

# CASE STUDY | RETAIL

## OPERATIONS OPTIMIZATION

### HOW SEGMENTATION REDUCED PROCESSING COSTS

#### ABOUT THE CUSTOMER

A retail broker representing the nation's leading insurance companies, located in the Northeast US, with nearly \$4 million in revenue.

#### THE CHALLENGE

When analyzing the renewal processing costs for the retail broker, ReSource Pro found that more than 50 percent of all accounts had revenues that were below the average renewal processing cost. After subtracting the cost from the agency's revenues, the impact was a loss of over \$300,000 annually for the business.

This highlighted the need for the broker to better understand their clients, including what level of effort and resource expenditure can be allocated while still resulting in a profit. To accomplish this with maximum efficiency, an organized and systematic approach was necessary.

#### THE SOLUTION

In partnership with the retail broker, ReSource Pro's Operations Advisory team recommended a multi-prong solution:

- Analyzing the profitability of each account allowed us to identify and segment accounts by categories based on the level of time and resources that should be devoted to them.
- Segments where accounts are less profitable underwent optimization by reducing or eliminating processes. This could be via producer involvement, in-person meetings or marketing to several carriers, among other things.
- ReSource Pro's analysis identified the processing costs in the business' commercial lines and small business units. The results found over half of the accounts remaining with the commercial lines unit were unprofitable. This discovery allowed the company to transition these accounts to the small business unit and increase their profitability.

#### CUSTOMER PROFILE

Retail Broker

#### LOCATION

Northeast, US

#### BUSINESS NEED

Understand the profitability of accounts to improve business and increase the profitability of the retail broker.

#### SOLUTION

ReSource Pro Operations Advisory

#### THE IMPACT

- Processing costs were reduced by an average of \$2,950 per account.
- Reduction in annual processing costs of 33 percent.
- Increased profitability via reallocation of accounts to small business unit.

## THE RESULTS

The retail broker experienced an eye-opening and profitable outcome as a result of ReSource Pro's analysis and segmentation. Processing costs were reduced by an average of more than \$2,950 per account, resulting in a reduction in total annual processing costs of approximately 33 percent. This came in part from a reduction of producer time of nearly 50 percent annually and a total processing time reduction of almost 85 percent for the accounts transitioned to the small business unit.

Working with ReSource Pro helped this retail broker approach a common insurance business problem in a systematic way. Not only were costs dramatically reduced for a standard process, high-level employees were left with more time to work on the tasks at which they excel, giving the business more room to grow.

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**“ANALYZING THE PROFITABILITY OF EACH ACCOUNT HELPS INSURANCE BUSINESSES IDENTIFY AND SEGMENT ACCOUNTS BY CATEGORIES BASED ON THE LEVEL OF TIME AND RESOURCES THAT SHOULD BE DEVOTED TO THEM.”**

*KURT KOHORST,  
SVP, OPERATIONS ADVISORY*

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## ABOUT RESOURCE PRO

ReSource Pro brings to the insurance industry tools, technology and strategic services that enable profitable growth through operations excellence. Headquartered in New York, ReSource Pro's global service centers address client operational needs around the clock. Recognized as an industry thought leader and listed as one of Inc. 500/5000 Fastest Growing Private Companies annually since 2009, the company is renowned for its focus on innovation, service excellence and trusted partnerships, and its unique productivity platform for insurance operations. Over 4,000 ReSource Pro employees provide dedicated support to hundreds of insurance organizations, consistently achieving a 97% client retention rate for over a decade.

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## FOR MORE INFORMATION

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