



FEATURE

**Sussex
Insurance**

BC's Largest ICBC Agent



DOING IT RIGHT

North Vancouver-headquartered Sussex Insurance was launched in 1976 as an all-service brokerage by a young, recently unemployed family man and his high school pal. It's now a fast-growing franchise operation, the largest Autoplan agent in B.C., with 40 locations, two thirds of which are in Real Canadian Superstore and Walmart locations. "Over the next couple of years," says founder and president Ken Armstrong (pictured), "we hope to double in size." **By Don McLellan**

If they aren't doing so already, business schools across the land will undoubtedly soon be using Sussex Insurance as a case study on how to do things right.

For the uninitiated, Sussex Insurance is the auto insurance franchise operation

started and still actively run by North Vancouver's Ken Armstrong, its president and CEO, and his wife Debby, the former Royal Bank secretary who opened a savings account for him 45 years ago. The firm is the largest Insurance Corporation of B.C. agent, writing an auto policy in

2009 for one in 14 drivers in the province. Though Sussex does offer some home, business and travel protection (see sidebar), 95 per cent of its volume derives from vehicle cover.

"Insurance agencies in the past operated on the premise that customers came in, sat down, had a cup of coffee and discussed their insurance needs," says Jason Armstrong, 39, Ken and Debby's older son and VP of corporate development. "My father recognized that people don't have time for that anymore. They need the service, but they need it quickly."

Adds Aly Kanji, COO and general counsel, "All our people are car insurance experts. It's all they sell. They can do it quickly and ask all the right questions. Customers are in and out in a short time. There's no waiting for the person ahead of you who's getting quotes on home insurance. Dealing in one product makes us highly efficient at what we do."

Motorists agree: Sussex Insurance has taken home the Consumer's Choice Award for insurance agents and brokers in 2006, '07, '08 and '09.

This focus on a product almost everyone needs and positioning it in prime locales everyone visits frequently are key elements of the firm's success. Though

Sussex began as an all-service shop in 1976, its first franchise debuted on Vancouver's busy Granville Street in 1989. Today there are 40 locations throughout B.C. The first franchise in Alberta will open this year.

Twenty-one franchises are located in Real Canadian Superstores, the largest grocery store chain in Canada. Nine are situated in Walmart outlets, the largest retailer in the world (about half a dozen more Sussex Insurance Walmart locations are expected to open this year). Seven are traditional storefront locations, two are inside T&T Supermarkets and one is inside a Save-On-Foods store.

“We’ve got the best retail locations in the world,” the senior Armstrong says. “And the deal we have with Walmart” – the Master Licence Agreement was formalized in November 2009 – “is a national agreement. We’ve been welcomed as part of the family.”

Franchise locations are compact, well-illuminated and sport contemporary designs. In size they average an economical 400 square feet. Sussex staff at the Walmart locations use SMART cars to run errands. Each branch has a recycling program and is being retrofitted with LED lighting. The Sussex Insurance Superstore franchises are currently undergoing a \$2-million remodelling. All franchisees and their employees wear the Sussex colours.

“I like nothing better than someone in uniform,” says Armstrong, appropriately attired in a crisp white shirt bearing a black Sussex logo on the breast.

Sussex has been a trailblazer in other areas as well. It was the first insurance retailer to open on Sundays and the first to take Visa and MasterCard without charging back the service fee to customers. It was also one of the first to keep its doors open from 9 a.m. to 9 p.m.

“It’s very difficult to find people willing to work that late in under-populated areas,” says Brandon Armstrong, 35, the Armstrongs’ second son and VP strategic planning. “It’s much easier in a place like Superstore, where there are plenty of people around and the parking lots are well-lighted.”

Ken Armstrong has no intention of slowing down or resting on his laurels. Besides expanding east, Sussex Insurance hopes to forge more relationships with large retailers. It’s also exploring alternate channels of distribution such as the Internet and call centres. Armstrong hopes to double the size of the business over the next few years.

Although all existing Sussex Insurance offices have been start-up operations, Sussex Insurance now also wants to expand through acquisition and wants to buy everything from small mom-and-pop offices to multi-branch operations. Any agency that feels it has an underper-

forming office can also become a franchisee and move its office into a profitable Walmart or Superstore location.

“We’ve refined the model for auto insurance,” Armstrong says. “Now we’re working on the model to deliver other forms of insurance. We’re pioneers. We like changing things. We are also well-capitalized now and will explore any opportunity.”

Starting Out

Ken Armstrong was born in Moose Jaw, Sask. 67 years ago. His family moved to North Vancouver when he was a youngster. After graduating high school he caught on as a clerk with Canadian Pacific Railways before taking a job with Firestone Tires, which moved him around the province. By the age of 25 he was the youngest Firestone manager in the country.

When he left the company – angry because he’d been overlooked for a promotion in Nanaimo, on Vancouver Island – Armstrong was 33. He was also a husband and father of two young boys.

“I took great pride in my job at Firestone; I like to be the best at what I do. Working for a U.S. outfit like Firestone was great. It taught me a lot about business, the school of hard knocks.”

The newly unemployed Armstrong, young family in tow, returned to North Vancouver, where he hooked up with old high school pal Don Archibald. Both had served as the best man at each other’s wedding. Archibald had just recently sold his shares in the insurance brokerage Archibald Clarke & Defieux.

The duo bought a small brokerage, Jim Riddell Insurance Agency on West 3rd Street in North Vancouver and rechristened it Sussex Insurance, as they were partnering with Sussex Realty, part of a mutual referral accord.

A newcomer to the industry, Armstrong had to earn his educational designations.

“I went to night school two nights a week for what seemed like forever.”

A few years later, he says, “I bought out Donny.” Fortunately, spouse Debby was keen to expand her already sizeable contribution. When they came of age the couple’s sons also joined the team.

“Debby, Jason and Brandon have been instrumental in building this company,” Armstrong says. “Debby still takes an

active role in significant decisions within the organization today. It’s a far cry from the countless hours she put in at the beginning, but her guidance today is just as important, if not more so, than when we started out.”

Community involvement is a big part of the Sussex brand.

“I believe in karma,” Armstrong says. “What goes around, comes around.”

Armstrong was presented with a Spirit Award in recognition of his partnership in a charity golf tournament put on by Family Insurance. Throughout the province Sussex has also been a significant supporter of minor hockey and little league baseball, which Armstrong played enthusiastically as a youngster. His business success has given him the means to pitch in on the cost of everything from uniforms to snacks and bicycle raffles. In 2009 the insurance retailer was the title sponsor of the Provincial Little League Championship and will be the title sponsor of the Canadian National Little League Championship this year.

EXCLUSIVE PRODUCTS

Sussex Insurance has its own collision, comprehensive and excess liability auto insurance product, Swerve. Launched in 2007, it’s underwritten by Canadian Direct Insurance, the Canadian Western Bank subsidiary.

“It’s ideal for people who have earned the right to significant savings on their insurance by being good, responsible drivers for a long time,” says Sussex COO Aly Kanji. “Many British Columbians are not aware they don’t have to buy all of their auto insurance from ICBC.”

Another Sussex product is Trek Travel Protection, supported by Travel Underwriters. It’s aimed at travellers who make frequent, often last-minute trips of up to five days to the U.S. It costs \$30 for annual coverage for an individual and \$60 for a family – and offers \$2 million accident and sickness cover in Canada, the U.S. and abroad with zero deductible. It also includes “top ups” for longer trips.

“We decided to come up with a product that would cover customers without the hassle of them having to come down and see us,” explained VP Jason Armstrong.

Both Swerve and Trek Travel Protection are available exclusively at Sussex Insurance locations. **IW**



Debby Armstrong



Brandon Armstrong



Jason Armstrong

“Give where you live,” he says. “It’s our way of expressing appreciation for the support we’ve received.”

Opportunities

People toying with the idea of starting up a Sussex Insurance location can only be encouraged by the fact that both of the Armstrongs’ sons are also franchisees. So, too, are Ken Armstrong’s brother Barry and his brother-in-law John.

Some franchises are run by sole operators and others are owned by Sussex employees with roles at company headquarters.

A few years ago COO Aly Kanji was a lawyer representing Sussex Insurance interests on behalf of the prestigious national firm Miller Thomson LLP.

“One day,” Kanji says, “Kenny asked me, ‘Why not come and join us?’”

Kanji quit his job and signed on with Sussex. He also bought a franchise.

“The franchise system provides people with a level of support you wouldn’t get otherwise – and helps walk people



Kanji

through the process of starting up an agency,” Kanji says.

That help includes training and guidance from Sussex and fellow franchisees; local and provincial advertising campaigns (Sussex sponsors the Vancouver Canucks pre-game show); human resources support; legal services and merchandizing. All franchisees are provided with an Autolink software package and access to high-limit E&O cover. Retreats for the franchisees are an annual affair and fully paid for by the corporate office.

Franchisees and employees, all of whom become associate members of the Insurance Brokers Association of B.C., are paid \$300 when they earn an industry designation and given \$100 – and a day off – on birthdays.

“We believe in people,” said Jason Armstrong. “We promote and encourage them, making sure they get the education they need.”

An arrangement Sussex has with BMO Bank of Montreal allows franchisees to borrow up to 90 per cent of startup costs.

“(The business model) has helped make a lot of people successful,” says the senior Armstrong. “We give them the

tools to do it. We’ve always taken a family approach to running our business, treating our staff and franchisees as members of the family.”

Doug Hughes, a 32-year veteran of the insurance industry and a former independent agency owner, came on board in the early 1990s as a Sussex Insurance franchisee.



Hughes

“I’ve been on both sides of the fence,” he said. “When you’re by yourself, you have commitments to insurance companies. If you don’t meet your volumes, they drop you like a hot potato.”

“Franchising,” adds Ken Armstrong, “is a great way to expand our business. I think the reason the model has been so successful is that we’re very selective about who we choose as franchise partners. One person can destroy our entire reputation, and we aren’t going to let that happen.”

Several franchisees are multiple location owners.

“All of our locations are doing well,” says Armstrong. “None have failed. We find that if our franchisees don’t have more than one location, they *want* more.”

For more information, visit the website www.sussexinsurance.com. **IW**