



Anatomy of a Successful Growth Strategy

Corporate strategies often fail because they are not fully thought out, or not completely embraced by members of senior management.

Rarely do we encounter a growth strategy that has been well executed that results in superior outcomes. But with the multi-prong strategy

Worldwide Facilities, LLC has deployed — *they're achieving their stated objectives and positioning the company for future success.*



What Worldwide Facilities Got Right

By **Gerard Vecchio**, Senior Vice President

212.972.4886 | Gerard.Vecchio@MarshBerry.com

In 2015, Worldwide Facilities, LLC's ("Worldwide") management team led by CEO Davis Moore and President Ron Austin developed a plan to continue to grow and transform their company. The wholesale broker was performing well and placing approximately \$550 million in annual premium volume. But management saw their business was changing.

Specifically, Worldwide understood that having a business that was 90% wholesale brokerage — and underweight in the Managing General Agent ("MGA") Program space — could put them at a competitive disadvantage moving forward. Moreover, Worldwide's business was predominantly located on the West Coast.



A New Vision

Management launched a four-pronged strategy to change its focus from transactional wholesale brokerage to a full-service solution provider.

In its simplest form, Worldwide's mission was (and is) to increase its relevance to its customers by providing more products and services as a "one-stop" shopping center. The strategy encompassed:

- 1 Accelerating organic growth within existing product areas;
- 2 Instituting a Merger & Acquisition ("M&A") strategy to complement organic growth, as well as to provide additional product and geographic diversification of the business;
- 3 Selectively forming "greenfield" specialty product offering (including creating new binding authority relationships with carriers); and
- 4 Recruiting new production personnel complemented by a Professional Development Program that included growing their own producers.

To execute their new business strategy, management realized they would need to tap the capital markets. With the help of private equity ("PE") provider Lovell Minnick, Worldwide transformed its business model.

Lovell Minnick made an equity investment in Worldwide, allowing them to access capital and debt markets. Historically, debt leverage has been more readily accessible if an organization has a PE sponsor since most

banks value these types of partnerships as they add another level of professionalism and accountability to an existing business operation. These relationships assist in mitigating risk from the banks' perspective and thereby making the credit more secure. Further, access is facilitated as banks believe a PE fund may invest additional capital into such a partnership during negative economic environments rather than permit a lender to take control of an investment.

Doubling Down On An Acquisition Strategy

From 2015 to mid-2019, Worldwide completed eight acquisitions, six of which were transacted in the most recent 18 months.

Virtually all of these acquisitions had a specialty focus on product line (e.g. professional liability) or industry specialization (e.g. transportation). In addition, these acquisitions brought some level of carrier contractual agreements in the form of binding authority or program administration relationships/capabilities.

According to Worldwide, they continued to grow double-digit organic growth as they recruited new producers that also brought complementary industry specializations. Organic growth in Worldwide's existing businesses kept pace with new business initiatives resulting in an organization that today boasts approximately \$1.8 billion of premium, split approximately one-third MGAs/Programs (collectively "Specialty Business"), and two-thirds wholesale brokerage. In other words, Worldwide's growth initiatives in the Specialty Business space is as large as the ENTIRE COMPANY was in 2015. Due to this impressive growth, Worldwide was successful in attracting Genstar Capital to become its new equity partner in September 2019, replacing Lovell Minnick.

What Does This Mean?

What do we learn from this analysis? Worldwide's success continues to be driven by the coordination of multiple growth strategies executed simultaneously.

The old saying not to put all of your eggs in one basket applies here. Knowing that not all growth strategies work all the time, Worldwide used several different but complementary strategies to drive growth during a multi-year period.

Coupling an acquisition strategy focused around specialty binding authority and Program businesses while recruiting producers into businesses to augment its expertise, Worldwide was able to optimize its growth potential in its Specialty Businesses. In addition, continuing to grow its historical wholesale business provided Worldwide with the foundation to grow its newer businesses in an intelligent manner that made business sense. The result is a company that is more than triple its size from 2015, with a much more diverse revenue base and that now operates nationwide.

MarshBerry was an adviser to Genstar in its buy side due diligence of Worldwide. In addition, MarshBerry was involved in the six most recent acquisitions completed by Worldwide. Three of these included due diligence support for Worldwide, and three of which MarshBerry represented a broker that sold to Worldwide. ■

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APRIL 2018



Worldwide Facilities Holdings, LLC
has acquired
Tennant Risk Services Insurance Agency, Inc.



MarshBerry was financial adviser to the Seller

APRIL 2018



Worldwide Facilities Holdings, LLC
has acquired
The Sullivan Group



MarshBerry was financial adviser to the Buyer

JUNE 2018



Worldwide Facilities Holdings, LLC
has acquired
RIC Insurance General Agency, Inc.



MarshBerry was financial adviser to the Buyer

SEPTEMBER 2018



Worldwide Facilities Holdings, LLC
has acquired
McClelland and Hine, Inc. and McClelland & Hine Trucking Underwriters LLC



MarshBerry was financial adviser to the Seller

OCTOBER 2018



Worldwide Facilities Holdings, LLC
has acquired
Draco Insurance Solutions



MarshBerry was financial adviser to the Buyer

JULY 2019



Worldwide Facilities Holdings, LLC
has acquired
Benchmark Management Group, Inc.



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