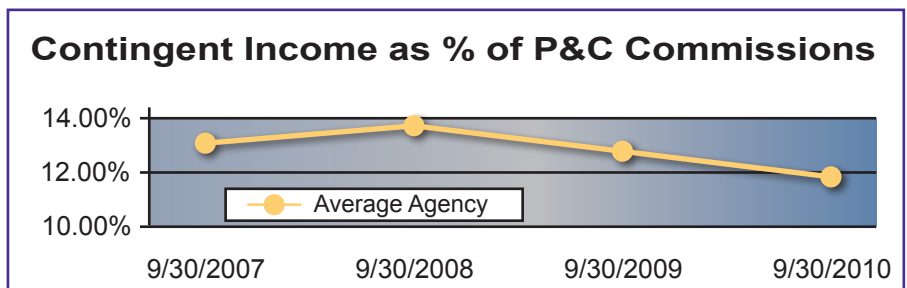


## Don't Wait for a Three-Pointer at the Buzzer

After a disappointing 2010 for many insurance agencies, the first quarter of 2011 finds agency owners anxiously awaiting the annual flood of contingent revenue. This first quarter revenue that helps many agencies survive another year will prove to be increasingly elusive in 2011. Don't sit on the edge of your seat, as this year's results for most agencies will prove to be considerably lower than 2010.

Agency executives cannot be complacent with their insurance company relationships, reluctant to institute cost containment strategies and new business activities. Now more than ever, agencies must proactively manage to an operating profit game plan regardless of the lift from insurance company bonuses. This revenue source must become the icing on top of the cake if the ultimate goal is to run a finely-tuned insurance agency.

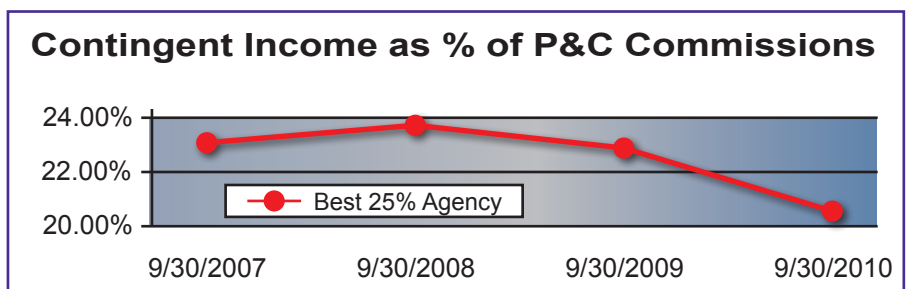


What must agency management do to navigate through another round of carrier pressure and decreased contingent income?

- Thoroughly analyze agency operations for opportunities to improve operating profit. This includes optimizing the efficiency of the service staff through fine tuning player expectations, terminations or player trades, along with incentive compensation plans.
- Enhance new business production by fully implementing a carrot and stick compensation plan, weeding out non-performing producers while reinvesting in new talent, focusing heavily on pipeline management, refining differentiation and enforcing compliance of promises made to insureds.
- Aggressively manage insurance company relationships with a goal of exceeding carrier expectations, articulating agency performance and longevity objectives, and driving enhanced relationships.

The Best 25% of agencies are also seeing significant erosion in contingent income (chart, right). This is an industry-wide issue.

Don't wait until the end of the game for the full court shot to swish just before the buzzer; it most likely will be an air ball. Reach for peak performance by proactively building a game plan that contemplates reality and implements changes that will drive long-term sustainability of organic growth, sound expense control and ultimately profit. Manage to budgeted expenses and operating profit sans contingent income so that you can advance to the next round.



Authored by Wayne Walkotten, Executive Vice President, 616-723-8372



# MarshBerry Solutions

Information Services	Management Consulting	Exchange Networks	M&A Advisory
<p><b>Benchmarking Services</b>            Perspectives for High Performance (PHP)            Sales Portal – Pipeline / Service Timeline            Confidential Employee Morale Indexing            Perpetuation Preparedness            Operational Assessment            Sales Management Benchmark Report</p> <p><b>MarshBerry.com</b>            Performance Calculators            Forms &amp; Documents            Position Descriptions            Discussion Groups            Research Studies            Market Data            On-Line Value Estimator            Published Articles</p> <p><b>Monthly Publications</b>            The MarshBerry Letter            a. Market &amp; Financial            b. Agency Compensation            c. Agency Operations            d. Surveys            For The Record (Statistical Analysis)            Dealmaker's Dialogue (M&amp;A Advisory)</p> <p><b>Public Speaking Engagements</b>            Keynote / State of the Industry            Topical education</p> <p><b>Carrier Services</b>            Distribution System Management            Field Personnel Training and Development            Agency Management Symposiums</p>	<p><b>Sales Management</b>            Cultural Mapping and Alignment            Producer Goal Setting            Sales Portal – Pipeline / Service Timeline            Accountability / Compensation Design            Producer and Sales Manager Training            Differentiation Design and Execution</p> <p><b>Business Planning</b>            Strategic Business Planning            Execution / Action Plan Management            Strategic Options Analysis</p> <p><b>Agency Valuation</b>            Agency Fair Market Valuation            Valuation Assessment</p> <p><b>Perpetuation Plans</b>            Perpetuation Plan Design            Plan Execution Management            Transfer Strategies (Stock / Leadership /            Books of Business)</p> <p><b>Financial Consulting</b>            Internal Financial Controls            Compensation Consulting            Value Enhancement Planning            Contingent/Supplemental Plan Mgmt.</p> <p><b>Operational Consulting</b>            Staff Workload / Comp. Management            Workflow and Procedures            E&amp;O Audit, Policies and Procedures            E&amp;O Market Access</p> <p><b>Recruiting</b>            Position profile, search, screen, hire            Compensation development plan            Technical and sales training year one</p>	<p><b>Agency Peak Performance EXchange (APPEX)</b>            Over 115 Agencies            Over \$1.1 Billion Revenue</p> <p><b>Bank Agency Network (BANK)</b>            Over 25 Banks            Over \$1.0 Billion Revenue</p> <p><b>Total Agency Sales Culture (TASC) Network</b>            Over 35 Agencies            Over \$1.1 Billion Revenue            Nation's leading organic growth agencies            Enhanced new business production and retention strategies</p> <p><b>Royal Sun Alliance (RSA) Summit Brokers Improvement Network</b>            Canadian agencies affiliated with Royal &amp; Sun Alliance Insurance Company</p> <p><b>Standard Partner Services</b>            State of the Industry Research            CEO Peer Exchange / Networking            Semi-annual Conferences            Semi-annual Consultation            Regimented Benchmarking Services            MarshBerry.com            The MarshBerry Letter and other Monthly Publications            Priority Consulting Opportunities            Exclusive Programs            Distance Learning Groups (DLGs)</p>	<p><b>Strategy</b>            Acquisition Planning            Deal Return Modeling            Strategic Options Analysis            Alternative Buyer Comparison</p> <p><b>Preparation</b>            Sale Preparation Management            Offering Memorandum Development            Strategic Pitch Book Design            Candidate Profile Creation</p> <p><b>Representation</b>            Buy Side Representation (including Search and Screen)            Sell Side Representation            Letter of Intent / Negotiation            Creative Deal Structure Alternatives</p> <p><b>Analytics</b>            Agency Fair Market Valuation            Market Comparables / Benchmarking            After-Tax Return Optimization            IRR, ROI and EPS Analysis</p> <p><b>Execution</b>            Diagnostic Due Diligence            Confirmatory Due Diligence            Intangible Asset Allocation – GAAP Rep.            Fairness Opinion            Definitive Agreement (Best Terms / Conditions)</p> <p><b>Post-Deal Management</b>            Post-Closing Integration            Goodwill Impairment Testing            Peer to Peer CEO Exchange            Earn-Out Maximization Consultation</p>

MarshBerry's clients are committed to realizing their fullest potential with respect to growth, profit, survival and shareholder value. Our agent, broker, bank and carrier clientele engage us to achieve their goals within the retail and wholesale channels of the insurance distribution system. Our unparalleled industry-specific services include consulting, performance benchmarking, peer-to-peer exchange networks, merger and acquisition intermediation and producer recruiting.

MarshBerry • 4420 Sherwin Road • Willoughby, Ohio 44094 • 800-426-2774 • www.MarshBerry.com

