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Howard's way

Howard Lickens has prospered since leaving Stuart Alexander



A broker of conviction

Andrew Tjaardstra meets Howard Lickens, chief executive of New Malden-based broker Clear Group, which won the Intermediary of the Year award at last year's UK Broker Awards.



Within broking, like all sectors in the economy, lies diverse styles of leadership and levels of ambition. The contrast between Howard Lickens and his previous boss, Stuart Reid, is stark but they are both excellent at what they do.

Reid approached Lickens in 1995 to carry out what became Olly Laughton Scott's – IMAS's serial broker dealer – first deal. London-based Dickeson Taylor, an old family broker, became the bedrock of Stuart Alexander – then a small Battersea-based firm – that used a mixture of insurer money, vendors, profit and good fortune to grow rapidly.

Small beginnings

Reid started his broker with a very small staff and his bold approach has been typical of his career to date. The initial growth of Stuart Alexander, reaching £7m turnover by 2001, was faster than the broker's subsequent expansion in the six years following Lickens' departure, of which Lickens attributes "growing pains" as a possible reason. It is hard to see at first glance how Reid and the casually attired Lickens worked so closely together, although Laughton Scott says that both Reid and Lickens benefitted from the deal as "they gave each other significant strengths".

Lickens left Reid to found his own broker to take back control of his own destiny. Meanwhile, Reid has cashed-in and embraced the corporate rigidity of a giant capitalist entity. On October 1, 2001, just after the devastating World Trade Centre attacks, Lickens set up on his own with eight staff, some funding through RSA and, through a mixture of organic and acquisitional growth, has expanded to a turnover of £5m.

Lickens reflects that there are two ways to grow: through acquisition and marketing. The first method is quicker and he has completed purchases at a rate of more than one a year (there have been eight acquisitions to date and a further three are in the pipeline) including local Streatham-based Burgess Potter in 2006, which helped Clear grow its income by more than 50% to the year ending October 31 2007. In the best of broker marketing traditions, Lickens has chosen to grow his business through recommendations, relationships and developing specialisms. Commenting on new-business wins, Lickens says: "The quality is harder to continue than the growth." He notes also a tension between growing and maintaining profit margins: "As you grow, you need more managers and so you have greater overheads."

Growing larger also inevitably makes retaining control harder, though Lickens is keen to keep as many of his staff involved in key decision-making as possible. Clear holds an annual awayday during which over ten senior staff meet to look at strategy; a main policymaking board meets quarterly, with a separate operational management meeting held fortnightly.

He reflects: "We try to run anything but a top-down organisation and staff are encouraged to challenge each other; I think our approach is more scalable." This method relies on a heavy dose of self-discipline and self-motivation, something evidenced perhaps by the high staff-retention rate, though it can also slow a business down. Lickens comments: "If you want people to be independent, you are going to have to accept the consequences because persuading people can be slower. However, you end up in a better place."

"We try to run anything but a top-down organisation and staff are encouraged to challenge each other."

Lickens, Clear Group

In addition to acquiring eight brokers and in order to help continue its impressive growth spurt, Lickens decided to join Stuart Randall's broker group – Brokerbilty – at the end of 2006, which became its first southern foothold. The group now boasts around £500m in gross written premium between its members. Lickens is head of the south-east region and he has been instrumental in recruiting brokers such as Churchill, Barnett & Barnett, HIA International and Alan & Thomas. These southern brokers are based across eight counties: Berkshire, Buckinghamshire, East Sussex, Greater London, Hampshire, Kent, Oxfordshire and West Sussex.

The group has allowed these independents to benefit from an increased profile among insurers, giving them access to better contacts and increased commissions, and the brokers in the region meet regularly to discuss common business concerns such as websites, IT and recruitment. Lickens cites the company's relationships with Norwich Union and RSA as having improved.

Purpose

The precise details of Brokerbilty's structure and its ultimate goal is still something of a mystery among broking circles, with architect Stuart

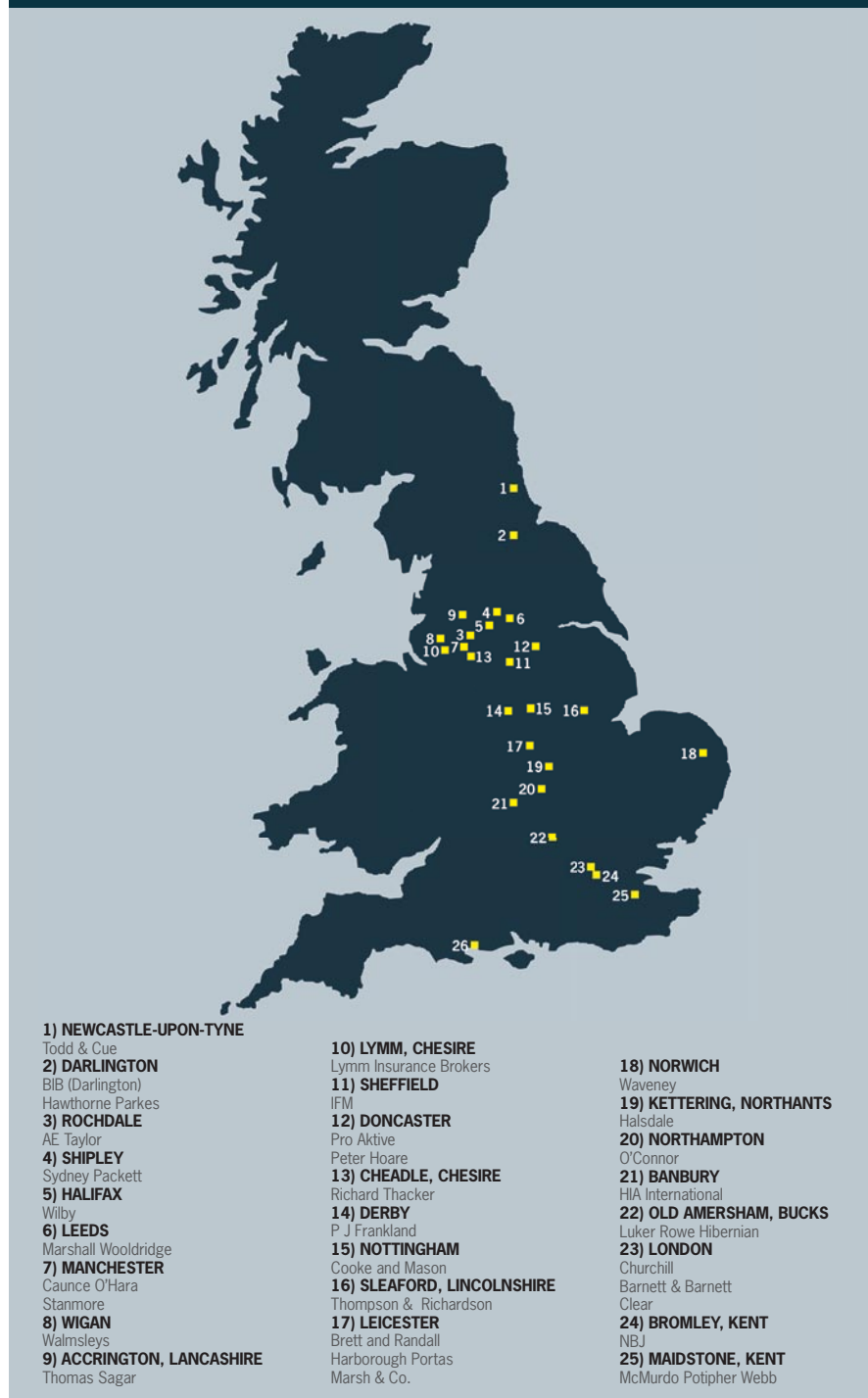
Randall of Leicester-based Brett and Randall keeping his cards close to his chest. However, one example of its collaboration is its lobbying in parliament against the imposition of commission disclosure. After first joining, Lickens described it in an interview with *PB* in 2006 as a “democracy”. There is a mutual shareholding arrangement and legal link with a central holding company, yet each broker still operates independently. Lickens says: “We have special types of shares in each other and we pool a bit of sovereignty over certain issues. We are partners and, in some ways, it is like the consolidators but the relationships will break down if we are not disciplined.” It appears a different kind of arrangement from the likes of Cobra and Broker Network and one that has made some of the consolidator’s attempts harder because a slew of acquisition targets has decided to join the group.

In line with most brokers, Clear is concentrating heavily on niches – especially financial lines – as its property owners’ book slows in line with the recession. Lickens cites directors’ and officers’ and professional indemnity for the likes of solicitors as potential growth areas. One innovative niche line for Clear in the property sector has been legal indemnities, which cover problems with the planning process. If, for example, the title in the deeds is not quite right post-purchase, or there is missing land, Clear can cover these difficulties nationwide. Lickens admits that organic growth will be weaker, though a hard market could provide an opportunity to win more business.

Unprecedented

The nature of the downturn is still a cause for doubt, however, as it could be something that Lickens’ generation of managers has not seen on such a scale before, despite widespread optimism that insurance brokers could be in relatively rude health by the end of this year. The sense of wariness about the full impact of the credit crunch has intensified with the near collapse of Clear’s strongest insurer relationship,

Brokerbilty brokers by location (source: brokerbilty.co.uk)



AIG. Luckily for the company, the majority of its clients were not worried although Lickens admits that “a lot of companies think it is our problem”.

He is defensive about the insurer and continues to back it, no doubt influenced by years of good working relations and, despite some of their

Howard Lickens

After graduating with a bachelor's degree in philosophy, politics and economics from Oxford, Lickens obtained his master's in management science from Imperial College, London. He first worked at Wandsworth-based Dickeson Taylor Financial Services – formerly his father's business – as its finance director, then progressing to become managing director and taking control of the company's insurance arm as well. After Stuart Reid approached his company, Lickens became group operations director for Stuart Alexander with responsibility for managing the business at the operational level, a remit that included information technology, integrating acquisitions and planning with partner insurers. He jokes that his father threatened to sue him when he agreed to sell the family business. Lickens left Stuart Alexander in a complicated exit to become the founder and chief executive of the Clear Group in 2001, where he is one of four major shareholders with a personal stake of 33%. He has lived in the same part of south-west London, where his office is based, all of his life.

failings, he believes that brokers have no choice ultimately but to rely on the ratings agencies.

Every manager has a different philosophy and Lickens is determined to place business before insurance: "It is vital that broker managers put broking to one side and run the business as a business. Don't get bogged down in insurance. We are constantly looking at management information and ways to improve. As the recession rises up the agenda, we need to focus on quality and service; it is absolutely critical to think about

the business and not every single client you can personally service."

Lickens also believes that, when you see potential staff whom you think will fit the business, that you should hire even where there is not a specific role available. He comments: "If there is an opportunity, we will make it work."

Lickens has also shown initiative in entering awards, succeeding in beating off strong competition from BDML Connect, Footman James and RIAS at last year's UK Broker Awards to take the Intermediary of the Year prize. His advice on winning is straightforward

and pragmatic: "The key is to understand what the judges are looking for. Our business hasn't just happened. You need evidence to show you have done what you said you were going to do. We started out with a ten-year plan and we are on track to meet that."

This year will be one in which management at clients and brokers alike will be tested more than ever as clients cut back on almost every kind of expenditure; with Lickens leading from the front and the increased safety-net of Brokerability, if Clear doesn't have a reasonable year at least then perhaps no broker will.

Expect further growth, acquisitions and awards to follow for the Clear Group: though how different it could all have been for Lickens, with former colleague Stuart Reid implementing Stuart Alexander's first name change to Bluefin as an insurer-owned entity. His enthusiasm for his business suggests that, whatever financial rewards he may have missed elsewhere, he has no regrets about his decision to start out solo. **PB**