



## HUMAN RESOURCES

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### Working Group

**September 11-12, 2019**  
**Washington, DC**

### SUMMARY

The Council's Human Resources Working Group met September 11-12, 2019 at The Council headquarters in Washington, D.C. The Council's Elizabeth McDaid, Julia Ruiz and Tish Carden staffed the meeting. In addition to peer exchange discussions, the agenda focused on business acumen providing an in-depth understanding of how the insurance brokerage business works, how it makes money, and how strategies and decisions impact financial, operational and sales results.

### PARTICIPATING FIRMS

In attendance were twenty-eight (28) participants (10 were first-time attendees or from new CIAB member firms). Participants were from the following firms:

Alliant Insurance Services, Inc.	INSURICA	OneDigital
Brown & Brown	Kelly & Associates Insurance	Orchid Underwriters Agency, LLC
Catto & Catto LLP	LHD Benefit Advisors	Oswald Companies
Cottingham & Butler	M&T Insurance Agency	Propel Insurance
Gehring Group	MJ Insurance	The Liberty Company Insurance
Harden	Moreton & Company	Brokers
Hotchkiss Insurance	Navacord	TrueNorth Companies
Hylant	NFP	

### WEDNESDAY, SEPT. 11

#### INTRODUCTIONS

The meeting began with round table introductions. The chair of the HR Working Group, Marty Guastella of Oswald Companies, opened the session by reviewing the group's three-year journey to help enhance members' ability to be strategic partners at their firms. This September meeting was the third and final stage to achieve this goal:

- Stage one – Develop exemplary leadership skills (The Leadership Challenge, Sept 2017)
- Stage Two – Enhance our ability to design and execute on an HR Business Plan (Strategic Thinking & Planning, Sept 2018)
- **Stage Three – Deepen our understanding of the business in which we operate**

#### INSURANCE AGENCY BUSINESS SIMULATION

*Presented by Jeff Lefebvre, Founder and Partner, PriSim Business War Games and Max Hernandez, Vice President, PriSim Business War Games*

During the two-day program, participants worked in teams, running a simulated brokerage while competing in a virtual marketplace. They were exposed to an entirely different level of decision-making

and gained a bird's eye view of the brokerage value chain - from customer segment analysis and lead source management to financial management, producer competency and customer retention.

## IMPORTANT LEARNINGS

**The Law of Unintended Consequences** states that actions of people always have effects that are unanticipated or unintended. Peter Drucker (a well-known management consultant, author, and teacher) says there are three unavoidable things that happen in an organization:

- Friction
- Confusion
- Underperformance

Organizations that have long-term success and stand the test of time focus on two factors that mitigate the above:

- Aligning the organization's vision and core values
- Good leaders aren't necessarily charismatic, they are architects

## In the Business vs. On the Business

There is a fine line between managing and leading. **Management** is coping with complexity. **Leadership** is coping with change.

## Strategy & Long-Term Planning

In preparing to write the team's **MOST (Mission, Objectives, Strategies, and Tactics)** for their simulated agencies, the groups contemplated the five most important questions they should ask themselves about the company they were about to lead.

According to Drucker, the **5 most important questions** a management team can ask about their business and answer, as they set strategies are:

1. What is our mission?
2. Who is our customer?
3. What does our customer value?
4. What are our results?
5. What is our plan?

**Mission:** States the organization's reason for existence and its core purpose and values. Mission statements should be brief, achievable, distinct, profit-targeted, flexible, future-oriented, customer-focused, and easily understood.

**Objectives and Goals:** Higher-level and specific objectives follow and support the mission. These should be inspiring, realistic, and achievable. When possible, objectives should be stated as quantitative goals – an objective of “high ROE”, for example, would be better stated as “an ROE above 12% within 5 years”.

**Strategies:** The purpose of planning is to provide direction – a roadmap for the future. Strategies are maps that guide the various parts of the business to accomplish your objectives: marketing strategies, financial strategies, human-resources strategies, etc. These maps, when taken together, should define the specific areas that will help the company create competitive advantage.

**Tactics:** The day-to-day activities that the organization implements to progress toward their goals are tactical in nature. Many companies fail to achieve their mission and strategies due to difficulties in execution. The importance of following through on tactical moves cannot be stressed enough.

## **Finance**

This segment provided participants with a better understanding of financial reports, which indicate operational success. The group looked at the Income Statement (also known as a Profit and Loss (P&L) Statement), Balance Sheet and Statement of Cash Flows.

### **Financial Statements that “Tell All”:**

- Income Statement (P&L):
  - A summary of a business’ sales revenues and associated expenses over a specified period
  - Reports the net income (profit) or loss for the period
- Balance Sheet
  - A summary of a business’ financial position on a given date that shows what the business owns (Assets) and who owns it (Liabilities & Owner’s Equity)
- Cash Flow Statement
  - A summary of a firm’s actual cash receipts and cash payments during a period of time

## **THURSDAY, SEPT. 12**

The second day began with individual reflections from the previous day – what did they learn and how it will impact their job.

After three simulated years of competition in the virtual market, each team presented how their business did over the course of the simulation and what they learned during the process.

Final Presentations included:

- What was your mission/objectives/goals? How well did you succeed?
- Who were your primary competitors? How well did you perform against them? Any feedback for them re: what they did really well? What they could have done differently?
- What strategies / techniques worked and didn’t work? (e.g., What were the major “oops” and “ah-has”?)
- How would you describe the team interactions? Was your decision-making process effective?
- Do you feel you ran the “best” Brokerage?

## **KEY TAKEAWAYS**

As part of the final program wrap-up, the group identified individual takeaways from the business simulation: What was most valuable and commitments to do things differently in the next 6 months?

Responses included:

- Importance of producer training; what it currently entails and what it *should* entail.
- Need to focus more on the financials and numbers of the business in order have more strategic conversations with CEO.
- Being able to connect the dots of the business on a deeper level rather than just big picture.
- Validates the knowledge gained overtime but and is able to give concrete examples in application.

- How small changes in the business can affect not only other aspects of the business but the customer experience.
- Immediate action to check out own firm's financial statements.
- Gives the ability to ask better questions of senior leaders, and the ability to have better in-depth conversations about business decisions.
- Broader understanding of the business and the ripple effects decisions have on business.
- Committed to transparency of the business from management and how and why decisions are made.
- Better appreciation of how complex it is to run and manage a business.
- Disseminating business knowledge to top sales people and others who are slated for promotions.
- SWOT and MOST analysis will be key in ongoing projects and in the future.
- Redoing SWOT analysis as the market and business change and continuing to be intentional with vision, alignment, and decisions.
- Maintaining that everyone in a business deserves a seat at the table but they are coming from different perspectives. It is important to see all sides and align those perspectives with the business's goals.
- Finding a balance between leadership "coping with change" and management "coping with complexity."

## GROUP SHARE DISCUSSION

A few topics that were brought up for discussion during the closing roundtable peer exchange.

- SPQ Gold assessments for sales positions
- Implementing remote or virtual flexibility
- Unlimited PTO for nonexempt and exempt workers
- Paternity leave, paid military leave, and how to track multiple states that require different sick leave policies.

## BASECAMP LAUNCH

A Human Resources Working Group communications portal has been created through Basecamp, which enables Working Group members to communicate directly with the group (or indirectly through Council staff) to raise issues, ask questions, and share information. It also allows us to keep the group informed about trends, issues, and tools that may be of interest. It is simple and unobtrusive. Basecamp emails participants to let them know when a communication has been posted, and the user can engage with Basecamp either through email or directly on the site.

Each HR Working Group participant will receive an email from Tish Carden (Basecamp). Click the link that reads, "Accept this Invitation to get started." The link will direct you to the Basecamp site and will ask you to create a password. Please email Tish Carden ([tish.carden@ciab.com](mailto:tish.carden@ciab.com)) if you have any questions.

## NEXT MEETING

The next Human Resources Working Group is set to take place **February 10-11** in conjunction with The Council's Legislative Leadership Summit, February 10-13, 2020, in Washington D.C.