

Risk franchise takes the high ground



At the end of 2006 a new insurance advisory network sprang into being with a plan to solve some of the perennial issues facing risk advisers. David Chaplin reports on its progress.

In its short life to date the insurance franchise network Triplejump has achieved the growth expectations of its founders, Cecilia Farrow and Richard Palmer.

Since it began trading last December the group has attracted new franchisees at the rate of one a month – bringing the total to five at the time of writing.

“Some insurance companies have told me they’ve been amazed that we could do this much so quickly,” Farrow says.

The pace of growth, if it continues, should see Triplejump easily meet its target of 15 franchises by March next year and put the group well on the way towards achieving its ultimate aim of a nationwide network of 36 practices.

Clearly, Farrow has hit on a nerve.

She says the inspiration for Triplejump dates back to a training course she developed and ran a couple of years ago to help insurance advisers build expertise in Business Risk Management “About 300 advisers went through the course and I heard consistent messages from them,” Farrow says. “They all said ‘I know what I should do but how do I do it? That was the catalyst for me... I thought there has to be a way to solve these problems in life insurance, as other industries have solved them.’”

Insurance advisers wishing to build and transfer value in their businesses face many hurdles including:

- how to cost effectively innovate, develop, integrate and maintain best practice processes and systems into a small office;

- how to build and support brand development;
- how to access networking and knowledge-sharing with like-minded professionals;
- and, how to find the time, skill and resources to recruit and train support staff and sales teams.

“A single small business cannot achieve the economies of scale required that a larger organisation can,” Farrow says.

But rather than relying on an insurance company to fund the development of a network or pursue an aggregator model to maximise revenue, she wanted to create a national, independently owned, insurance advice brand.

“My vision was to build a nationwide distribution channel that provided real value to all stakeholders: the consumer first of all but also for advisers and insurance companies,” Farrow says.

She says Triplejump clients benefit because they undergo a rigorous and clearly-documented process to uncover their complete risk management needs and to determine the most effective strategy, which may include assessing the most appropriate insurance cover, for their needs.

“The franchise system enables advisers to have a licence to use the Triplejump brand, sales processes, administration systems, training and support and access to supplier agreements and strategic alliance relationships,” Farrow says. “At the same time, the adviser retains the ownership of their own business, the clients and ongoing revenue streams it generates.”

Finally, she says insurance companies like the concept

because Triplejump simplifies their commission administration, lowers the debt risk attributable to individual practices, and the group can deliver them good quality, consistent, real new premium and higher value sales. The insurers also know that Triplejump will invest in the ongoing training, development and recruitment of advisers helping to solve a major issue facing the industry – the lack of new entrants and the aging of the current advisers.

“My research showed that not all distribution channels have delivered what is required by the insurance companies,” Farrow says. “My view is that the insurance companies have to benefit too for the industry to be sustainable.”

Triplejump raised all its start-up capital privately and no insurance providers have a stake in the firm. Its directors include: John Stace, co-founder of Stace Barr – which became the largest provider of capital to Lloyd’s; Allan Morris chair of Willis Insurance Brokers; Ross Butler, chair of Mortgagelink; and Richard Palmer who has previously worked in AMP and Tower in strategy and corporate finance. Palmer manages the Seed Co-Investment Fund for NZVIF. Another ex-Tower executive, Kerry Forde, joined Triplejump in August 2006 as general manager.

Farrow’s former business, the Auckland-based Assurance Financial Services (now run by Jamie Lester), was first to join the network, but other groups include Cooney Financial Services in Hamilton, Financial Planning Solutions in Wellington and Harmer Parr in Tauranga.

Franchisees pay an annual fee plus a percentage of commissions to Triplejump.

While Triplejump is automating many of the back-office functions for its franchises much of its intellectual capital rests in the sales process and needs analysis systems – most of which was developed by Farrow while running Assurance.

Currently, the sales process is mainly paper-based but a project is already underway to develop a desktop version around a CRM hub.

“We’ve already approved the technology investment,” Farrow says.

She says Triplejump also has a number of brand-building strategies lined up but at the moment the focus is on “brand-

positioning” by signing up major alliances (Mortgagelink being the first) and developing relationships with other potential referral groups such as law firms.

“In time I expect Triplejump will be a public brand,” Farrow says. “If every customer experience goes beyond what they would expect that creates a highly referrable business.”

Triplejump was not designed primarily to help advisers with compliance, however, she says the franchises will be well-equipped to meet the expected standards coming regulations will require.

“I know Triplejump franchisees won’t have to take time out of their businesses to meet compliance standards,” Farrow says. “We already have back-office operations and best practice standards embedded into the franchise... I’m confident it will meet the demands of regulation although I’ve avoided using this as a driver for the business.”

She points to the Australian experience where many advisers were forced by regulations to lift their standards and consequently saw the value of their businesses increase.

“But I believe change should be driven from advisers seeking to build a valuable business,” Farrow says. “Compliance is one of the outcomes that arise from the process of attaining this and occurs automatically when a business is following good processes and procedures.”

Essentially, the Triplejump model focuses on transforming highly individualistic and internalised advisory practices into modern businesses – turning cottage into corporate.

“Many adviser businesses operate today with the know-how to run the business inside

their heads,” she says, “This creates two problems, the business is highly dependent on the owner remaining in the business for revenue to be generated and it is hard for the owner to grow the business as the knowledge is not easily transferable.”

But as well as the hard, measurable changes Triplejump brings to its adviser franchises Farrow says the business has also effected some more human consequences.

“The camaraderie and open communication between the advisers in the group has been fantastic,” she says. “They are all striving for the same standards and share what they know... being an insurance adviser can be a very lonely business.” **A**



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Cecilia Farrow

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