

WHAT WORKS

BY PETER VAN AARTRIJK JR., CIC

Build a

around Client

CHALLENGE: Branding risk management.

SOLUTION: Create separation from competition.

Not one to mince words, independent agent John Suhr is taking on his industry. He's also challenging clients to expect more. His website notes: "People should demand excellence from a true professional. Settling for mediocrity seems to be the norm."

Suhr's strategy? Distance his firm's capabilities—and clients—from the rest. It's working.

Located in the heart of Silicon Valley, Suhr Risk Services is a Big "I" Best Practices firm, booking nearly \$200,000 in revenue per employee in recent years with a keen focus on niches: nonprofits, grocers, contractors, wholesalers and rental equipment dealers. Suhr has five divisions: employee benefits, personal, small and large business and estate planning. >>

Fence

Relationships





On Message, Online

Looking for an insurance website where the owner is staying “on message,” as they say in political circles? Suhr Risk Services is a good example. Most of the site (www.insuhr.com) includes commentary by CEO John Suhr as well as testimonials by customers.

“I’m not looking for someone to type in ‘insurance’ and come to the site,” Suhr says. “The site isn’t to lure them in; it’s to validate after we talk with them. I want it to be novel and an expression of our positive differentiation.”

Suhr wants the online presence to “at least be on par” with the in-person meetings with prospects. “I don’t want them to go to the website and say, ‘Wow, they were so impressive live and in person, but this website is weak.’ It’s all about credibility, which is why each page has client testimonials for each of our six practices.”

—P.V.

The firm’s business client is typically “someone who understands the economics behind making a decision based on a long-term value proposition rather than saving 5% on a renewal,” says Suhr.

“We don’t distribute our products by focusing exclusively on the cheapest price point,” he adds. “We need to set ourselves apart in the Bay Area. We have 33 employees and 48 professional designations. When you walk into an account with complexities, our intellectual capacity is a force to reckon with. It’s fun.”

Workers’ compensation is a key entry point to accounts, says Suhr, and the “heart and soul of what our company was built around. It means understanding all the cost drivers of a workers’ comp account, and the pricing you can bring to the table for individual class codes. We do our homework—we gather a lot of data.” If prospects follow the rules of the game, the agency has a 70% close ratio on new business. “That’s an honest number,” he says. “If we see we won’t make that long-term relationship, we walk.”

The firm views cross-selling as clients sitting down for a meal. “It’s like an exclusive, elegant, high-end restaurant with five seats at the table—workers’ compensation, employee benefits, package, personal lines and estate planning. We look at the one line we have [with that client] and

recognize we have enormous value to bring to the other lines. Simultaneously, we are building a fence around the relationship.”

Building the Brand

Suhr offers a blunt opinion on competing agencies. “It’s scary when you go in and do a full risk management audit. It’s amazing what some of our peers are doing. Tragic, really.”

“We are one of the least-trusted professions on the planet. What a bad brand we have,” Suhr muses. “Our producers go in and discuss that brand as part of the process. Anything we bring up is listened to with a jaundiced ear.”

On the other hand, he adds, “It is easier to sell when you have the conviction that you and the resources you offer are unmatched anywhere in the Bay Area. Niches enable you to become a real risk manager and not just a distributor of insurance products.”

Prospects mostly agree to meet with Suhr’s producers, he says, because the incumbent broker “is not meeting the client’s expectations. The majority of the time the incumbent doesn’t even know the expectations aren’t being met.”

For existing clients, the firm provides a stewardship report that asks questions such as, “We want to understand how we can bring you more value. Have we delivered

“We never want to make it too simple for the buyer.”

on all of the commitments we promised you?” At that point, Suhr says, “It’s relationship management—not really risk management.”

The agency’s whole brand is about positive differentiation. “Somehow you have to set yourself apart from your constituents and competitors in a way that is attractive to buyers,” Suhr says. “Value added’ means nothing; it has to be ‘client valued.’ It’s about asking probing questions. We don’t walk in and sell products. We complete a thorough risk management audit and build a blueprint that is manuscripted to the needs of the prospect.

“My view is if I sit in front of prospect, we do a heck of a job. The power we bring to the meeting is an exercise in credibility. Many times, people have a hard time believing the unique content we bring to the table. We want them to walk away and say, ‘Wow, I never had anyone ask me those questions. I never had a risk manager who was that astute.’ So it’s a value factor. You

Suhr Risk Services

San Jose, Calif.

FOUNDED: 1906

GROSS REVENUES: 2008, \$7.0 million; 2009, \$6.5 million; 2010, \$6.5 million

EMPLOYEES: 33

REVENUE PER EMPLOYEE: \$197,000

BUSINESS MIX: Commercial property-casualty, 68%; employee benefits, 22%; personal p-c, 10%

CARRIERS: Advantage, BHH, CIG, CompWest, Crum & Forster, Fireman’s Fund, Golden Eagle, Grocers, Hartford, Liberty Mutual, NIAC, QBE, Safeco, SCIF, Sequoia, Travelers, Unigard

CLIENT COUNT: Personal, 1,160; commercial, 750; employee benefits, 210

RETENTION RATE: 93%

TECHNOLOGY: Applied Systems TAM, dual monitors, eTfile, smartboards/webinars

IIABA AFFILIATIONS: Best Practices

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‘Wow, I never had anyone ask me those questions.’”**

Making Cross-Selling Personal

Suhr Risk Services’ philosophy extends to personal lines, which CEO John Suhr refers to as “personal risk management.” While the firm is reluctant to quote, it does so mostly on personal lines since referrals often come from important business customers.

Many business owners, he says, started with direct writers and have held these relationships for many years. When Suhr’s staff complete personal insurance reviews, he says, they often “discover poorly designed insurance programs originally based on price and not value.”

In seeking separation from the standard personal lines pitch, the firm lists these related services on its website:

- Unmatched intellectual capital
- Personal insurance risk management program design and analysis
- Tactical marketing to virtually an unlimited list of insurance companies
- Aggressive claim management leading to fair and equitable settlements
- In-house claims division to “police” insurance company adjuster
- State-of-the-art technology allowing for policy forms comparison and pricing
- Annual summary of protection
- Premises inspections
- Photo/video inventory (upon request)
- Legislative advocacy
- International expertise

—P.V.

can distribute insurance products, or you can be a risk manager. You can be an effective communicator, or you can be sloppy.”

The firm also carefully manages communications to underwriters. Suhr wants to avoid what he considers to be an industry-wide problem that he calls “ethical issues with producers distorting the facts.” The solution? Centralized marketing, where carrier submissions are managed by a long-term employee—not by producers.

Generating Leads

Referrals from healthy customers are key to Suhr’s expansion. “If you have a client base that’s treading water,” he says, “it seems that their network of like-minded businesses also will be treading water. We have populated ourselves with successful clients, and their professional network is successful as well.”

Gaining those referrals is an ongoing effort, with campaigns overseen by a staffer who runs a business-development center. “We are systematically dripping relevant information on a monthly basis,” says Suhr, keeping the name in front of clients and prospects.

“I believe in systems,” he says. “When someone leaves, the process dies if you don’t have a system. We are very systems-focused, and you can’t really manage anything unless it can be measured.”

The agency sends some regular mail, but mainly leverages e-mail to reach prospects. Clients receive e-mails outlining significant changes that might affect their businesses.

What We Learned

As a regional brand, Suhr Risk Services competes with the big boys—to a point.

“There is a sweet spot we have as a regional,” says CEO John Suhr, “that is different than the sweet spot Marsh has. Why go after national accounts when we don’t have the brand? I can take on a Wells Fargo or a Marsh on firms of a certain size and beat them very handily. It’s firms of another size that are not in our sweet spot anymore, and we won’t play in it. We’re not going to waste agency resources.”

—P.V.

“So much of the sales can be done before you show up at the prospect’s door,” Suhr notes. “Our prospect may have already heard from a number of our clients, received testimonials, completed a pre-workshop questionnaire and read an article about our firm in a respected trade magazine.”

Making the Big Metric

In the last couple of years, the agency booked flat revenue on shrinking contingencies and investment income, which Suhr largely chalks up to a limping economy and a prolonged soft market. His team looks to write new business equal to 20% to 25% of prior-year commissions and fees. “That’s the big metric,” he says. “It’s really the only way to grow organically in lieu of lost business and leakage. We focus on these metrics in company-wide meetings.

“How do you invest in new producers, new technology, 401(k) matching, and salary increases without organic growth? It’s funny—top-line revenue growth solves all problems. So we make people very aware of the consequences of our results. We are a transparent firm. Everyone understands our key metrics; our results are posted monthly, and every three months we all meet to collectively discuss our results and go-forward plans.”

Despite tough market conditions, Suhr says working capital and profits doubled last year. The firm is keeping the pressure on his team, he says. “You have to get rid of the litany of excuses. We need to focus our energies on the areas that have the most impact on our results and avoid bemoaning that which we can’t control.”

Thirty-three years into his career, Suhr, 57, says he still loves the business. “Like anything, if you dig down there are complexities to it and you can bring value.

“We never want to make it too simple for the buyer. I don’t believe in KISS [keep it simple, stupid]. We want our clients to need us and view us as a very unique resource. If it’s simple in their minds, then anyone can do it. And the facts are most agents can’t.” □

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