



Contents:

- Welcome
- Business Planning
- Succession Planning
- Advisernet News
- Success Bites

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Welcome

I am writing our second edition on the 31 March, the last day of the financial year for many companies and a busy time for renewals and hopefully some new business as well.

Planning ahead is fundamental to the success of any business and insurance brokers are no exception. Hoping that you are going to do as good as, or better than, last year is no substitute to having a clear plan for the year ahead.

I am continually amazed at the fact that many insurance brokers do not even have a financial plan i.e. budget, let alone a business plan. Ask any business or financial adviser about planning and their answer is likely to be that without a target and a clear plan of how to reach that target, you and your business will just continue on the same treadmill.

Now that is not to say that plans don't change,

but sitting down and thinking about the future is one of the key attributes of successful businesses. Success does not happen by chance and I always think it is worth spending time on things that will make a difference and this is one of them.

Succession planning and the importance of an exit strategy is also part and parcel of business planning. There were a couple of articles recently in Cover Note magazine on the subject, one written by myself, and the importance of preplanning in detail some of the 'what ifs' around death, disablement and retirement.

The focus of this newsletter, if you haven't already guessed it, is planning and how it can help you personally and professionally to get to where you want to in life and in business.

**Happy reading.
David Crawford**

Business Planning

The ideal business plan can be thought of like a road map - the destination is defined (in other words, the strategic objectives) and the business plan then acts as the route plan for getting there. The business plan should be revised each year, including setting targets and preparing financial forecasts. This should be done regardless of whether the business needs to raise extra money for growth or not.

Business plan templates and software are readily available as are business

consultants to help you. My only advice on this is that when writing the plan it is important to think who will be reading it and make it as concise as possible, something like 8 to 10 pages, with extra information and detailed financial projections as appendices.

The plan should be approached in a logical manner. A rough draft should be written and left for a few days before it is read again and fine tuned. It is important to be honest and not contain unrealistic claims.

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It is also important that any forecast can be justified with a strong marketing plan to achieve it. It is no good having perfect arithmetic in the forecast without sufficient justification for the sales that are being claimed.

The six main benefits of completing a plan are:

1. It encourages you to think through your ideas and exposes possible shortcomings (such as lack of sufficient market research) that you need to address.
2. It gives your business a sense of direction and action timelines to reach desired targets.
3. It helps build commitment because you have publicly announced your objectives.
4. It allows you and your staff to measure progress towards targets, which leads to a shared sense of achievement (and makes recruiting more good staff easier).
5. It builds credibility and convinces others (including lenders) that you know what you're doing and where the business is heading.
6. It enables you to perform better than you would without a plan. Research shows that businesses that undertake regular business planning have higher profit margins than those that do not.

So a business plan can be an effective competitive advantage that enables you to outperform similar businesses without a plan.

Most businesses have only limited resources of time and cash. This is all the more reason for you to focus these resources to maximum effect and a business plan helps you to do just that. Completing the details of a business plan helps you to develop a clear vision of where you want your business to go and to prioritise which opportunities you will pursue for the maximum long-term benefit of the business.

Finally, remember that the best business plan is a practical roadmap that directs your actions. Therefore make one page of your business plan a summary action plan grid, where you list:

- Specific targets
- Specific tactics to achieve these targets
- A budget for each tactic
- A timeline to achieve them
- A list of who is responsible for actioning each item.

When you revise and update your business plan, you can measure progress towards your business goals with the help of this action summary.

Happy planning.

Succession Planning

As is often the case when entering into a business, the complete focus is on setting up, operating and growing the business. What is easy to overlook is the all-important business exit strategy. An exit strategy is an essential component to a well-designed business plan as without one you could be left with a business that you can't sell or is unsuitable to hand over when the time comes to move on. Prudent business owners recognise early the importance of planning for their eventual exit from the business and for maximising the price they will receive.

Whatever the situation, it is imperative to begin considering the future of your business today. Many business owners are lulled into the belief that they can wait until much later to start preparing their business for sale. Unfortunately, as the years pass by, opportunities to enhance their business's value and position it for the maximum selling price can be missed.

Business exit strategies are not set in concrete; they are flexible as circumstances can change. A good rule



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of thumb is to ensure your business is always in saleable shape so that when the unforeseen occurs, such as illness or accident, a good sale price can still be realised. Key factors in delivering your exit strategy are likely to include well developed business systems that manage your processes, workflow, and productivity; and help reduce people dependency - especially on you.

Arguably the most important component of your exit strategy is showing a healthy cashflow. Buyers buy on facts and good information is essential. Buyers look at that all-important bottom line, the business's potential and if it has a good upside. Good systems and financial records from well thought out strategies over a number of years, will attract better

quality buyers, giving you a greater return when it comes time to exit your business.

Owning and operating a business can become all-consuming and it is important to take time out for family and holidays, and to have the time and energy left over to explore and develop other interests so when the time comes to exit your business you will make the transition with ease, having formed other interests.

Whatever your exit strategy try and determine the needs particular to you and your business. Some exit strategies take more time and thought than others. Keep in mind that the most successful exit strategy is the one that delivers what you want, and will provide you with your best return at the end of the day. Seldom does this happen by chance.

Insurance Advisernet News

iBroker

We are committed to ensuring that iBroker is the best broking system for small to medium insurance brokers. Our current users, now over 80, are beginning to benefit from the smart technology and we have a number of initiatives in the pipeline this year to continue enhancing the benefits of iBroker... watch this space.

Interestingly, we have recently had a number of eGlobal users look at iBroker and they have been amazed at the user-friendliness and potential of iBroker for increasing their productivity.

Website

We are in the final stages of providing our members with a centralised credit card facility for their customers via our website which should ease the administrative and financial problems associated with accepting payments by credit card.

Also coming shortly is an HR toolkit in our members only area with resources for recruiting, reviewing and training staff, along with some standard documentation and access to specialist advice when needed.

Members

We held a Professional Development Day in Christchurch at the end of February for all our members and it was a great success with a number of ideas and initiatives coming from the group. It was also pleasing for us northerners to witness the Hurricanes beat the Crusaders at AMI Stadium, thanks to Amicus and Vero.

I will be touring New Zealand towards the end of April and early May to catch up with a number of you and bring you up to date with the forthcoming initiatives we are planning and discuss in more detail the opportunities that we might bring to your business.



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Success Bites

It will come as no surprise to you that this newsletter's words of wisdom are around the subject of planning.

A good plan vigorously executed right now is far better than a perfect plan executed next week.

General George Patton

He who every morning plans the transactions of the day and follows out that plan carries the thread that will guide him through the labyrinth of the most busy life.

Victor Hugo

Planning is bringing the future into the present so that you can do something about it now.

Alan Lakein

Spectacular achievement is always preceded by unspectacular preparation.

Robert Schuller

Action without planning is the cause of all failure. Action with planning is the cause of all success.

Brian Tracy

"Would you tell me which way I ought to go from here?" asked Alice.

"That depends a good deal on where you want to get," said the Cat.

"I really don't care where" replied Alice.

"Then it doesn't much matter which way you go," said the Cat.

Lewis Carroll - Alice's Adventures in Wonderland (1865)

Those who plan do better than those that do not plan, even though they rarely stick to their plan.

Winston Churchill

Always plan ahead. It wasn't raining when Noah built the ark.

Richard Cushing

It's not the plan that is important, it's the planning.

Dr Graham Edwards

