

Find your way

Exit archetypes every agency owner must know

Business transitions are important for several reasons. They enable independent insurance agents, who founded their own agencies, to navigate the opportunities and challenges that come with change—often fostering continued innovation and success in an ever-evolving marketplace.

In the daunting, yet exhilarating, journey of entrepreneurship, founders in the insurance sector traverse various roles that evolve with their venture. An economy that is marked by accelerated growth provides a favorable environment for founders to evolve to the next phase of their professional life.

That said, for those who are negotiating the entrepreneurial world in particular, these transitions mark a time of great change—and the unknown that lies ahead can spur tremendous stress. The key is to understand how an exit will operate so that you elegantly navigate what can be a complex situation.

Indeed, agency owners face a unique set of challenges when contemplating an exit strategy. First and foremost is the complex regulatory environment that governs the insurance industry.

Complying with stringent regulatory requirements, including capital adequacy and solvency standards, is essential for a smooth exit. Additionally, the long-tail nature of insurance policies means that founders must manage legacy liabilities and claims carefully, which can extend for many years beyond their exit.

Valuation and pricing of insurance portfolios also can be intricate, as factors like underwriting performance and risk exposure play a significant role. Moreover, identifying suitable acquirers or investors who understand the nuances of the insurance business and who are willing to assume these responsibilities is a formidable challenge. Balancing these factors while securing an exit that maximizes returns for founders and investors requires careful planning and expert guidance in the insurance sector.

To get his take on this, I interviewed business exit strategist and coach Jerome Myers, PE, MBA, PMP. He said: “Whether you are leaving an insurance corporation to start on your own enterprise or leaving a company you’ve built from scratch to focus on the next part of your impact journey, many face the same challenges. While the circumstances of each person’s exit differs, most if not

all can be summed up in a few specific exit scenarios that every founder in today's economy faces.”

While they might look, feel and function differently, understanding the quintessential exit archetypes can prove critical in helping the agency owner perform at his or her best. Here is Myers' breakdown of the primary eight exit archetypes:

No. 1: Exiting the traditional career path

The first phase of this transformative transition is leaving a traditional corporate role or life path. This step involves wrestling with questions of purpose and ambition, and it requires introspection and careful planning. The robust U.S. economic growth, represented by a 2.4% annualized rate GDP growth in the first half of 2023,¹ provides a favorable tailwind for individuals making this transition.

This stage probably will feel like the biggest transition for those doing it. It's where all that you once knew is gone and everything feels foreign and new. This should not be something that you run away from rather embrace.

No. 2: CEO 1.0 (chief everything officer)

In the next phase, founders embody the role of CEO 1.0 or the *chief everything officer*. They are at the helm of their venture, crafting business plans, securing initial funding, and birthing their entrepreneurial dream. The thriving economic conditions, marked by increased consumer and government spending, and a rise in business inventory investment, further fuel the growth potential at this stage.

This is the beginning of your next journey. The start of what you hope to accomplish. It is here when you visualize your dreams and begin to make them a reality. It's time to embrace the unknown and make it seen.

No. 3: Product manager/thought leader

Then, agency founders transition into a dual role of product manager/thought leader, intertwining strategic product management and thought leadership. They refine their business's value proposition and engage with customers while sharing unique insights and ideas publicly. This role, critical in a growth-oriented economy, helps shape public opinion and add credibility to their venture. This is when your agency begins being in the public eye, which leads to scale and widened adoption of the agency's solution.

No. 4: CEO 2.0 (chief executive officer)

Upon establishing their business, founders assume the CEO 2.0 role, overseeing the bigger picture, managing the team, and setting strategic directions. The presence of a solid jobs market, as evidenced by the addition of 209,000 jobs in June 2023, aids in attracting talent and scaling operations during this phase.

No. 5: Board chair

As board chair, founders step back from daily operations to guide the agency's strategic direction, ensure its financial health, and focus on stakeholder relationships. The rise in personal savings recorded in the second quarter of 2023 provides financial flexibility for strategic growth and succession planning.

No. 6: Exit

The exit phase is when founders sell their agencies or step down from their operational role. In an economic environment in which recession fears diminish—

due to falling inflation and a robust jobs market—this phase can offer potentially significant financial returns.

No. 7: Building your post exit portfolio

Post-exit, founders can diversify their wealth by building an investment portfolio. The recent interest rate hike by the Federal Reserve, aiming to curb inflation, provides a favorable environment for investment in real estate, stocks, bonds or other startups.

No. 8: Philanthropy and legacy

The final phase—philanthropy and legacy—provides founders with the opportunity to leave a lasting impact by contributing to causes they care about deeply. Despite the ongoing economic recovery, the role of philanthropy remains crucial, offering founders the chance to leverage their wealth for societal betterment.

“During each of these eight exits, it's imperative to note that founders will experience a phenomenon that will test their mental resilience, which is known as the ‘Founder's Exit Paradox,’” said Myers. The Founder's Exit Paradox refers to the comprehensive psychological disengagement experienced by founders, which encompasses behavioral, emotional and cognitive aspects. “This involves understanding how these processes occur before and after physical exits, and how the experience impacts the way individuals move forward. The Exit Paradox often produces similar feelings as an existential crisis where Newly Exited Operators—or NEOs—begin questioning the meaning and purpose of their life, although the trigger in this instance is due to a major accomplishment.”

According to Myers, when founders or NEOs experience the Exit Paradox

they will wrestle with what he calls the six Centers of Doubt, which are:

No. 1: Self image. Clarify your guiding principles and determine what's holding you back. Now is the time to adopt a new outlook on life that empowers. Founders who are in this stage of the paradox will ask questions such as:

- Who am I now that I've "won the game"?
- What do I do without the hyper-focused routine I've had for years?
- Do I even deserve this?

No. 2: Relationships. Identify relationships that are not mutually beneficial, and rebalance or eliminate them. Increase access to resources and reposition yourself as a person of tremendous value. Related questions may include:

- What are the people in my life really after?
- Why don't my family and friends understand I need time to figure this all out?
- Does my marriage make sense anymore?

No. 3: Work. Cultivate inspired work by finding the connection between income, influence, impact and interest. Founders who are in this stage of the paradox will ask questions, such as:

- What does work mean now that I have exited?
- Were all the sacrifices I made to get here worth it?
- What's next?

No 4: Health. Create more energy, reduce mind fog and increase your quality of life. Related questions may include:

- Did I give away too many years to my business?

- Am I going to use all the wealth I built to earn back the health I lost?
- Can I adjust to live with fewer health risks?

No. 5. Prosperity. Improve your financial position to increase your time and location freedom. Founders who are in this stage of the paradox will ask questions, such as:


- I can afford it. Why should I even give it a second thought?
- Why shouldn't I enjoy all the money I earned?
- Who are you to give me advice about money?

No. 6: Significance. Make meaningful and positive contributions outside of your home. Related questions include the following:

- If I died today, who would carry my casket?
- Who do I trust to honor my memory after I'm gone?
- What's the best way for me to use my wealth to help others and do good?

"I've found that most people undergoing an exit transition are seeking a deeper and more meaningful state of fulfillment," said Myers. "They are also in a new place where they are struggling with the six Centers of Doubt. But, it's not their fault. The 'American dream' is all about creating financial freedom and we have been collectively programmed to chase it. All too often, when we ultimately find that financial success, we realize it probably isn't what we should have been chasing as the ultimate end-game. Many in transition desire the kind of gratification that comes with self-actualization."

The eight exit strategies detailed in this article represent the cyclical journey of insurance agency founders from their initial foray into entrepreneurship, through their venture's growth and eventual exit, to their legacy-building activities.

An economic landscape that is characterized by its promising growth, a robust jobs market and increasing control over inflationary conditions, creates a conducive environment for founders to flourish amid these transition strategies, highlighting their relevance and maximizing profitability in today's dynamic economic scenario. 

Kern is an internationally regarded brand strategist and analyst who reports on noteworthy industry change makers, movers, shakers and innovators across all B2B and B2C categories. This includes field experts and thought leaders, brands, products, services, destinations and events. She is founder, executive editor and producer of "The Luxe List" as well as host of the "Savvy Ventures" business TV show that airs nationally on FOX Business TV and Bloomberg TV and the "Savvy Living" lifestyle TV show that airs in New York, Los Angeles, San Francisco, Miami, Atlanta and other major markets on CBS, FOX and other top networks. Kern also hosts the Savvy Ventures Podcast & Radio show available globally on W4CY Radio—the #1 ranked live streaming radio station—among others as well as all major podcast platforms, including Pandora, Audible, Spotify, Amazon Music, Apple Podcasts, Streamyard, iHeart Radio and dozens more. Connect with her at www.TheLuxeList.com and www.SavvyLiving.tv. Or on Instagram www.Instagram.com/MerileeKern, Twitter www.Twitter.com/MerileeKern, Facebook www.Facebook.com/MerileeKernOfficial or LinkedIn www.Linkedin.com/in/MerileeKern.

¹ Bureau of Economic Analysis, 2023 (tinyurl.com/2jhafynm)