.** It will take some finesse to balance existing and new clients. Doing so will mean shoring up internal processes so your team members can work more efficiently. Engage those on your staff in your process-improvement efforts and allow them to prioritize their work based on your clients' individual needs.

For example, assume your new niche is insuring contractors. That means your insureds will need certificates of insurance quickly and often. Ask your staff members to develop a process that makes certificate issuances a priority. This will give your team a say in the solution. It also will create the type of positive word-of-mouth with your insureds that will bring far greater results than any marketing campaign could hope to achieve.

**Seek additional resources.** Adding a new niche does not always mean your agency needs to add staff members or hours. It also does not mean you have to cut back on services. Instead, seek value-added approaches. Consider using a service center that can help your insureds complete routine transactions after hours and improve your overall client satisfaction. Weigh whether a virtual assistant can automate repetitive tasks and relieve some of your workforce's burden.

Additionally, rely on technology to help you drive efficiency. For example, setting up online appointment scheduling software will save your team members time and empower your clients and prospects to set meetings with you on their own. Agency management systems and comparative rating solutions may bring your agency benefits too.

## Find your next best step

All markets evolve, and while it may not seem like it right now, the fact is the current hard market will eventually normalize. By expanding into small commercial lines and choosing the right risks, you can grow your business in the present market and fortify your agency to achieve even greater success in the years to come. 📈

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