

MARKETING AGENCY OF THE MONTH

From placing business to making sales

JMB transforms itself to a sales-oriented organization

By Dennis H. Pillsbury

Over the past three years JMB Insurance has transformed itself from primarily a real estate-focused agency to a broad-based client-centered multiline agency that is targeting growth in excess of 15% a year. President and CEO Steve Topel and his four-person executive management team have instituted major technological, marketing, environmental and cultural changes, all focused on strong and efficient client service.

When JMB Insurance was formed in Chicago in 1971 through an acquisition of a small agency, its goal was to provide risk management services for the assets owned by JMB Realty Corporation. JMB Realty was one of the largest commercial real estate owners in the country. Finding business for the agency was not a concern. There were many opportunities as JMB Realty expanded its holdings. Agency employees were experts in designing sophisticated insurance programs that often involved several insurers and reinsurers, coupled with risk management services that served to mitigate or eliminate the risks facing their parent.

However, as anyone in the insurance business or any business knows, the only constant in life is change. And change came to JMB Insurance in 1986 as the result of a change in the commercial real estate marketplace. JMB Realty spun off the insurance agency and also began disposing of some of its properties. By 1990, the agency still had 75% of its revenue coming from the placement of insurance programs for assets owned by JMB Realty.

The transformation begins

Lee Sacks, the agency's founder, headed up the effort to recruit sales-oriented professionals who could bring in new business and build on the substantial expertise that JMB had in placing and servicing commercial real estate insurance risks. At the same time, he wanted to diversify into other classes and lines of business, including employee benefits and individual life insurance. Then in 2003, there was another turning point for the agency when Lee retired. His efforts, along with his team, had borne substantial fruit, with 95% of the \$20 million in revenue now coming from outside JMB Realty assets.

"Ownership decided to grow the business. They offered me the opportunity to help the agency move to the next level. I had been with another insurance brokerage as a P&C producer for 20 years. It was an attractive offer," Steve remembers. "I was being offered the chance to run a business that had an excellent reputation and was financially sound.

"On the plus side, there was a commitment from ownership to grow the business. There was also a terrific group of people who wanted to move to the next level." However some of the necessary building blocks were missing. The agency was still using a Delphi agency management system. And there was a shortage of middle management structure. "We needed to add more people, and invest in marketing materials, technology, and more space," Steve explains.



JMB's Executive Committee includes, seated from left: Steven J. Topel, President and CEO; and Kenneth D. Sacks, Executive Vice President, and standing (from left) David Macknin, Senior Vice President; Bruce R. Schlesinger, CLU, ChFC, Senior Vice President; and Barry Gersowsky, Chief Administrative Officer and Chief Financial Officer.



The Hospitality and Real Estate teams at JMB still account for half of the agency's revenue.

“This was a very successful business with an outstanding group of people. It was a perfect situation and I was honored to be offered the opportunity to help make the changes necessary for making the agency even more successful. I’m also fortunate to have a smart, talented senior management team. We’re all focused on some pretty impressive goals.”

No standing still

“One of the things you learn very quickly in this business is that you can’t stand still,” Steve continues. “If you try to stay even, you always lose ground. You need to constantly move forward. We needed to take the steps necessary to perpetuate the agency.”

“I kept sticking 20 pounds of stuff into a 10-pound bag. There was change after change after change,” Steve remembers. “Fortunately, we have a resilient team and they welcomed every challenge. The result is a stronger agency with a workforce that has really taken an active part in the transformation.”

“It also helped me identify the key players at the agency. I was able to put together a team of excellent, highly motivated individuals to serve on the executive and management committees that we set up soon after I joined JMB,” he explains. “This team is responsible for managing the changes and keeping new changes coming. You’d think that the constant bombardment might have had a deleterious effect on our personnel, but the opposite has been true. Every time they successfully respond to a change, we see the agency get better.”

“And I know that will continue,” Steve says, “because we know more changes are coming. It’s inevitable. In fact, one of the biggest changes is occurring in one of our core competencies—the catastrophe-exposed (earthquake, storm, flood) property insurance market. This is one of our areas of expertise and we are very good at it. But today, the CAT insurance market is extremely challenging. We’re taking programs that had two carriers and moving to 11 carriers, including E&S carriers for some of the layers. In fact, so much of our business is now written through the surplus lines market that we just hired a full-time surplus lines tax administrator.”

He continues, “Half our business still comes from real estate-related exposures, including large office buildings, shopping malls, hotel chains, and other commercial properties, and we’ve had to be creative in developing programs for these risks. In fact, one of the more obvious areas for potential growth that we are focusing on is expanding our commercial real estate practice. We have clients all over the world and have developed access to capacity that helps us differentiate ourselves from the competition.”

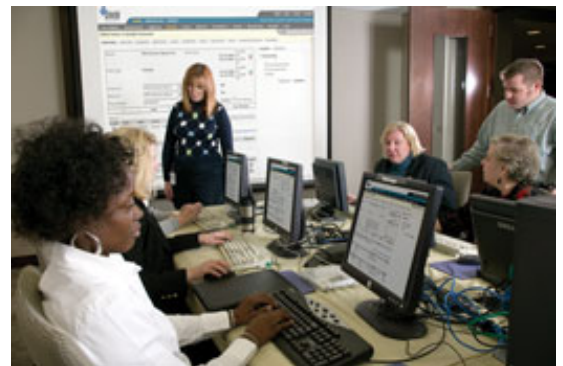
“The real estate market is constantly changing as new acquisitions continue,” Steve says. “For example, one of our clients is buying water parks in the UK. We’re exposed to a lot of specialty risks overseas so we’ve developed a network of worldwide brokers that we can call on. We give them 100% of the commissions in their territory and they truly become our partners. They have a vested interest in making certain the client has the proper coverage and services.”

Steve adds: “We’re also looking at using CAT bonds to provide added capacity for some of our clients. And we’re reviewing various captive vehicles and are using large deductible and cash flow plans, since many of our clients are interested in loss sensitive programs of some type.”

“The expertise that our people have in this market has allowed us to provide outsource services to some clients. One of our major gaming company clients needed an OCIP (owner controlled insurance program) staff and we provided that,” he explains. “We supplied two safety and two enrollment professionals,



One of the areas for potential growth continues to be the commercial real estate practice where JMB can leverage its expertise and access to alternative capacity. Pictured at one such client are, from back to front: Ted Joyce, Vice President of Marketing & Commercial Operations; Randy Walker, Claims & Safety Manager; Marla Rucker, Account Manager; and Dennis Kelly, Assistant Vice President.



Continuing education and ongoing training are keys to JMB’s ability to stay ahead of the competition.



on our staff, but at the client's location in Las Vegas. Another client needed a risk manager on an outsourced, full-time basis. We provided that too. In reality, we are the outsourced risk manager for most of our clients. Our top 100 accounts generate 70% of our property and casualty revenue, so they're not small, but very few have professional risk managers and our producers and service teams fulfill that role for them.

"It's been a very, very interesting marketplace. We've been able to gain some different perspectives and have become extremely savvy and creative problem solvers.

"The rest of our non-CAT business in this market is soft and more competitive. As insurance companies move capacity away from the CAT-exposed property market, they're moving it to other lines of business, especially in the Midwest," Steve says. "I'd have to call this market 'lumpy.' It is maddening to have companies competing for one piece of a client's business and telling us they won't touch the property component because of CAT exposure."

Focusing on sales

"We had some excellent salespeople when I came on board and we've added several more, who served to pump up the energy level as we developed a focused sales culture within the agency. We set up a marketing and sales infrastructure that would allow us to support the sales efforts of our producers. We have also added sales training and coaching. And we've developed a variety of sales materials including service brochures, innovative client communication activities, and an enhanced Web site.

"We instituted a new program designed to free up our producers to concentrate on larger opportunities. The new department, JMB Select, is designed to better serve smaller clients. JMB Select operates as a service center for these accounts and is moving towards being completely paperless," Steve notes. "The focus of this unit is service. We recognize that these accounts are important. They provide opportunities for cross-selling, and many of them came from our major accounts. So excellent service is a high priority.

"We've also initiated an aggressive cross-selling program" he explains. "And in fact, we are focusing on employee benefits and individual life in order to take advantage of these opportunities. Employee benefits now represent 20% of our total revenues. We currently have 18 people in the employee benefits department, and strong leadership focused on growth. When you couple the new opportunities provided by our current clients' activities with new business opportunities that our producers are concentrating on, you've got a formula for success and strong growth."

IT support

"In the IT area, we wanted a Web-based system that would grow and change with us," Steve says. "We were one of the early adopters of Nexsure because of its promise. Initially, it didn't have all the bells and whistles in place, but we thought it was heading in the right direction and in the same direction that we were. We've been going through some growing pains, but we're still convinced this was the correct decision. We like to say we're on the 'bleeding edge' of technology. There's been a lot of pain, but the successes have made it all worthwhile."

JMB Insurance employs 104 people and is projected to end 2006 with more than \$25 million in revenue. The agency is working with Reagan Consulting on a five-year plan to double in size, with one-third of the growth coming from new production talent, one-third from organic growth, and one-third from appropriate acquisitions.

Dealing with change has been the hallmark of the independent agency system

In the early '90s, the agency began to diversify into other classes and lines of business, including employee benefits and individual life insurance. Today, the agency's benefits team is a vital part of an aggressive cross-selling program. The benefits group now accounts for 20% of the agency's revenues.



Helping the agency stay on the "bleeding edge" of technology are, from left: Vamshee Bhupathiraju, Web Development/Help Desk, Level II; Craig Workman, Technical Support Level I Engineer; John R. Allen, MCSE, System Administrator; and Mark A. Zwartz, Manager IT Services.



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—Steve Topel

and JMB exemplifies that tradition. It has not just dealt with change, but seen every change as an opportunity and *Rough Notes* is pleased to recognize the agency as our Marketing Agency of the Month. *