

# Entrepreneurial energy

Insurance veteran left large firm to build own smaller venture

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**Making gains:** Ironwood Insurance Services LLC CEO William Underwood, left, and Matt Lovein, partner and vice president, expect the firm's revenue to grow by 80 percent in 2010, following a 50 percent increase last year. The business will also likely add three or four employees by year's end.

**E**dward McCrady, who owns and operates six PODS franchises in the Southeast, including one in Buckhead, describes his moving and storage business as having "rather complex insurance needs."

"We've got people's personal belongings inside these storage containers," said McCrady, who is CEO of **Atlanta Storage Partners LLC**, which does business as PODS.

As such, he said his company "requires some very knowledgeable and experienced risk management professionals to advise us."

Enter **Ironwood Insurance Services LLC**, headed by insurance veteran William Underwood.

"He brought a creative approach on ... different categories of insurance that we had not contemplated before to satisfy the unique needs we have," McCrady said of Underwood.

"He brought a creative approach in how to cover us from a general liability perspective and the solution is one that not only reduced our risk but lowered our costs," he said. "In a small business, that's important."

It's that entrepreneurial energy that first helped Underwood launch Ironwood — a privately held retail insurance brokerage firm started in May 2007.

The company's offerings include providing commercial insurance and risk management services to middle-market businesses and personal insurance to families and individuals.

Underwood's experience spans 22 years in the insurance brokerage business.

He was attending **The University of Georgia** when he was first introduced to the possibility of an insurance career by a family friend and head of an insurance brokerage firm in his hometown of Charlotte N.C.

After graduating, Underwood went on to London where he worked for a Lloyd's of London broker for a year. He then came to Atlanta where he worked at a small local agency that was later sold to a larger outfit.

Choosing to move on, he joined Palmer & Cay Inc., where he was a partner and senior leader from 1993 until 2005, the year **Wachovia Corp.** acquired the private firm.

But Underwood felt the entrepreneurial pull tugging at him.

Believing the best business model for a professional services firm is one that's privately held, has long-term objectives and widely held stock by productive employees — all qualities that help his firm attract top talent — Underwood saw a chance to offer something that was lacking.

Matthew Lovein, who had also worked at Palmer & Cay, also longed for a change.

"I've always wanted to be part of building a business from the ground up," said Lovein, a partner and vice president at Ironwood. "This was the best opportunity I could ever imagine."

Lovein also graduated from The University of Georgia, earning a degree in risk management and insurance.

His career path started in the insurance business — he took a job with the Atlanta office of a regional brokerage firm — but shortly thereafter veered into banking at Columbus Bank & Trust Co. Lovein's journey was then to graduate school at UGA, where he received an MBA with a concentration in finance.

He went on to take finance positions in the software development and poultry processing industries before ending up back in the insurance brokerage business, at Palmer & Cay in 2003, where he met Underwood and developed a solid professional rapport and friendship.

Underwood himself was the biggest influence in Lovein's decision to join the startup.

"I know the integrity he has and the kind of business leader he would be and I wanted to be part of that," Lovein said.

While entrepreneurship is rarely a breeze — with financing and marketing being typical startup issues — Underwood had an obstacle some business owners do not have to face: His former employer's non-solicitation agreements meant he couldn't be open to clients or employees about his plans.

"Other than a business plan, I had nothing in place when I left Wachovia," he said in an e-mail.

He put a lot of confidence in that plan and stood firmly by the business model, but still experienced the full spectrum of starting-a-business emotions.

"You have a lot of anxiety and uncertainty about what the future holds. It can be unnerving sometimes," he said.

But he also knew that nothing is guaranteed.

"I've always had a firm belief that security is not real. Just by example, you're in a corporate job and for no fault of your own the company decides to downsize," Underwood said.

He had to deal with the hurdles the best he could to get his business off the ground.

"We wanted to be viewed as a firm that has integrity. We did that. Anybody would agree with us on either side," he said.

And so, about a week after parting ways with Wachovia, he started Ironwood.

Although he said everything pretty much

## Ironwood Insurance Services LLC

- ▶ **Leadership:** CEO William Underwood; partner and vice president, Matthew Lovein
- ▶ **Revenue growth:** Ironwood grew 300 percent in 2008; 50 percent in 2009; and will grow 80 percent in 2010. Underwood said he expects to close 2010 with \$3 million in revenue.
- ▶ **Number of employees:** Underwood said that during Ironwood's startup phase, from May 2007 to Dec. 31, 2007, it grew to 10 employees; it now has 11 employees. "We have just now grown to the point that we will begin adding more staff, and expect to end 2010 with 14 or 15 employees," he said.
- ▶ **Community impact:** The company has the Ironwood Foundation, which has contributed to children-focused charities, charities to prevent homelessness and assist the homeless, and several others. "You read a lot about companies talking about being a community partner and it's in their mission statement. For us, it's really putting your money where your mouth is and walking the walk, and it's not optional," Lovein said. "It's part of who we are."
- ▶ **Underwood's advice to startup business owners:** "Develop a very good written business plan with defined goals, specific steps, a timeline — and then go for it. Surround yourself with great people, align your interests with theirs, and share the ownership of the firm with those people."
- ▶ **Business philosophy:** "Put the interests of your clients, your partners and your associates ahead of yourself and you will be rewarded many times over."

went according to plan, of course challenges awaited him. He found that "clients are harder to attract than you think they will be," he said. "It just does not happen as quickly as you want."

Three years ago, when he got started, one thing Underwood didn't have to deal with initially was a stalled economy.

He counts his company fortunate "because raising outside capital, even from private sources, would have been impossible one year later," he said.

That's not to say he felt no effects of the recession.

Relying a great deal on private equity transactions for much of its business, Underwood said he saw that market nearly stop altogether.

But on the plus side, "we are in a stable business with recurring revenue and everyone continues to utilize our product, even in tough times," Underwood said. "There is always

someone out there who is seeking a new insurance broker, you just have to spend more time developing relationships and contacting new potential customers. Success in our business is very much a function of effort. Even in a tough economic environment you can make it happen if you are willing to put in the time."

Something entrepreneurs may want to do is overcapitalize their funding, Underwood suggested, allowing them to "overcome a slower start than expected."

About three months after Underwood launched the company, Lovein came on board, having been the first to reach out to Underwood — just as he'd hoped.

"I guess he was waiting to see if I was going to make it," Underwood said jokingly.

With about 100 commercial clients, approximately 75 family and individual clients, and an expected \$3 million in revenue at the close of 2010, it appears he has.