

## Building a Team for the Future

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It's wondrous when Cinderella's slipper fits a lesser-known or underdog athlete. But when the elusive footwear snugly fits an entire team, it can captivate the attention of a nation. Such was the case in 1991 when the Atlanta Braves took Major League Baseball by complete surprise and made it to the World Series. After all, the previous year the Braves lost over 100 games, more than any ball club in the League.

Before venturing further with this tale, I am aware that I am writing for an insurance publication – not the sports page. But this story carries tremendous parallels and lessons for an industry that is, in some ways, experiencing its own waning season.

Two decades ago, the turn of events for the Braves was a testament to the power of creating the right team. It started with aligning the ideal blend of athletes. It also took a manager with the drive to change powerful dynamics that could keep individuals tethered to an old way of doing things.

This legend began to unfold when a couple of youthful pitchers named Tom Glavine and John Smoltz blossomed. Young sluggers David Justice and Ron Gant emerged from the Braves' minor league system and immediately hit their stride. Several veterans were acquired from other teams. And, most important, manager Bobby Cox stepped into the dugout, assuming his first full year at the helm.

With this combination, season-long magic happened on the field. In a dramatic series with Pittsburgh, the Braves came from behind and won in their final at-bat to claim the National League Championship. That the Braves then lost in the seventh World Series game to Minnesota barely dulled their accomplishments. By the end, Atlanta had been crowned America's team.

This year marks the 20th anniversary of that worst-to-first club ... which brings us back to the present and the insurance industry today. As we peer into the future, let's ask ourselves how we can create the Cinderella team that will take us there.

### **Redefine your concept of team**

I believe the days of completely independent agencies are numbered. They just do not have the resources to meet changing client and industry needs. Technology and scale are essential components. Also crucial: a sophisticated communications and operations platform, as well as health care reform and compliance expertise to name but a few. This list continues to grow as innovative firms reset the bar which migrates directly to employers' growing expectations. It requires strategic focus, size and money to gain these assets. If you don't have them in-house, you must align with organizations that can provide them for you.

Essentially, your team is no longer the people on your payroll. You must look beyond the walls that have defined your company up to this point and expand through partnerships, mergers, outsourcing or acquisition. It's a huge shift in perspective and involves letting go of the past. The traditions that brought you this far will not work for

you tomorrow. Think of it this way: the Braves never would have made it to the playoffs with the same roster that comprised their 1990 club.

### **Have a winning vision**

Do not view your firm as a victim of circumstances. If you know what outcome you desire, you can seize control over your destiny. In recent years I have talked to hundreds of agency owners considering their next move. While there are numerous options to consider, for the purpose of this article, I am limiting the scope to acquisitions.

Those willing to be acquired generally fall into two camps. I call the first group short-timers. They want to maximize the investment they've made in their business. Their objective is to make a lot of money and retire or significantly slow down. The second group has a longer-term vision and is focused on the next phase of their career. They have passion for the business, feel they have a contribution to make, and they want to stay in the game. Determining your position on this spectrum will clarify next steps.

### **Show me the money**

If you are in it for the short-term, there are outstanding options to consider. Many big companies are currently in acquisition mode and have the capital to buy successful enterprises. Phase-out deals with owners are usually part of the formula, often structured over a two-to-four-year period. Money is exchanged up-front, and again at the end of the transition, based on interim performance. These tend to be lucrative financial deals and are ideal for proprietors seeking an exit strategy.

The buyers in these transactions have become quite adept at the transition. Their processes are designed to eliminate square pegs in round holes. They've devised criteria to ensure numbers are hit and profit margins are attained — measures that ultimately benefit the buyer AND seller. However, more than one executive has winced painfully if valued staff members cannot be absorbed. Sometimes, agency owners negotiate opportunities to become permanent producers for the new company. While freedom from administrative responsibilities and stability are refreshing, those with a true entrepreneurial spirit can feel stifled by working for an organization where their ideas carry little weight. When you are the 176th firm acquired by a P&C-based agency, for example, you probably can't expect a robust dialogue about product innovation related to the health and wealth convergence.

### **Play ball**

If a short-term payoff is not the primary motivator, then agency owners should consider alternatives. One option is to join forces with an established entity that has a strong vision for the future, but without the constraints of a mega-corporation or a publicly traded company. Again, there are a number of organizations that fit this profile. I find those interested in this strategy tend to ask the following questions of potential buyers:

- Explain your corporate culture and the role it plays in an acquisitive, growing organization. Do we see the benefits world through a similar lens?
- I've talked to other companies that offered me more money up-front. How do we ensure that my shareholders and I will attain similar remuneration over the long-term?
- What responsibility does the new parent company play in insuring profitable growth and what resources to they bring to the table to make this happen?
- Once we merge, describe my role in the organization. Will I be viewed as a producer or have a voice in creating future strategies?
- Will we have flexibility to adapt your practices to best fit our operation and the needs of our clients?
- What assets does my firm possess that make it attractive to your organization? Are there opportunities to enhance services to all of your clients based on our unique capabilities?

- What is your vision for the marketplace? What distinctive assets do you bring to the table to ensure mutual long-term success?

Granted, this is a limited list. But if the tone resonates with you, then seek to join a team where you will become a player and your contributions will be valued. In reflective moments, the question to yourself is simple: “Can I see myself joining this team and being successful?”

Here’s something else worth considering. There are some very fine P&C organizations acquiring independent agencies. They could be a perfect fit for your firm. However, there could be a disconnect if your business is primarily employee benefits and their focus is P&C. Do their leaders have the vision and expertise to navigate through this era of health care reform? Are their priorities aligned with yours? It is more than likely that the benefits brokerage and advisory business will undergo a transformation over the next three to five years. Are you joining the right ownership, GM, coaches and players by position on the field for a tough run through the playoffs? Consider the dissonance you might experience when you think you’re heading for a berth in the World Series and discover the team you are playing for is vying for the Stanley Cup.

### **Back to the future**

This year, more than 40 players, coaches and officials from the Braves’ 1991 team will gather to celebrate the 20th anniversary of a season that is still the most memorable in the franchise’s century-plus experience. They know they took risks and reaped the rewards of creating a team that made history. It will be interesting to explore our own industry two decades from now and see who created the teams that will be standing on that field.