SMOOTHING THE BALANCE SHEET BY NEGOTIATING SAVINGS

SUMMARY

A rapidly growing manufacturing company partnered with us to manage their exposures and insurance programs. We were able to secure a strong six-figure savings over a three-year term by utilizing our market knowledge and implementing creative and resourceful negotiating strategies. This helped smooth their balance sheet through the growth phase, ultimately allowing them to retain higher cash flow margins to continue fueling their growth.

THE PROBLEM:

Difficulty Predicting Budget for Growth

Growth and growing pains go hand in hand and one of the most common growth problems is cash flow management and budgeting. You can model and attempt to predict growth, but it is rare that companies (or even analysts) get it just right.

We partnered with a rapidly growing manufacturing company during its early stages. As we went through our onboarding process, we discussed all aspects of the operations to ensure we understood all the risks. We assessed the company's risk appetite and compared that with their programs.

Our dedicated and highly technical insurance team made immediate improvements that broadened the coverage and ensured that there were no gaps or holes where a claim could fall through leaving them financially exposed.

However, there was another issue that had to be tackled. Like many companies who scale quickly, our client was challenged with how to budget for growth and how to develop reasonably reliable insurance cost targets during and through the growth phase.

THE SOLUTION:

Calibrate Growth and Leverage Relationships to Negotiate Savings

We worked out conservative growth targets along the main premium driving coverages in order to set a better initial budget. This allowed the company to accrue the charges monthly, rather than being hit with a big additional premium at year end.

We work closely with CFOs to determine what matters most to their organization and develop a customer-centric solution for them.

The real achievement, in this case, was leveraging our industry knowledge, negotiating acumen, and carrier relationships to develop audited savings. For this particular client, we were able to negotiate 15% on two successive growth years and secured an "economies of scale" rate reduction for the renewal.

The overall result was a strong six-figure plus savings. The partnership primed the client for improved cash flow and increased their available capital for reinvestment, ultimately allowing them to grow at double-digit rates.

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