

How to ‘perpetuate’ a brokerage and leave a legacy

By Cort Olsen EMPLOYEEBENEFITADVISER.COM | February 10, 2017



Being an entrepreneur is never easy. There are bound to be mistakes made and they will be made more than once. **David Hatter**, president of Arista Financial Group, plans to share his own mistakes at the **Workplace Benefits Renaissance** and how learning from those mistakes has allowed him to build and perpetuate his business to the status that it is today.

“I’m young and inexperienced compared to some of the people that will be in this room,” Hatter says. “I’m going to start off my talk by using a line out of Colin Powell’s book, “it worked for me” to say that there are a lot of people who know more about benefits than I do. While I hesitate giving any advice, all I am going to do is tell them what I’ve done over the past few years and what I’ve learned.”

Perpetuating the business

Hatter’s WBR session is entitled “**Organizing agency resources to accelerate revenue growth & profitability.**” The benefits veteran has the work history to bolster his presentation: he has been in the benefits industry for two decades and has owned his own firm for the past 12 years. In that time, he says there is only one of three things that can happen to a broker’s agency: sell, die or perpetuate.

“They either have to sell their business for cash, die and leave their business behind, or they internally perpetuate their business,” Hatter says. “This means that they raise up leaders inside of their company who will continue to run the company after they are gone.”

Also see: “**Employees must be urged to fill their benefit gaps**”

Learning the hard lessons of entrepreneurial ship

During Hatter’s early process of perpetuating his business, he identified the key life lessons that would change the outlook of running his business. The first occurred at age 29 when he sold his benefits practice to Hobbs Group, which is now a part of Willis Towers Watson, and Hatter learned he had to fire half of his staff.

“I had to let half of my team go with a cold two sentence script,” Hatter says. “That was the lowest day of my life and I learned an important lesson about what can happen when you sell a company for cash and it’s putting careers of some of your most important human relationships at risk and I never wanted to do that again.”

Hatter’s second lesson occurred in 2008 when he acquired a small benefits firm after witnessing a partnership become incompatible, which led to the fall of the firm.

“They had very little time to formulate a plan to secure their employees, clients and their own financial future,” Hatter says. “So what should have been a rewarding retirement turned into a mess due to a lack of planning.”

The last moment that shaped Hatter's views on running a business happened in 2012 when his friend, Steve Albers, who ran a very successful benefits shop, tragically died in a biking accident.

"Within hours of his death, competitors were calling his employees and his clients and picking his business apart," Hatter says. "So his wife, instead of mourning the loss of her husband, was scrambling around trying to save the most important asset they had."

Also see: ["How one brokerage is removing its clients from the wheel of traditional health insurance"](#)

The lesson for all brokerage owners

Hatter says the main takeaway for everyone in this session needs to be attracting and retaining the right people for the business and managing the business efficiently using the right operating system.

"If I could only give you one thing, it's all about people," Hatter says. "If you get these great people to join your firm and stick around, then you have to utilize an operating system for your business so you can constantly measure and improve it."