

“The key to the success was to enable a highly talented group of people to function as a team by focusing on the “business of the business” and to treat business issues as business issues – not as family issues.”

Dane Chapin
Health Savings Associates

The Chairmen's RoundTable (CRT) is a non-profit volunteer organization that provides companies in San Diego County **free** advice on how to manage and grow their businesses through a well-defined mentoring program. **Founded in 1997, CRT has mentored over 250 San Diego companies.**

The CRT is comprised of successful CEO's and Presidents with diverse industry backgrounds supported by a select group of local sponsor companies who are all committed to providing this service free of charge as a way of giving back to the local community.

www.chairmensroundtable.com



CASE STUDY

Health Savings Associates

Separate family and business issues to increase revenues and profits

Several years ago Dane & Katherine Chapin bought out Brad Chapin's original partner in Health Savings Associates Inc., ("The HSA Team"), a full service employee benefits and life/health insurance agency. The Chapin's brought new capital and talent to help the company focus their marketing and sales on Health Savings Accounts (HSA's). In spite of the high growth rate of HSA sales, overall company revenue was not growing as expected and profitability was flat.

New sales are up but overall revenue and profits are flat

Currently Dane Chapin serves as the Chairman (not actively involved in the business since he owns several other companies); Brad Chapin (Dane's brother, founder of the company and primary "rainmaker") serves as the President; and, Katherine Chapin (Dane's wife who has a strong corporate background in marketing and sales) serves as the Vice President and Chief Marketing Officer. The company had in place an experienced staff that serves in sales, sales support and customer service roles.

The company focused their new marketing and sales on HSA's and helped companies and families save up to 40% on their health insurance. For the next several years their HSA sales dramatically increased, constituting about 80% of all new business and about 50% of the recurring revenue. In spite of the high growth rate of HSA sales, overall company revenues were not growing as expected and profitability was flat.

The new organization was also experiencing problems with governance. While all three family members serve on the Board, there was disagreement on roles, responsibilities, strategy and tactics. At the same time the recession was hitting all of their customers, which added to the pressure to have a smoothly functioning, flexible strategy for growing and maintaining business in a difficult market.

In a discussion with Darren Cecil, President of Sandler Sales in San Diego, which helps companies develop and execute effective sales strategies, Katherine Chapin expressed her concerns about stagnating "bottom line" growth. Darren's told Katherine "You all have too much talent, and too good a product to be having these issues." He referred her to Chairmen's Round Table. (CRT)

Let's get some facts – we have plenty of opinions!

At the conclusion of the first meeting with CRT it was clear that a consistent management approach to resolving business issues was needed. The strategic plan the company had developed was not being adhered to or effectively monitored which added to the stress and confusion. The CRT mentors and the HSA management team decided that for all future meetings we needed to implement a Board process that would provide predictability into the roles of all the participants. We all agreed to run each of our future meetings like a Board meeting with a set agenda, consistent operations and financial reports, status on specific activities in the strategic plan, and time for discussions on new initiatives that might help improve results. If there was a need to discuss family issues, a separate "Family Council" would be established to deal with these so that the Board could focus on the "business of the business".

It took several more meetings before the Board started to function like a business team, however as we started to focus on facts, not feelings or opinions, and got better quantitative data on all aspects of the operation, the team started to hit its stride. The results have been evident in all aspects of the business.

Results speak louder than words

Company Profile

Health Savings Associates is a full service employee benefits and life/health insurance agency. Specializing in Health Savings Accounts, HSA customers and their families can save as much as 40% on their health insurance premiums. By working closely with their clients and developing customized coverage plans, each customer is able to optimize their savings and coverage.



www.thehsateam.com

The renewal process was identified as a key area to both reduce overhead and improve client retention. By eliminating the team's "weak link" renewals manager and redistributing those duties successfully to stronger staff members, we not only improved profits by reducing our overhead by \$60,000, but also improved revenue by minimizing client loss at renewal time. By adding a program where we "touched" each client a minimum of 4 times a year, satisfaction remained high, additional products were up-sold to existing clients and renewal rates now exceed 98%.

CRT helped The HSA Team re-strategize financial incentives for sales people away from individual rewards into team based rewards and incentives. We set the bar even higher for the sales people acting as a team vs. individuals, and were rewarded by the team achieving the much loftier goals.

Brad Chapin remarked "These new processes have allowed all of us to work on solving problems in our own area of expertise. We're growing the business in a new way that makes it exciting to come to work each day."

CRT also helped the company to think outside its own product boundaries and explore the possibilities of strategic partnerships with companies which would add value to their employee benefits services. To date, The HSA Team successfully created strategic relationships with top level companies in property/casualty, payroll, human resource/ workforce management solutions, and financial planning. We leverage our collective expertise to present The HSA Team as a "One Stop" full service agency.

Katherine Chapin's observed "The ability to work on a continuous basis with our clients has resulted in better coverage for them and their employees and has enabled us to grow our company in challenging times."

As health care reform plays on a national level, the market for HSA's has changed due to new rules in the Health Care Affordability Act. By being proactive about tailoring plans that meet each company's individual needs, the company has been able to modify their strategic plan by helping their customers transition to other products and solutions that save money and offer added value.

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Key Challenges:	Recommendations:	Results:
<ul style="list-style-type: none">Family investment changed the ownership structure of the companyFamily dynamics made governance difficultRevenues and profits are flat	<ul style="list-style-type: none">Separate family and business issues with family issues discussed in a family council and business issues discussed in a Board meetingEstablish an operations dashboard to identify status on all key business metricsImplement changes based on facts and monitor results constantly	<ul style="list-style-type: none">Customer retention better than 98%Profits and revenues are upOperations are simplified and more effective