

Proven Ways to Start and Grow an Independent Agency

A photograph of several small green seedlings growing out of biodegradable, peat-based pots. The pots are arranged in a row, with some in the foreground and others in the background, creating a sense of depth. The background is a soft, out-of-focus white.

Smart  Choice®

Introduction

Independent agents enjoy unlimited growth potential. However, hard work may not be enough. According to [IBISWorld](#) there are 410,176 insurance brokers and agencies in business in the U.S. To grow an independent agency with this much competition requires using strategic tactics.

This report outlines 10 strategies that are proven to drive growth and produce strong results. Whether you're just starting out or you've been in the business for years, these methods can help you reach your goals.





1. Start with Self-Reflection

The new insurance agent failure rate is high. The [Insurance Journal](#) says some estimates put it at around 50%, but it could be as high as 80%, according to at least one source.

If we use the conservative failure rate of 50%, this means one in two new agents will end up quitting the industry after failing to gain a foothold. That's a discouraging statistic, but it's important to realize it doesn't mean YOU have a one in two chance of failing. Some new agents are more likely to fail than others – you may be the type of person who is likely to succeed.

Sometimes, new agents fail due to circumstances outside of their control. For example, a hard market can be a more challenging environment to start out in, an agent may experience a medical or family emergency soon after launching an agency, or there could be a natural disaster or other unforeseen event that creates an obstacle to success.

However, external events don't explain all agency failures, and many agents fail simply because they're not cut out for this line of work. This isn't an insult. A person who faints at the sight of blood isn't cut out to be a surgeon. A person who has never spent time around young children might not have the experience necessary to succeed as a preschool teacher. Likewise, some people just aren't suited to being business owners and entrepreneurs. This may be because they lack certain character prerequisites for success, but it could also come down to personality and self-discipline.

Before you pour all your resources (not to mention your hopes and dreams) into trying to start an agency, ask yourself some questions to make sure it's a good fit for you.

- **Do you have the industry experience and knowledge necessary to succeed?** Agency ownership is not an entry-level position. In addition to going through the required licensing process to sell insurance in your state, you'll need industry and business knowledge you can only gain through hands-on experience. As well as teaching you the ins and outs of the industry, working in an agency gives you ample opportunity to determine whether insurance feels like a good fit for you.
- **Are you willing to bet on yourself?** According to the [U.S. Chamber of Commerce](#), entrepreneurs tend to be fairly risk averse. However, they believe in themselves and are passionate about their ideas. To succeed, you'll need to be confident enough to bet on yourself without being so overly confident that you're unrealistic. You also need plenty of drive and a willingness to take responsibility for what happens. If this doesn't sound like you, traditional employment may be a better fit.
- **Are you a people person?** To sell insurance to people, you need to enjoy talking to them. You need to be able to make a good impression and inspire the sort of trust that convinces people to do business with you. If the thought of pitching products to someone fills you with dread, this may be the wrong industry for you.

2. Create Your Transition Strategy

Don't confuse your goal with your plan. Your goal is to build a successful agency; your plan specifies how you'll get there. The more detailed and researched your plan, the better.

This is true regardless of how you approach starting an agency. You might have years of industry experience as a captive agent and are now making the leap to the independent side or you might be starting an agency from scratch. Regardless, you need to be strategic.

- **Research the competitive landscape.** Individuals and businesses certainly need insurance, but if other agencies are already meeting their insurance needs, you'll have a harder time gaining market share. Look for opportunities in the market – for example, people moving into the area or starting new businesses or businesses within a certain niche.
- **Understand market conditions.** Are you in a hard market? Are carriers pulling out of your state? Are rates increasing? Consider these external forces as you build your strategy.
- **Know your numbers.** Set a goal and work backward to determine how many policies you'll have to sell every month to get there.

Need More Guidance?

The U.S. Small Business Administration has resources for [writing your business plan](#).

3. Operate with a Growth Mindset

If you want to grow your agency, don't give into complacency.

Eventually, you will reach a point where you have a satisfactory number of clients. You'll be able to pay your overhead costs and make a decent living without gaining any additional business. At this point, you might want to focus on serving your existing clients rather than growing your business – but that decision will undermine your long-term success.

For one thing, even if you have an acceptable number of clients, you can gain more. This isn't about being greedy – it's about securing your future. If you continue to grow your book of business, you can move beyond survival and start focusing on things like paying for your children's education and planning your retirement.

According to [Customer Gauge](#), every industry faces customer churn. In the financial services sector, the median churn rate is 19%. To replace the customers you lose, you need to keep growing your business – even if you never want to own a huge agency.

Long-term success requires a growth mindset – you need to be proactive. Every week, dedicate a portion of your time to activities that will generate new business.

- **What are you going to do?** For example, you could ask your current clients for referrals, follow up on leads, engage in online marketing, or network within your community. Focus on the activities that play to your strengths.
- **When are you going to do it?** Since you're busy, you might never get around to tackling growth-generating activities unless you actively make time for them. Carve out blocks in your schedule for sales and marketing.



4. Have Access to the Solutions Your Clients Want

Before you can sell to people, you need to have access to the things they want.

As each of your clients will have different insurance needs, success hinges on having access to a wide selection of product options. You wouldn't open a grocery store before stocking the aisles with food that people want to buy. Similarly, you can't grow an agency without the competitive product solutions clients are looking for.

Do you have access to:

- **Top-rated competitively priced carriers?** The more carriers you have access to, the more options you can give your clients, which increases the odds of finding the perfect coverage fit. If you don't have access to many carriers, your clients may feel they need to look elsewhere to make sure they find the best deal.
- **Alternative solutions?** When insurance premiums surge and carriers become more selective, finding coverage for clients can become more challenging. If you only work with traditional carriers, you may be unable to help some of your clients. If you have access to alternative solutions, you'll be able to help more people.

The Excess & Surplus Market

If a client has an exposure that standard carriers won't cover, the E&S market could be the solution. In recent years, the E&S market has grown as policyholders have looked for new coverage options. To see how an agent can be successful in the E&S market, read the [Kyle McMackin case study](#).



5. Decide Whether to Specialize or Generalize

As you build your agency, you have two paths available to you: generalization and specialization. Both approaches have their pros and cons.

- **Generalization.** As a generalist, you offer personal, commercial, life, health, and any other type of coverage you can name. Whatever someone needs, you strive to provide it. On the positive side, this means you never have to turn away prospects because their needs are outside your scope. You can also take any referral business. If a current client has new insurance needs, you can help with that, too. The downside is you have a lot of competition, meaning it can be hard to stand out. Also, although some clients will be fine with a generalist, others may worry that you don't have the specific knowledge necessary to help them with their complex insurance needs.
- **Specialization.** As a specialist, you carve out a niche, such as personal insurance for high-net-worth individuals or commercial coverage for contractors. Your specialization can earn you a reputation as the go-to agency in your niche, helping you to stand out in a crowded market. Your clients can trust that they're in expert hands. This helps you succeed in your chosen area – but it will be a small area. If you exhaust the pool of prospects in your niche, you may need to find a new way to grow your business, such as expanding into a new region or to a second specialty.

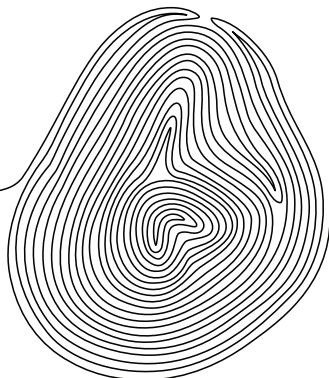




6. Build Your Personal and Professional Branding

Don't underestimate the importance of branding. According to [HubSpot](#), an organization's branding is one of its most important assets.

Among other things, strong branding can make your agency more memorable. Think about it this way: when people in your community need to buy insurance, who comes to mind? If you have strong branding, it might be you. If you don't, it will be a competitor who has more successful branding.



As you develop your brand, focus on the following components:

- **Visual presence.** When people think of branding, they often think of company logos – and for good reason. An eye-catching logo is a great way for clients to identify your agency quickly. Other visual elements include the colors and fonts you use on your business card, email signature, and website. You want to create a consistent appearance to ensure customers recognize your agency immediately.
- **Voice.** Do you want your agency to be casual and laidback or serious and professional? Just as you need to be visually consistent, you need a consistent voice. This voice will apply to everything from the language you use on your website, social media profiles, and emails to the way you answer the phone.
- **Promise.** Your brand promise is a critical part of your agency's identity. To determine what your promise should be, think about what distinguishes you from your competition. Is it your dedication to customer service? Your wide selection of options? Your knowledge of a specific industry? Make sure your actions follow through on your promise, and that your brand reputation is secure in your community.

7. Build Community Relationships

Community connections can help you grow your agency in two critical ways:

- **Many policyholders like buying insurance from agents who support the community.** If they see that you sponsor local events and volunteer regularly, they may be more inclined to give you their business.
- **Other professionals in your community can give you referrals.** For example, if you sell homeowners insurance, a real estate agent might be willing to recommend you to new homebuyers who need coverage. By cross-referring with other like-minded professionals, you can create centers of influence to help keep our sales pipeline full.

The Perfect Match

When Letty Aguirre launched her independent agency, she was sharing an office space with a tax preparer. The location helped fuel her agency's growth because cross promotion became natural. To learn more about how she found success, read [Letty Aguirre's case study](#).



8. Intentionally Cross-Sell and Upsell to Boost Retention

Cross-selling and upselling are two highly-effective ways to build your agency – and not just for the reasons you might assume.

When you cross-sell, you make an additional sale, which improves your revenue. Likewise, when you upsell, you can increase your commission, which also improves your revenue. However, these revenue increases aren't the main benefit. If anything, they're just the icing on the cake.

Cross-selling and upselling boost retention. If you can meet all your clients' needs, they don't have to go elsewhere for coverage. On the other hand, if you don't offer them additional products, they might go to your competition. When this happens, you lose one sale. Worse, though, you give your competition an opportunity to poach your clients, who may find it more convenient to buy all their insurance policies through a single agent.

Cross-Selling in Action

Debra is selling homeowners insurance to a couple who just purchased their first house. She learns the couple is expecting their first baby and recommends life insurance as well.

Greg is selling auto insurance to a man in his 20s. He learns the man is renting an apartment and recommends renters insurance. He can even offer a discount for bundling coverage.

Tina is selling life insurance to a single mother who works as a dentist. She advises her client to secure disability insurance as well.

9. Plan for the Future

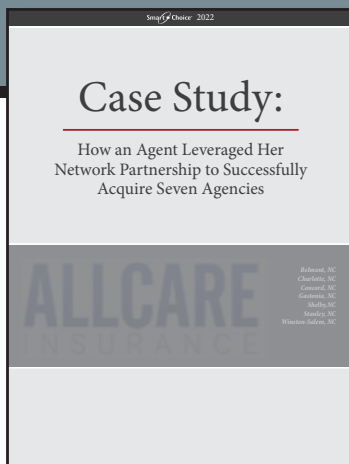
You can't predict the future, but you can plan for it.

- **What is your agency's value?** Knowing your agency's value can help you with benchmarking and planning. If you ever need to sell your agency quickly – for example, due to a health or family emergency – you'll need this information.
- **How can acquisition help you?** If you want to fast-track your agency's growth, acquisition is a winning strategy. By acquiring another agency, you can instantly expand into a new region or take on a new line of business. It's also an easy way to double your book of business.
- **What are your financing options?** Most agents don't have the cash on hand to purchase another agency, but financing is available. Knowing your options will help you take advantage of any opportunities that fall into your lap.

To learn more about growing your agency through benchmarking, financing, and acquisition, download this [white paper](#).

Growth Through Acquisition

Lee Ann Pridgeon purchased the agency she'd worked at for 15 years. Then, she purchased seven more agencies. To learn more about how she achieved growth through acquisition and built a multimillion-dollar book of business, read [Lee Ann Pridgeon's case study](#).



10. Partner with a Network

If you follow the nine strategies above, you can grow your agency. There's just one problem – HOW do you:

- *Gain access to dozens of carriers in multiple lines to give clients the options they want and leverage cross-selling strategies?*
- *Take advantage of the opportunity to earn bonuses, contingencies, and access to exclusive incentives from carriers?*
- *Sell in the excess and surplus market to take on difficult-to-place risks efficiently?*
- *Find acquisition opportunities to supercharge your agency's growth?*
- *Receive financing to take advantage of acquisition opportunities?*

The answer is simple: By joining the right agency network.

A network can give you access to top carriers and the insurance products they sell, including excess and surplus options. It can also give you the support you need to place difficult risks, uncover acquisition opportunities, and secure financing.

However, not all networks are the same. Some lock you into contracts and unfavorable commission structures without giving you the support you need.

Smart Choice is different. With Smart Choice, you gain access to more than 100 carriers and more than 3,000 products in commercial, personal, life, and excess and surplus lines as well as the support of a team that's invested in your success.

Want to see how Smart Choice can help you grow your independent agency? [Learn more](#).



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