

## How to gain double-digit sales growth (every single year)

By Michael K. Stanley, Emily Holbrook

In the early 2000s, Martin M. Rhodes was seeing a trend. Brokers were growing larger, with more resources, more tools and, in turn, more clients than ever before. Rhodes & Associates, a firm Rhodes started in 1986, was becoming more of a small fish in a big pond. Rhodes, seeing the larger brokers with all the tools that they had, realized he was operating at a disadvantage.

In 2002 he made the difficult decision to join a much larger organization. He sold his company to Brown & Brown, one of the largest brokers in the country, in what he calls an industry “arms race” for greater size. For Rhodes, it was a move he foresaw in his future.

“About two years before we sold our business, my wife Tricia had asked me — this isn’t something I’ve told too many people — she said, ‘If you were to ever sell, and if you went with someone else in Arkansas, what would you do?’ I said, ‘There’s no organization I would rather be with than Stephens.’”

Rhodes got his wish and in January 2005 he joined Arkansas-based Stephens Insurance as president and CEO, trading “champagne taste on a beer budget at Rhodes & Associates” for something much bigger.

Stephens Insurance was founded in 1987 by Warren Stephens and since then, the Stephens business has remained in the family. Today, it is a privately held financial services firm with deep family roots that continue to spread.

“Since I joined Stephens in 2005, we’ve had double-digit organic growth every year,” Rhodes said. “It gets a little bit harder each year, as the floor gets higher and higher, but we continue to pride ourselves on that double-digit organic growth.”

Some of that success may be based on Stephens’ position as an independent broker, signaling the theory that now may be the best time for private firms to grow and prosper. As private independents, companies are not stifled by as many regulations and paper-pushing record keeping as public firms.

“There are not as many attachments, so [independent brokers] represent a very entrepreneurial environment,” said Rhodes.

### Trends in the industry

While insurance professionals focus on what they know best — insurance — they also rely on the expertise of specialists in the fields which they cover. Stephens Insurance uses transportation and public utility specialists, for example, who work in-house, advising brokers. This represents a movement among many private firms.

“I think the trends are to make sure you have a specialist, which we do in many areas, and to have the resources and the tools that are included in those specialists, in order to compete, as well as being in a position to be very consultative in what we do,” said Rhodes. “Our practice is very consultative in nature.”

As for trends within the life and disability sector, Rhodes sees it as an ongoing challenge as people continue to try to make ends meet on their disposable income. “They’re being hit from every direction, and so their disposable income is not what it once was, and I’m talking mid-market, so they’re putting off purchasing disability income,” Rhodes said. “Long-term care is the same thing, as well as life insurance. And then you compound the life insurance arena with low interest rates, I mean it’s a double and triple punch for the industry.”

But it’s not all doom and gloom. Rhodes sees long-term care rebounding in the future and becoming a “viable approach” to protection. In the life insurance area, Rhodes sees whole life coming back, after universal life was all the rage. And now variable life products are coming back because of the low interest rate environment. But it’s a long road ahead.

“I think it’s going to take creativity, as we go forward, it’s going to take innovation to come up with new products in the environment we’re going to be faced with,” said Rhodes. “And I don’t have a crystal ball, but we’re certainly going through some tough times in the life and health area. But I’m confident — I will tell you throughout, what we’re experiencing, and having been in the business now for almost 41 years, I’m not pessimistic about what’s taking place in this sector. I’m very optimistic.”

### Feelings on PPACA

“I mentioned to someone the other day, I’m amazed that when you buy a car, the auto manufacturer has test-driven that car and there’s been lots of trial runs,” Rhodes said. “And when a new restaurant opens up, they’ll have a soft opening for a couple of weeks. It’s beyond me that we have this program that has not been test-driven, and now here we are.”

Rhodes feels the health insurance industry — and maybe the overall insurance industry, for that matter — could

benefit from more predictive modeling. In his view, it’s the role of the future for the sector.

Because of his longevity in the industry, Rhodes has seen many changes take place and he’s sure he’ll see a lot more in the years coming. But Rhodes says you shouldn’t see those as obstacles, but rather take advantage of them. In life and in this industry, Rhodes says, “you use those as opportunities.”