

April 2025

# **ISU Steadfast**

## **Agency Principals' Forum**



*Presented By*



# Welcome to the Spring 2025 APF Meeting!

We're excited to spend the day with you focused on two critical areas of agency leadership:

- Mergers & Acquisitions: Positioning Yourself as a Buyer
- Perpetuation Planning: De-risking Your Agency

This workbook will guide you through both workshops. It's designed not only for today's learning but also as a resource you can return to as you continue your growth and succession planning journeys.

## Facilitator



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## Workshops

### POSITIONING YOURSELF AS A BUYER

Learn how to define your ideal acquisition, assess your agency's strengths and risks, and build a marketing and financial plan to become a buyer of choice.

### DE-RISKING YOUR AGENCY

Explore the key risks that impact perpetuation, evaluate your agency's health, and create a strategy to protect your agency's value and ensure a smooth ownership transition.

# Agenda

**Saturday, April 26, 2025**

**Location: Laguna Cliffs Marriott, Dana Point**

## **Breakfast**

7:30 AM – 8:30 AM @ Laguna Terrace

## **Forum Welcome & Introductions**

8:30 AM – 9:00 AM @ Dana Point I, II, III

- Welcome from Steve Pearson and Tracy Blumberg (15 mins)
- Principals introduce themselves (15 mins)

## **Workshop #1: M&A – Positioning Yourself as a Buyer**

9:00 AM – 12:00 PM

- Whole Group Presentation – Dana Point I, II, III
- Breakout Activities – Dana Point I, II, III, and Lantern Bay
- Closing Discussion – Dana Point I, II, III

## **Lunch**

12:00 PM – 1:00 PM @ Laguna Terrace

## **Workshop #2: Perpetuation Planning – De-risking Your Agency**

1:00 PM – 4:00 PM

- Whole Group Presentation – Dana Point I, II, III
- Breakout Activities – Dana Point I, II, III, and Lantern Bay
- Closing Discussion – Dana Point I, II, III

## **Forum Concludes**

4:00 PM

## **Group Dinner Cruise**

4:45 PM – 9:30 PM - Meet in hotel lobby for bus transportation

## UPCOMING MEETINGS

- May 8th from 2-4pm
- June 17th from 2-4pm

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# POSITIONING YOURSELF AS A BUYER

## WORKSHOP #1



Before you pursue an acquisition, it's essential to strengthen your own foundation. In this section, you'll define your agency's gaps, identify what you're looking for in a seller, and build a strategy to attract the right opportunity, one that aligns with your goals and accelerates growth.

## ACTIVITIES

- Value & Growth Risk Assessment
- Gap Identification
- Buyer Profile Worksheet
- Attracting the Right Seller

## ACTIVITY 1

# VALUE & GROWTH RISK ASSESSMENT

This assessment is designed to help you identify areas of strength and vulnerability within your agency. Score each risk factor from 1 to 5 (1 = Low Risk, 5 = High Risk) based on how well your agency is currently performing in that area.

## PERFORMANCE METRICS

### Growth

Measures how consistently your agency's revenue is growing year over year.

1	2	3	4	5
Over 20%				Under 5%

### Profitability

Evaluates your agency's ability to generate profit after expenses, not just grow top-line revenue.

1	2	3	4	5
Over 25%				Under 10%

### Size

Assesses the agency's scale based on revenue, larger agencies often have more leverage with carriers and resources for growth.

1	2	3	4	5
Over \$3M+ in revenue				Under \$500K in revenue

### Retention

Looks at how effectively your agency keeps clients over time, a key indicator of relationship strength and stability.

1	2	3	4	5
Over 95%				Under 85%

### Loss Ratio

Analyzes claims compared to premiums collected, higher loss ratios can hurt profitability and carrier relationships.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Average under 25%				Average over 65%

### Policies per Client

Measures account rounding, higher numbers suggest stronger, stickier client relationships.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
3+ PPC				1 PPC

### Account Age

Assesses the average age of accounts, a healthy mix signals loyalty and organic new business.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
10+ years average				Less than 3 years

### Producer Age

Considers the average age of your production team, critical for succession and long-term growth planning.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Balanced, Average 45				Aging, Average 60+

### Transferability

Looks at how easily books of business can be transferred if a producer or owner exits.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Team-managed, fully documented				Siloed and paper based

# CONCENTRATION METRICS

## Owner

Evaluates how dependent your agency is on the owner for production, leadership, or relationships.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Minimal day-to-day role				Owner drives ops & revenue

## WASA (Weighted Average Shareholder Age)

Measures the age concentration among shareholders, impacting perpetuation planning risk.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Avg age under 50 or plan in place				All owners 60+, no plan

## Producer

Examines dependency on individual producers, losing one could create major revenue gaps.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
No one controls more than 20%				1 person controls over 30%

## Carrier

Assesses carrier concentration, ideally, no single carrier represents more than 25% of your book.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
All under 25%				1 carrier more than 40%

## Carrier Rating

Reviews the financial strength of your carriers, strong ratings reduce your risk profile.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
All A or better				Below A Rated

### Customer

Looks at revenue concentration among clients, over-reliance on a few clients increases risk.

1	2	3	4	5
No client more than 2%				1 client is more than 15%

### Top Ten Clients

Specific focus on how much revenue is tied to your ten largest clients.

1	2	3	4	5
Under 20% of revenue				40% or more of revenue

### Niche

Specializing in a niche can boost value but also increases vulnerability to market shifts.

1	2	3	4	5
Diversified or low-volatility niche				80% or more in one niche

### Region

Considers geographic concentration risk - regional economic shifts can affect performance.

1	2	3	4	5
Multi-region/state spread				90% in one location

### Business Mix

Measures diversification across lines of business (PL, CL, Benefits, etc.) to reduce exposure.

1	2	3	4	5
Balanced across lines				90% in one line

# CULTURE & CONTINUITY

## Perpetuation Plan

Assesses whether a formal perpetuation or succession plan exists.

1	2	3	4	5
Fully documented & active				No written plan

## Employee Contracts

Reviews whether contracts protect the agency's book and talent pipeline.

1	2	3	4	5
Signed contracts with protections				No formal agreements

## Contracts (Producer)

Ensures producers are bound to the agency and their books through formal agreements.

1	2	3	4	5
Up-to-date with terms defined				Verbal or outdated

## Source of New Business

Evaluates how diversified and sustainable new business pipelines are.

1	2	3	4	5
Multi-channel + systematized				Referrals only

## Reputation

Measures brand strength and perception among clients, prospects, and carriers.

1	2	3	4	5
Strong presence + high trust				Low visibility or poor reviews



### **Involvement**

Assesses how engaged leadership and key staff are in the agency's day-to-day operations.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Owner is strategic only				Owner has hands in everything

### **Systems Utilized**

Reviews whether your agency uses modern systems effectively to support service and sales.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Fully integrated tech stack				Manual Processes

### **Paperless**

Indicates whether your agency operates digitally, improving efficiency and reducing risks.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Fully digital				Mostly paper

### **Digital Presence**

Evaluates the agency's online footprint and marketing efforts.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Strong, modern, active				Outdated or missing

### **Designations**

Assesses the level of industry education and credentials among your team.

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Most staff have designations				No staff designations

### Expertise

Measures depth of industry and technical expertise across the agency.

1	2	3	4	5
Deep product & market knowledge				Minimal technical depth

### Turnover Risk

Evaluates stability and satisfaction of your team — high turnover increases operational risk.

1	2	3	4	5
Low turnover, high tenure				High turnover

### Total Your Score

Add up your scores for each risk factor to calculate your total. Use the guide below to assess your agency's overall risk level — lower scores indicate a stronger position.

**Your Total Score:** \_\_\_\_\_

### Scoring Guide:

- **31-62 = Low Risk** - You're in a strong position to grow or acquire with confidence.
- **63-93 = Moderate Risk** - Some key areas need attention, but the foundation is workable.
- **94-124 = High Risk** - Multiple areas are at risk. These gaps could impact value, growth, or buyer readiness.
- **125-155 = Extremely High Risk** - Significant barriers exist. Focus on stabilizing and strengthening your agency before pursuing external opportunities.

## ACTIVITY 2

# GAP IDENTIFICATION

Review your results from the Personal Risk Assessment and identify 3–5 areas where your agency has the most room for improvement. Then consider: Could acquiring another agency help you fill that gap through talent, structure, client mix, or geography?

Use this worksheet to connect your vulnerabilities to strategic acquisition opportunities.

Identified Gap or Risk Area	How It's Affecting Your Agency Today	Could an Acquisition Help? If Yes, How?

### Additional Considerations

- Which risks did you score the lowest on?
- Are there areas where you're dependent on just one person or carrier?
- Could you gain a new market, talent, or tech stack through acquisition?
- What kinds of agencies would complement your current book or structure?

(Space for notes on next page)

## ACTIVITY 3

# BUYER PROFILE WORKSHEET

Use this worksheet to define the characteristics of your ideal acquisition target — the size, structure, and culture that would best complement your agency. This will serve as a guide when evaluating real opportunities and help you focus your search on agencies that align with your goals and fill strategic gaps.

### Questions to Consider:

- What kind of agency would make you stronger tomorrow than you are today?
- What risks or gaps in your business could this agency help solve?
- What does a “perfect fit” feel like culturally, not just financially?
- Is there one agency you can picture in your mind? Write down their traits.

Profile Category	Your Ideal Criteria	Why It Matters to You
Size (Revenue, Premium, Staff)		
Geographic Location		
Client Mix (PL/CL/Benefits/Life)		
Niche / Specialization		
Culture Fit		
Tech Stack (AMS, tools, etc.)		

Owner Goals (Stay or Exit?)		
Talent (Younger team, producers, account managers, etc.)		
Financial Health (Profitability, clean books)		
Carrier Appointments		
New Business Generation		
Retention & Loss Ratios		

### **Additional Considerations**

In one sentence: Describe your “ideal agency” as if you were telling someone what to look for.

## ACTIVITY 4

# ATTRACTING THE RIGHT SELLER

### Who's Your Ideal Agency and How Will You Attract Them?

#### Instructions:

Now that you've identified your agency's strengths, gaps, and ideal acquisition profile — it's time to put it into action. This activity will help you focus on one specific agency you'd love to attract and build a visibility strategy around it.

#### Step 1: Identify Your Ideal Target

Who is the one agency that fits your profile?

*(Name, description, or just what you know about them.)*

Why would this be a great fit for your agency?

*(What gaps would they fill or strengths would they bring?)*

#### Step 2: Think Like Them

Where do they show up or stay active?

- ☐ Local or national associations
- ☐ Industry events or mastermind groups
- ☐ LinkedIn or other social platforms
- ☐ Podcasts, publications, newsletters
- ☐ Other: \_\_\_\_\_

What would they want to see in a buyer like you?

*(Consider things like culture fit, financial stability, shared values.)*

#### Step 4: Leverage What You're Already Doing

What networks or organizations are you already part of that you could highlight more?

*(Examples: Big I, PIA, ISU, PAC involvement, local non-profits, chamber of commerce, civic boards, etc.)*

How could you be more visible or vocal in those spaces?

#### Step 5: First Impressions Matter

If this agency visited your website or LinkedIn today — would they know enough about you as a potential buyer?

Consider having the person next to you take 2–3 minutes to audit your digital presence and give you feedback. Then use this space to build your to-do list.

Audit Questions to Consider:

- Does your website explain who you are beyond just services?
- Would a seller see stability, growth, and a strong team?
- Is your “About Us” clear, confident, and people-focused?
- Do you talk about your values, your culture, or what makes your agency different?
- Do you come across as someone who would take care of their legacy?
- Does your LinkedIn reflect who you are as a business leader or owner?

#### To-Do List: What could you improve?

Update / Change	Why It Matters	Target Completion Date



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# DE-RISKING YOUR AGENCY

## WORKSHOP #2



Preparing for transition doesn't start with deal terms, it starts with reducing risk. In this section, you'll assess internal dependencies, identify key people and gaps, and take practical steps to protect the future of your agency. The goal: strengthen your agency today so it can carry forward tomorrow.

## ACTIVITIES

- Owner Dependency Risk Assessment
- Disaster Preparedness Checklist
- Successor Matrix Questionnaire
- Incentive Strategy Brainstorm
- Perpetuation Action Plan

## ACTIVITY 1

# OWNER DEPENDENCY RISK ASSESSMENT

This scorecard is designed to help you assess how dependent your agency is on you as the owner or primary leader. For each question, state yes or no then tally your yes's at the end.

Question	Yes or No?
Can the agency operate for 60+ days without the owner's daily involvement?	
Are the agency's top 10 clients managed by multiple people or the responsibility of one or two people?	
Are all processes documented and consistently followed? Can you audit this?	
Who manages the carrier relationships in the agency?	
Do employees know who would be in charge if something happened to the owner(s)?	
Are login credentials and key business contacts stored in a shared, secure location?	
Are producers and team members empowered to make client decisions without owner approval?	
Is there a documented perpetuation or succession plan in place?	
Has the owner or operations lead taken a 2+ week vacation in the past year without being available?	
Are client, carrier, referral partner relationships tracked in a CRM or AMS — not just in someone's head?	
If any one person left tomorrow, would revenue decline more than 20%?	
<b>FINAL RESULTS</b>	

## ACTIVITY 2

# DISASTER PREPAREDNESS CHECKLIST

If Something Happened to You Tomorrow... Would the Business Still Run? Use this list to start building your agency's disaster preparedness file.

Check off what you already have documented and accessible, and jot down what's missing. The goal is to ensure someone else could step in and keep the business operating if you're unexpectedly unavailable.

### **Key Contacts**

- ☐ CPA or Accountant
- ☐ Attorney
- ☐ Bank contact and loan officer
- ☐ Payroll provider
- ☐ IT provider or internal admin
- ☐ Insurance (E&O, cyber, business coverage)

### **Important Logins & Access**

- ☐ Online banking access
- ☐ Payroll system login
- ☐ Email accounts / domain access
- ☐ Agency Management System login
- ☐ CRM, VoIP, or marketing tool access
- ☐ Secure password storage location (LastPass, physical file, etc.)
- ☐ Backup access plan for all critical platforms

### **Core Business Documents**

- ☐ Articles of Incorporation, EIN, and business license
- ☐ Corporate insurance policies (E&O, cyber, etc.)
- ☐ Buy-sell agreement / perpetuation plan
- ☐ Recent financial statements
- ☐ Most recent tax return
- ☐ List of recurring expenses and due dates

**Agency Employee Information**

- ☐ Current org chart
- ☐ Employee and producer contact list
- ☐ Copies of producer and employee agreements
- ☐ Payroll records and salary details
- ☐ Emergency succession contact / temporary leadership plan

**Client & Carrier Continuity**

- ☐ Key carrier contact list
- ☐ Client service continuity instructions
- ☐ Pre-written emergency message template (internal or external use)

**What's one item you could complete or share this month to improve your agency's preparedness?**

## ACTIVITY 3

# SUCCESSOR CANDIDATE MATRIX

Think About...

- If you left tomorrow, who would everyone look to for leadership or stability?
- Which team members hold the strongest client or carrier relationships?
- Who knows the “back end” of your agency better than anyone else?
- Who would be really hard to replace - either technically, culturally, or emotionally?
- Who might be a future owner, or at least someone you want to retain long-term?

### Now List Them Below

Write down the key people in your agency - the ones your business truly depends on. Include why they're important (relationships, knowledge, stability, leadership, etc.), then assess their readiness to take on greater responsibility, leadership, or ownership involvement in the future.

Their Role	Why They're Critical	Their Readiness (Green / Yellow / Red)

### Reflection Prompts

- What are you doing to develop or retain these people today?
- Are there gaps that would leave the agency vulnerable if someone left?
- Who could move into these roles in 3-5 years?

## ACTIVITY 4

# INCENTIVE STRATEGY BRAINSTORM

Now that you've identified your key people, think through what would truly motivate them to stay long-term, grow into bigger roles, or pursue ownership.

Use the prompts and categories below to generate real, agency-specific incentive ideas - financial, cultural, and career-based.

## CATEGORIES TO BRAINSTORM INCENTIVES

### **Financial & Ownership Incentives**

- Profit-sharing or bonus tied to growth
- Commission increases tied to retention or new business
- Phantom stock / equity appreciation plans
- Future buy-in opportunities or a defined path to ownership
- Deferred compensation or retention bonuses

### **Career & Cultural Incentives**

- Leadership training or mentorship tracks
- Clear development plans and role evolution
- Involvement in decision-making or strategic planning
- Flexible schedules, autonomy, or remote/hybrid perks
- Investments in ongoing education or designations

### **Security & Recognition**

- Paid sabbatical after X years
- Public recognition for team contributions
- Annual "Owner Potential" development conversation
- Access to personal financial planning services or coaching



## Brainstorm Table

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## ACTIVITY 5

# PERPETUATION ACTION PLAN

Use this page to reflect on the five key areas we covered. Identify where you're strong, where you have risk, and what you'll focus on over the next 90 days to move your perpetuation plan forward.

### 1. Personal Risk Area to Improve

Based on your self-assessment, what is the one risk factor you need to prioritize?

### 2. Disaster Preparedness Gap

What's one thing that isn't documented or accessible and needs to be?

### 3. Successor or Key Person Development Need

Which role or person needs development, documentation, or a clearer plan?

### 4. Incentive Opportunity

What's one way you could increase retention or motivation for a key team member?

### 5. Your 90-Day Action Steps

List 2–3 things you will do in the next 90 days to strengthen your perpetuation plan:

- 1.
- 2.
- 3.

# Fractional CFO

Financial insights you need to drive smarter, more confident choices.

Transform financial insights into actionable strategies, ensuring your agency is always in the best possible financial position.

## Finance

Structured financials that provide clarity and support decision-making.

## Planning

Defined goals with success metrics, backed by real financial data

## Growth

A customized roadmap tailored to your goals with clear tracking

## Projects

Targeted financial initiatives designed to support your goals

## Featured Projects

Valuation  
Ownership Transition Analysis  
Acquisition Analysis  
Debt Analysis  
Partnership Analysis  
Compensation Analysis

Hiring Decisions  
Incentive Plans  
Cost Per Customer Analysis  
Technology Analysis  
Perpetuation Plan  
Network Analysis



## The Process

### 1 Initial Alignment

Clarifies your agency's financial position and goals while identifying key financial data for informed decisions.

### 2 Benchmark & Goal Setting

Evaluates your performance against industry benchmarks and defines strategic objectives based on financial insights.

### 3 Financial Roadmap

Establishes a financial plan aligned with growth goals and sets measurable targets to track progress.

### 4 Ongoing Progress & Strategy

Monitors financial health, makes necessary adjustments, and develops long-term projections for continued growth and success.