

Econorisk's broker-driven model delivers sustained growth

Brokers today face huge opportunities for sustained business growth – even in a downturn when confronted by softer rates and tougher legislative requirements. That's the subtext to the unfolding success story at Econorisk, a relative newcomer to the short-term industry.

In the last three years, Econorisk has doubled the size of its business. The plan for the next three years? Double it again.

And the basic building block when adding to today's foundation will be the broker ... either a home-grown broker-entrepreneur incubated through the firm's internal programmes or an independent broker-partner who plugs into Econorisk support systems.

In contrast to many intermediaries, this independent Rivonia-based broker has achieved unprecedented organic growth at a time of unparalleled industry pressure.

No big spending on acquisitions. No big-brother relationships with major financial service groups to smooth the way. But lots of service-led innovation, smart solution-finding and entrepreneurial drive.

The rise and rise of Econorisk since formation in 2001 is confirmation that the broker model is anything but outmoded. It can be constantly updated to suit changing business and legislative demands, says chief executive officer Rob Sylvester.

CEO, Rob Sylvester



Econorisk Holdings' directors from left to right: Adrian Haddow, Rob Sylvester and Roy Lawrence.

The forever-young philosophy underpins Econorisk's positioning as a new-generation broking firm.

Investment in modern IT and administration systems supports a can-do attitude – the 'price of entry' for players looking to compete in the corporate and commercial space, the point of focus for this success-minded operation.

Lean structures characterise the Rivonia head office, but the Econorisk business model permits almost constant expansion of the business base. The inclusive, open-ended structure is specially designed to accommodate the experienced broker who is looking for a home, either as an employee or a potential business partner who needs help to roll out an expansion plan.

"In the current environment, some established short-term brokers are busy developing an exit strategy. Here we're busy accelerating a proven growth strategy," says Sylvester. "Sure, the business environment is tough, but we

know we can handle it.

"We were born in tough times. In 2001, the stock market was crumbling, interest rates were a concern, business confidence was brittle and the short-term industry faced the prospect of a raft of impending regulations that would bring an end to business as usual." Sound familiar?

"We not only survived; we thrived. We see similar potential for growth in the current environment."

A key pillar of growth for this Authorised Financial Services Provider is the strong relationship with the major insurers. In some key administration and claims areas, Econorisk has emerged as a reliable, quality-conscious outsourcing partner of the major companies.

But the springboard to sustained growth is provided by client relationships and an obsession with client retention.

"We play for keeps – that means

keeping our clients by keeping them happy,” notes Sylvester.

In the three years to 2008, Econorisk achieved average annualised growth of 36,10%. The three-year plan of again doubling the size of the business by the end of 2010 seemed a stretch at the time, but will be “comfortably achieved if current growth rates are maintained”, says Sylvester.

Growth has been driven from Gauteng, though the client-base is national. The strategic goal is to develop a branch network in major national centres as a springboard to enhanced growth, possibly via joint-ventures and relationships with like-minded brokers.

According to the Econorisk leadership team, their model is not only a growth engine; it’s a blueprint for business sustainability because it assumes continuing attack from various quarters.

Their scenario-planning anticipates:

- continuing legislative pressure, leading to broker casualties and industry consolidation as regulatory rigour will increase the cost of doing business
- ongoing business challenges as client companies look to cut costs and perhaps embrace alternatives to traditional short-term solutions
- further skills shortages as our industry is not attractive for many potential entrants – legislated skills requirements can be onerous while some find the old ‘grey-suited stereotype’ off-putting
- solution-neutral thinking among both clients and underwriters who no longer feel they must remain allied to the broker community and will change allegiance, depending on circumstances and price
- growing underwriter expectations that some brokers may find tough to meet

Econorisk was designed to outsmart these challenges.

The higher cost of doing business translates into steeper barriers to entry, a positive for existing players,



Adrian Haddow

especially well-capitalised operations with solid cash-flows that have already made canny investments in admin and IT capacity, says financial director Adrian Haddow.

Providing compliance structures and record-keeping capabilities from scratch is prohibitively expensive for a traditional broker focused almost entirely on his marketing strengths. The industry player who can offer shared access to these facilities therefore becomes a desirable partner.

One set of overheads can cost-effectively cover multiple contributors to

early date.

An underwriter’s desire to rightsize its structures to deliver more shareholder value also has an upside for brokers positioned as the insurance company’s partner-in-waiting.

The strong broker can take on claims assessment and settlement mandates. This creates an outsourcing opportunity and a chance for potential savings. Insurers may increasingly look for this type of service from major brokers.

As a broker expands his role in the claims sphere, so the potential arises for one-stop service delivery to reinforce the client relationship. This leads to enhanced business retention while



Econorisk Group directors from left to right: Adrian Haddow, Rob Sylvester, Brett Schultz, Roy Lawrence, Margaret Sylvester and Richard Hood.

the business – a formula for growth for a firm like Econorisk with system capacity to spare.

The client’s quest for cost efficiency also offers opportunity.

Objective scrutiny of insurance solutions and alternatives can best be achieved by creating a risk analysis arm that ‘sells’ the optimum outcome, not the product that might best suit the broker. Econorisk put a tick in this box at an

opening a new path to further growth.

Simultaneously, the constant drain of industry skills makes it imperative that a business drives people development. This is common cause across the industry, but the Econorisk approach goes further.

This broker foresees growing competition for the best and brightest among would-be industry entrants. To attract the cream of the crop the firm has created a



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business-incubation process that enables industry newcomers to become brokers-in-training.

These entrants have access to the skills and system support not only required by law but demanded by market conditions. This helps the internal broker-to-be to develop his/her own clients and base of business.

The concept encourages smart go-getters to come to Econorisk and contribute to ongoing growth. The goal is to make Econorisk the employer of choice in the short-term broking business.

Says Rob Sylvester: "The international trend is for disintermediation to be rapidly followed by reintermediation as the broker's value-add becomes better understood. We're not passively waiting for these developments to play out locally. We're actively re-inventing the broker model to ensure it remains relevant and fit for purpose.

"Since the introduction of FAIS, the short-term industry has had time to ponder the highly professional, more closely regulated environment that will apply in years to come.

"We've seen the future and it works. At least, it does for Econorisk."

BROKER FRIENDLY... INSIDE AND OUT

Passion for client service, a feeling of individual accountability and personal familiarity with the needs of the customer... these traits are deeply embedded in any good broker's DNA.

Econorisk harnesses these characteristics by forming alliances with like-minded independent advisers while breeding a new wave of broker-entrepreneurs inside its own business.



Richard Hood

Director and business partner Richard Hood says there are several ways of unlocking broker power, including:

1. A unique internal incentivisation model: remuneration is linked to

Econorisk business partners from left to right: Brett Schultz, Margaret Sylvester and Richard Hood.



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- performance while a solid basic income is assured. The approach attracts self-starters and goal-setters while rewarding their energy and dedication.
 2. The business-within-a-business: a start-up broker has the opportunity to run his/her mini-brokerage within Econorisk. Overheads are covered. Econorisk resources are on tap. The security of a place within the Econorisk family of companies and readymade support structures create an industry entry-point and fast-track up the growth curve. This 'plug-in' capability is ideal for ambitious young people with entrepreneurial drive who might otherwise be shut out of today's industry by the need for substantial investment to meet regulatory requirements. This type of joint-venture creates access to funding. The equity partner assists with cash-flows and helps a young business grow.
 3. Customised partnerships: cooperation with existing brokers is fostered through various structures determined by the broker-partner's need. Some require access to back-office facilities and back-up from a strong partner on an on-going basis. Others require tailor-made support to meet the needs of a particular large client or group of clients. The Econorisk link can enable a broker to grow a specific aspect of their business or protect a client relationship when new customer needs emerge. Econorisk's growing industry stature is also a boon in dealings between big underwriters and relatively small independent intermediaries.
 4. Alternative distribution network: compliance requirements in the short-term field prevent unauthorised non-specialists from handling the short-term insurance needs of their clients. Partnering with Econorisk enables fellow-professionals to stay hands-on with their clients while ensuring absolute professionalism in the delivery of short-term services. Sub-agent arrangements have been tailored for life insurance advisers, auditors, accountants, book-keepers and other professionals.
- Hood notes: "We're brokers who are extremely broker friendly; first on the inside where we incubate tomorrow's broker talent, but also on the outside where we are very open to mutually beneficial arrangements with other industry professionals.
- "A key feature of our approach is the emphasis on business retention. We have grown through total focus on client relationships and client needs.
- "In the commercial and corporate environment, it is not only vital to meet

all requirements when pitching for the business, but to exceed expectations in the longer term. We've built our business because we retain so much business."

ONE-STOP CAPABILITIES... NON-STOP SERVICE

One point of contact and one-stop service – that's the promise to clients from the Econorisk team.

There are no gaps in the desk for clients to fall into. The short-term insurance 'middle-man' has become the can-do 'Everyman' capable of assessing client needs, finding right-fit solutions, issuing policies, handling administration, managing debit orders and assessing and settling claims on behalf of the underlying insurer.

A key initiative in the one-stop strategy was the August 2007 launch of Econorisk Wealthcare Solutions headed by Margaret Sylvester. It focuses on

long-term insurance, risk business (primarily dread disease and disability covers), investments and healthcare. The business has its own compliance office and all the requisite industry licences, enabling it to dovetail its advisory services and products with the core short-term offering. Over the last 18 months, Econorisk Wealthcare Solutions has established its base and professional credentials, creating a springboard for future growth.



Margaret Sylvester

"We have strong relationships with industry leaders in each focus area," says Margaret Sylvester. "But we value our independence and ability to create client-centric solutions. Convenience, no hassles and time-efficiency are key benefits for our customers."

Putting a full-service offering under one roof accelerates service delivery.

Econorisk director Roy Lawrence says



Roy Lawrence

this in turn has made prompt turnaround times a source of competitive advantage for the Econorisk brand.

"We are one of a select few brokers that are entrusted with the task of claims assessment, administration and settlement on behalf of major underwriters," says Lawrence.

"By outsourcing a mission-critical area like claims administration to us, the insurance companies are in effect endorsing the high standard of our in-house expertise and systems. Excellence in back-office support is part of our promise to the client and our partners – especially in key areas such as underwriting and claims.



Econorisk Management team from left to right: (back row) Adrian Haddow, Richard Hood, Brett Schultz, Martin Richardson and Margaret Sylvester, (middle) Glynnis Gard, (seated) Roy Lawrence and Rob Sylvester.

ADVERTORIAL ECONORISK

"The promise is not only delivered by our systems, but by our people. They deliver professional, dedicated service day in, day out."

Underwriting and claims settlement mandates from major insurers enable Econorisk to accept risk on their behalf, issue policies, collect premiums, appoint loss adjustors, negotiate settlements and process claim payments.

Further value is added to the claims process by the flexibility of the firm's systems. This allows reports to be customised to the individual requirements of a client or broker.

Econorisk operates primarily in the commercial and corporate segment of the market. Clients include multinationals and international brands along with listed groups that often have diverse interests and a wide range of needs. Even so, the pledge of one single point of contact is maintained.

"A client may suddenly require help in a specialist area such as marine insurance, but one professional still owns the relationship and is personally responsible," explains Lawrence.

"We don't pass the client to another department or hand him over to someone he's never heard of. One accountable professional who is thoroughly conversant with the client's needs will stay on the case, handle all queries and make sure client satisfaction is achieved."

Commercial and corporate clients demand clear lines of responsibility like this.

"To them, insurance is insurance, not one compartmentalised specialisation after another," says Lawrence.

"Doing everything yourself means you don't have to worry about come-backs when a third party drops the ball. The only come-back is when clients come back to you with repeat business."

RISK AND REWARD... IT'S A CRUCIAL RELATIONSHIP

Econorisk is structured as both a risk



Econorisk director and former Proteas fast bowler, Brett Schultz, claims another wicket

adviser and insurance broker. It doesn't sell commoditised products off the shelf. It sells solutions.

Professionalism in support of all risk-related matters demands objectivity without preconceptions.

Typically, the Econorisk approach entails:

- risk identification and analysis after a thorough investigation of a client's operations
- assembly of all data into a comprehensive risk report for presentation to the client
- advice and recommendations on the treatment of risk
- design of a customised solution
- assistance with the implementation of a risk management programme, typically including features such as loss control and other risk

MOVING AT PACE TO SEIZE BUSINESS OPPORTUNITIES

Econorisk is developing a reputation for moving at pace to optimise business opportunities. This should come as no surprise as former Proteas fast bowler Brett Schultz is a director and business partner.

True to form, at Econorisk he has proved to be an exponent of the quick-service delivery that is on top of you before you know it.

The approach is exemplified by proactive product development in niche markets with special needs. Brett Schultz has demonstrated a knack of identifying needs and creating relationships with some new 'players' in fast developing markets.

mitigation measures, changes to contract wording and the sharing or passing on of risk to other parties, placement of catastrophe insurance and the tailoring of specific covers.

The approach is solution-neutral, covering risk management improvements and own-insurance as well as covers from a range of insurers.

"We're rewarded for our professional approach to risk by the loyalty of our clients," says Rob Sylvester, CEO.

"Technical expertise enables an objective assessment of exposure and strengthens the business relationship. Our ability to suggest the best fit between an appropriate insurer and a specific set of needs is also crucial to the optimum outcome."



econorisk

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Authorised Financial Service Provider

"We're a relatively new company," says Brett. "We can identify with the needs of operations that may not be deeply entrenched in the economy, but have great potential. We're fast-paced. The dynamism is reflected in our new logo and corporate identity. We know that you should not assess any player in any sector solely on the past. You should also look for potential for future development."

"Meet the needs of tomorrow's big hitters and you have a platform for the organic growth of your own book. As the business of your client grows, so will you."

The record to date indicates that clients have been bowled over by the proactive approach.