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*Underwriting management agencies usually have limited resources on launching the business*

*A business plan is a crucial cornerstone for any business, but for a small to medium enterprise (SME) it becomes even more critical during tough economic times.*

This is according to Valerie Hayter, Managing Director of Lireas, the strategic investment company of Hannover Re Africa, who notes that, as is characteristic of most small businesses, an underwriting management agency (UMA) usually has limited capital and resources when it ventures into business.

"It therefore goes without saying that a sound and well thought out business plan is critical to its successful launch, growth into the future and continued sustainability thereafter."

Hayter comments, "Lireas has been involved with niche insurance underwriting management agencies (UMAs) for 25 years."

"To stay ahead of the game and be successful, scheduled reviews and updates of business plans alone may not be adequate."

"In theory, the focus of a UMA is expected to evolve over time, so a business plan must therefore adapt to this evolution."

"So, whilst a business plan usually charts the course of the business for a period extending a few years, regular if not continuous health checks should be part of the plan."

"Furthermore, the plan should have buffers in place to absorb any shocks as well as some degree of flexibility, as the business transitions from a start-up to a mature business."

She says a clear operational plan and information technology strategy are also critical, as is a business's financial plans, "These areas should be carefully structured and executed to ensure that unnecessary processes and excesses are eliminated while the business remains highly efficient."

"The net position certainly drives the decision to start or not start the business, and also determines and influences the nature and quantum of corrective action that is taken along the way."



Hayter says tough economic times call for increased responsiveness and speedy adaptation to the challenges presented, and that during economic recession, the margin between success and failure is very small.

"While a good business plan won't guarantee success, it certainly is an important component in building and maintaining a sustainable business."

"The business plan is the road map for the business and it is critical that this is well understood from the onset."

"The UMA owner should venture into their business guided by this business plan and they should constantly check their progress against it."

"Where deviations or obstacles are encountered along the way, the UMA should be well prepared to navigate through these to get themselves back on track," Hayter concludes.