



GENERAL INSURANCE COMPANY

Gaining the Edge with Speed and Niche Marketing

In today's competitive environment the way to get ahead and gain an edge on the competition is to focus on speed and niche marketing. Easier said than done? Not really. Speed can be learned, and niche marketing is easier than you think.

In this time of the "Great Market Consolidation" and in the battle for market share, brokers and insurers alike have come to believe that big beats small. That big business will ultimately beat and win over smaller business. Before you buy into this premise and sell everything including the kitchen sink, don't forget about the lessons learned from David and Goliath. In my opinion, Big doesn't beat small. Instead, fast beats slow.

Now is the time for brokers and insurers to focus on speed and niche marketing as their competitive advantage. By speed, I do not mean haste. Companies that are able to partner with like minded companies that segment and innovate their products quickly and consistently, will leave their competitors far behind.

While the big market players are battling over market share and vanilla type risks, its time to move to the underserved risks which are more complex, less price sensitive and ultimately more profitable. Specialty insurance should be the new focus for those looking to survive the "Great Market Consolidation".

So, how to begin? Well for starters, increase your speed of decision making. To do this, all organizations must develop their own guiding principles by which all decisions should be made. By definition guiding principles come from your leaders – your CEO and your department heads. Each of these groups must understand the need for an entrepreneurial approach to decision making that supports speed of decision making in the field where the battles are being waged.

This approach is meant to decentralize decision making and give true authority directly to the individuals in the field. This template of values, ethics and beliefs act as the road map for all decision making for the organization. This road map ultimately will enable line managers and field personnel to make real time decisions quickly and autonomously thus avoiding long delays that may slow down a company when looking to take advantage of market opportunities.

Next, reduce or eliminate unnecessary bureaucracy. Unnecessary bureaucracy is defined as irrelevant roadblocks that do not add value to decision making and the execution of those decisions. Think about how much faster decisions would be executed if you didn't have to wade through layers of bureaucratic red tape.

The fastest thinking firms don't have unnecessary bureaucratic structures. If you have one, fix it. If you're dealing with one, demand they fix it.

If you are not sure if you're dealing with an unnecessarily bureaucratic company, here are some tips to help you identify them. The answers to your questions include "I'll have to get back to you after I present this to a committee" or "great idea, can it wait six months" or "good idea but we can't allocate resources at this time". If you hear these responses and the word

"process" tossed around a lot, chances are, you're dealing with a bureaucracy. Run screaming and find a faster responding company, before your competition does.

Niche markets have long been known to provide better results, shelter premiums and offer much less competition. They are also less costly to market and are more apt to remain loyal to their broker.

So let's get started finding your next loyal niche market. If you read the newspaper, surf the net or just look closely at your existing book of business, chances are you'll be able to find your next niche

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market.

Notice that I didn't say, find your next niche product. Instead, first find your niche market. The product will follow once you have identified your niche market. A niche market is defined as the group or segment that you are target marketing. The product fulfills the needs of the group or segment. Simply put - find the market and you'll find the product.

Now back to basics. Why should you pursue a niche market when all around you people are clamoring and extolling the virtues of more market share? Well to begin, marketing and developing a niche offers tremendous advantages. First you'll know exactly how and where to advertise. You'll have less competition and you will have the ability to learn everything there is to know about your market and become an expert. Once established, your new niche will provide natural barriers to entry for new competitors. Most importantly, it will set you apart from all others while producing a profit for yourself and your market. Remember, if you can make yourself stand out in a crowd with a unique benefit, you are likely to make more money than all the others.

Next, you can identify your niche market using a number of factors. These include an identifiable and segmented demographic with similar interests or needs, a market large enough to make your niche efforts and the marketing required financially viable, and most importantly, your niche market is underserved by the insurance community.

So how do we go about finding that underserved market? Answer – first look at yourself and your existing lines of business. In which fields do you personally have an interest or an expert knowledge already? What do you have fun with? Analyze your existing book of business to identify commonalities and find out if there are any problems to solve. Secondly, look outwardly to identify new trends and new opportunities. What new trends do you see?

Once you think you have a niche market selected, now its time to go surf the net to find out more about this segment. At this point you should be looking to assess their market potential, read their newsletters and blogs and gather any and all information you can find about

this group. Next, go speak to their leadership. Find out directly if they are being served or underserved in terms of their insurance needs. Lastly, survey the competition. Find out who your potential competition is and how they are currently supporting this market niche.

Once you've done your homework, you now need to formulate a plan by which you can offer a better product or a new twist on an existing one. Perhaps the answer is not in the product itself, but in the delivery or distribution of that product. It may also be in adding value by offering a new service or a new combination of products and services.

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Once you've figured this out, now its time to find a market. Most markets look for a solid plan that shows that you or someone in your organization has the requisite knowledge or expertise in your new niche market. Your plan should provide them with a brief background as to why you are looking to develop your new niche market.

Other elements to be included are the niche market size and your forecast for growth of the entire market. They'll also want to know the geographic segments of your new market and who are the traditional competitors?

When it comes to your new product, they'll be interested in the advantages of your product and your distribution model. For example, how are you planning on distributing the products? Are there product enhancements? Describe the segmentation process and how you plan on setting up the pricing; lower, higher, or matching the current market? Lastly, if you can gather previous premium and loss history this will assist in getting your proposal off the ground and get you on your way to writing your new niche specialty business.

In today's market, remember, with hand on heart, if you do the basics right and partner with a market that recognizes the value of speed and niche markets, you will be richly rewarded and will truly gain the edge.