Case Study:

How an Established Agency Uncovered New Growth Opportunities by Joining a Network

BOONE RITTER INSURANCE

There's a myth floating around the insurance industry that goes something like this: If your agency writes more than a million a year, you probably don't need help from a network. Networks are for the little guys. As this case study illustrates, that kind of thinking is not even close to the truth. In reality, established, larger agencies have a lot to gain by leveraging a network relationship. Boone Ritter Insurance is a perfect example.

Meet Bryan Clinkscales

Bryan Clinkscales is a second-generation insurance agent and the owner of Boone Ritter Insurance.

As you might have guessed from the name, Bryan wasn't the founder of Boone Ritter Insurance. Mr. Joe "Sandy" Boone and Mr. James Ritter were the original owners. They formed the agency in 1968 when they merged their two separate agencies into one.

Bryan came along in the early 1990s. At the time, his father was an agent working at Boone Ritter, and he wanted to bring his son onboard. Bryan was in college, so he started on a part-time basis. A dozen years later, Bryan purchased the agency.

"We had three people on staff, including myself and no technology," recalls Bryan, jokingly referring to it as a company still operating in the dark age. "We had to try to catch up fast."

A New Perspective

When Bryan acquired Boone Ritter, the agency already had a contract with the Smart Choice network, but the partnership was underutilized at the time.

"As the years went by, we used it a little bit, not a lot," says Bryan, explaining that he had signed the network contract based on a recommendation. He wasn't sure how much the agency needed it at the time, but he figured it might come in handy someday.

That day came when Bryan acquired another agency that happened to also be part of the Smart Choice network. "When I bought that agency, it re-engaged us with Smart Choice," Bryan says. In the years between when Bryan first signed with the network and when he acquired his second agency, the network had grown, too. "Smart Choice had added a lot of new capabilities to their menu," he says. "These were valuable opportunities we could take advantage of."

More Access

As Bryan delved into the network's new offerings, he noticed the network could provide him better access to contracts. As a medium-sized agency, Boone Ritter Insurance has direct contracts with carriers and does a lot of business with them, but Bryan admits that given the area and the competition, it can still be challenging to get appointments.

For Bryan, this continues to be a main reason, possibly the number one reason, to work with a network. "For some agencies, including ours, it's tough to get all the carriers you need, especially if you're in a town where there's a lot of competition," he explains.

More Revenue

As Bryan watched other agencies go through mergers and acquisitions, he realized he needed to grow through acquisition, or his agency could lose relevancy in the changing marketplace. He had four locations when he decided to start doing research and talking to some of his friends who had sold their agencies.

"I realized that I wasn't ready to sell," Bryan says. "I like what I do. I didn't want to work for a corporation."

He had worked hard at growing his agency, not just to build a book of business, but also to build a culture. He didn't want to give that up, but he needed something more: more tools, more carriers, and most importantly, more revenue. That's when his Smart Choice territory manager approached him with an idea.

Bryan wanted to increase revenue, and his territory manager suggested this could be achieved by converting more contracts to Smart Choice.

At first Bryan wasn't convinced. His agency had a lot of direct contracts. Why would he want to bring these contracts over to Smart Choice? It didn't make any sense to him.

But when he crunched the numbers, he saw that the territory manager was right. He really could increase his revenue through combining his agency's premium volume with Smart Choice, as it would provide the ability to earn higher commissions and increase access to profit sharing opportunities.

More Profit

No matter how much business you pull in, if you're not getting the best commission structure, you're leaving money on the table.

Going direct might seem better, but the reality is that direct contracts don't always have the best commission structures. By working through Smart Choice, agents are able to earn higher commissions, carrier incentives and contingency bonuses and keep them.

Numbers Don't Lie

After continued financial analysis, Bryan realized that it would be very advantageous for him to put more of his volume with Smart Choice, so he started ironing out a strategy to make it happen. It might sound complicated, but Bryan said it was actually incredibly easy. "They were wonderful to work with," Bryan says, recalling how the network addressed his concerns and accommodated him as needed.

And the results? They speak for themselves.
"We had small books with these carriers that we were struggling to get to profit sharing level. Now we are achieving profit sharing just by moving them to Smart Choice," Bryan says. "Whether they're $5,000 or $10,000 – that's money we never would've gotten before."

All the small books add up - Bryan estimates that his agency is pushing about $3 million in written premium with Smart Choice now.

All While Maintaining Control

Bryan is pleased that he got to keep control of his agency. After all, that was the whole point of owning the business. "They're not hovering over me telling me to do things a certain way. We're still able to run our agency exactly the same, because it is exactly the same."

With other networks, clusters or aggregators, things might have been very different.

"With Smart Choice, there's no buy-in. They don't say you've got to pay $10,000 to get in or $50,000 to get out. There's none of that," Bryan says of his partnership. "All those restrictions that make me unsure if I want to jump in the water – all that's been removed with this network."

And once those restrictions have been removed, what's left? More revenue and more potential for growth.

Looking Forward

Once agencies have reached a certain level of success, acquisitions can be one of the best ways to achieve more growth. A network can help here, too. From evaluating the agency to finding financing solutions, Smart Choice can help facilitate the transaction, whether it's for the entire agency or for certain books of business.

For Bryan, this means he doesn't have to worry about missing out on a good opportunity to grow. "We kind of have an arrangement," Bryan says. If an agency contacts Smart Choice about wanting to sell, the local manager will contact Bryan to see if he's interested in buying.

The pandemic has been rough on many businesses, but Bryan and his team are still going strong. He says the Smart Choice partnership has helped with employee retention, something that a lot of companies have been struggling with recently. "With increased revenue, we're able to offer more benefits for our employees," he explains.

Bryan Clinkscales has seen firsthand how joining a network can benefit established agencies. Are you ready to maximize profits and fuel growth? Contact Smart Choice today.