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Fostering Resiliency: Navigating Difficult Times as an Agency

By: Tom Lizotte

As we reach the midway point of 2024, our industry continues to navigate a hard market. Social inflation, weather-related events and more continue to drive higher claims costs and consequently more costly premiums. In fact, heading into the year, research found that premium increases were expected to continue on both the property and casualty sides. For some agencies, this has led to lost or decreased business.

During a market like this, it can be difficult for smaller independent agencies to weather the storm and maintain positive morale.

Unfortunately, a slower business period for independent agencies can occur for a variety of reasons and at any time. For example, a weakening housing market with a decrease in new construction, declining auto sales or an active hurricane season could severely impact business. Alternately, another agency opening up shop down the road could siphon business. Inconsistent prospecting, poor marketing strategy execution, a weak brand or lack of social media pres-

ence can also contribute to setbacks in agency growth.

As agencies are forced to navigate these slower periods of business, what can business owners do to set their teams in the right direction? Prioritize good communication and consider the parts of your business in which to invest for future growth.

Transparent Messaging

During a downcycle, team morale can decline quickly. Staff members may feel their jobs are in jeopardy when budgets tighten. Higher performing agents may start looking into opportunities at other agencies. For these reasons and more, transparency is critical.

As members of the team, staff should be made aware of the reasons why the agency may be hitting a slow period. This should be communicated by leadership in an empathetic manner, enabling team members to understand the downturn is not performance related, but rather part of a natural business cycle. Employees should understand the

nature of the issues the agency is facing, how long these issues may last and the steps management is considering to address further challenges.

Agency owners should include the whole team in strategy meetings so they can directly see how leadership is attempting to turn activity around. As the individuals who are on the ground speaking with customers, team members can have valuable insight into the factors contributing to slowing business as well as suggest solutions.

Open lines of communication throughout the organization can help ensure team members feel valued and as if they are a part of the solution, not the problem. It can also help to curb any job security related anxiety.

During a slow period, a positive workplace culture is not only possible and positive for employees, it can also help the business bounce back faster.

Self-Improvement

Secondly, a slower business period can be

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an opportune time to grow your operations with investment in infrastructure and operations. Agency leaders who are willing to dedicate resources to building better infrastructure will have happier staff and an agency that is more appealing to prospective clients. Here are a few areas to consider investing in:

- **Professional Development:** Investing in your staff can help keep team members engaged and feeling valued. Professional development can range from encouraging staff to consider designations or other industry learning courses to in-house cross-functions training.
- **Incentive Programs:** Consider implementing an incentive program. Recognizing strong performers during a slow period can improve morale.
- **Social Media:** Many agencies continue to be behind on the social media front, and this can slow business development. Take the time to review your social media profiles. In a smaller, older community, Facebook may be a better tactic than LinkedIn (which is more targeted to business professionals). Then, review those profiles and make sure you have the right copy, photos

and posting cadence to grow your business. Ensure you have adequate resources dedicated to social media so it can continue to grow even when business is back to normal.

- **Your Brand:** When the economy turns around and people are shopping for policies, they will research online. If your website does not provide a positive impression, you could lose business (and potential new business). This starts with reviews. Yelp or Google Reviews are some of the first items people see when searching online. Consider communicating with clients to ask for positive reviews so potential customers see your business as one worth partnering with.
- **Technology:** A slow period can present an ideal time to review your technology. Customers shop differently than they used to, and your agency needs a level of tech sophistication to match today's marketplace. Make sure you have the tools in place to make it as easy as possible for consumers to learn more about your business and insurance in general.
- **The community:** Smaller agencies often find new business in

their backyard. Getting involved, whether through volunteering or supporting local businesses or sports teams, is a great way to promote your agency and leave a positive impression on your community. When the economy picks up, people affiliated with local businesses and organizations will remember your presence.

Finally, agency owners should recognize that a slow cycle presents the opportunity to establish metrics for measuring success for your business. You can establish metrics for attracting new business, website visits and more. This will help your business focus on what matters during a more difficult time.

Above all, view the slow period and its difficulties as a learning experience. A downturn may be intimidating, but the market is cyclical and eventually business tends to normalize. This is an ideal time to invest in your team and your brand. This way your business will continue to grow and be better equipped for whatever the future may hold. ■

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