

Being Small is a Competitive Advantage when Coupled with Disruptive Equalizing Technology:

How Technology will help you “Sell More Bonds”

Introduction:

The business world, including the Surety business world is being bombarded with elaborate and somewhat daunting predictions of impending game changers. Digital Transformation, Big Data, Artificial Intelligence (AI), Intelligent Interfaces, the Internet of Things (IoT), Cybersecurity, Blockchain are but a few examples. The stark reality is that none of these so-called game changers are possible without evolving and automating some of the basic “stuff” on top of which they will sit – basics like identifying fundamental business transformation opportunities and the enabling technologies, scalable and updatable technology platforms, affordable and adaptable work force. These are truths for both large and small organizations alike. Equally challenging to all sizes of Surety organizations is the proliferation of competing solutions, general insurance solutions masquerading as surety-too solutions, regional variations in regulations and legislations, soft markets. Finding a responsive technology partner with pure surety-ready standardized solutions and best practices is key to a sustainable business. So while surety organizations of all sizes have many challenges in common, small surety companies do have real advantages in how to overcome challenges and leverage the disruptors for positive outcomes.

Selling bonds is your business. Selling more bonds is your goal. Selling more bonds means selling more bonds to your existing clients, accessing new markets and acquiring new clients to sell bonds to. But growth has its disadvantages if growing means having less time to nurture client relations. We believe that the right technology, implemented well will allow having “your cake and eat it too”; namely sell more bonds to more clients without sacrificing your unique value proposition. Finding those ‘right’ automated solutions and associates vendors is your challenge.

Definitions:

In articles like these, the value to you the reader depends on a shared understanding between writer and reader of the message and the terminology used to convey the message. So let’s begin with a few definitions to set the stage for capitalizing on the strengths of being small to match and outpace bigger players in your industry

Small: We use the word small in this context to define the size of your agency or surety organization. This includes the number of employees, the number of locations and the number of clients. In this context, **small** is not a limiting characteristic. It does not apply to vision or strategy or capabilities or culture or any of the attributes of your organization that defines its uniqueness and differentiation.

Competitive Advantage is the unique ability of your firm to utilize its resources effectively, manage to improve customer value and position yourself ahead of your competition. In other words, it’s something that your company does better than your competitors.

The word **disruptive** simply means preventing something from continuing or operating in a normal way. It’s usually used to describe unwanted or negative impact. However, when coupled with the word

technology, we've come to understand **disruptive technology** as one that displaces an established technology and shakes up the industry or as a ground-breaking product that creates a completely new way of doing business. It has become synonymous with innovation and implies a change that is not optional in the industry it is being applied to. Adoption becomes necessary for survival.

The word **equalizing** means making things or people equal. In this context, we mean the right technology implemented well can make a small agency or carrier as efficient, effective and ultimately successful as any big agency or carrier. And it can be argued there is the real possibility for a small agency or carrier to be even more successful.

We use the word **technology** to refer to the automated processes or tools that capture human experience and together with specific business rules automate the basic and repeatable administrative tasks and provide intuitive interfaces for less experienced resources to perform more advanced tasks. As a result the experiences resources are freed up to address new opportunities to grow the business and strengthen your competitive advantage. Sample technologies includes electronic procurement, electronic bidding, and electronic bonding (end-to-end request through issuance to post issuance), electronic signatures, etc.

When being small has its advantages:

Here are some reasons why small agencies and carriers can excel in the adoption of disruptive technologies and access revenue streams not previously available.

Small organizations can be more agile, quicker to make decisions with fewer individuals involved in the decision making process. When the leader of a small organization sees an opportunity worth exploring, resources can be rallied, briefed and empowered to act quickly. The opportunity can be seized immediately without the delays caused by multiple review cycles and office politics. Small organisation entrepreneurial leadership is typically nimble and quick to recognize and respond to market changes.

Small organizations can define their requirements quickly and clearly. The selection of the best fit technology can be simpler and faster. Iterative adoption of automation is well received as it makes progress affordable and less risky by limiting change to a manageable scope.

Small organizations can know their clients better and understand which new features offered by technology solutions are the best fit and have the greatest impact.

Small organizations can strike great partnerships with technology vendors. Strong long term relationships allow for affordably staged implementations of solutions and ongoing improvements customized to specific requirements.

The Disruptive Technology Equalizer

The right automated tool or process automation can significantly increase the return on effort expended. Reduction (or elimination) of paper based processes can be almost immediate. An appropriate automated solution can increase underwriting volumes. It eliminates the need to invest in resources to support the automated tools as there are options for Software as a Service. Resources can focus on finding new lines of business while the technology solution automates the basic business flow. The right technology vendor and their solution enables key business processes. The right technology solution will match the business process, not require a change to the business to match the solution.

The Evolve, Master and Repeat approach

Small organizations can be early adopters of disruptive technology. They can assess the risk more accurately and quickly decide on the appropriate amount of change to tolerate in the initial iteration. The basic agile nature of small organizations positions them well to assess progress and likelihood of success. When necessary, small organizations can quickly change direction to either capitalize on another opportunity or limit the investment on a solution decision that has not resulted in the anticipated improvement to a business process.

Being small and agile, enables an intimacy with the clients and the market. A good first step in taking on a disruptive technology is to make a list of the business processes that consume the most staff effort but don't deliver a proportionate return on that investment. Prioritize the list and look for a technology vendor to partner with. The Evolve, Master and Repeat approach means taking a first (or next) step in process automation, getting very good at it and then addressing the next target process on the prioritized list. The right technology partner can make this iterative approach almost painless.

Next Steps:

In a future update, we'll share more insights on how to select long term technology vendor partners and what new cool "stuff" is showing up in the Surety world.

In the meantime, give us a call or send us an email with your questions or if you are curious about what solutions Xenex Enterprises Inc. has to offer as a disruptive technology equalizer. We're Surety focused. Our XxxxMaster™ solutions are designed to solve pure surety challenges and we'd be delighted to share our 18 + years of surety experience with you.

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