

small business

PROFILES & LEADERSHIP

Long-term focus for coverage, company



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CEO Deb Newman founded Newman Long Term Care more than 20 years ago to specialize in what was then a little-known area: long-term care insurance.

Deb Newman has fulfilled her goal of becoming an expert in the highly specialized field of long-term care insurance and creating a company that serves an aging population.

By TODD NELSON
Special to the Star Tribune

Deb Newman, CEO of Richfield-based Newman Long Term Care, has written more than 25,000 long-term care policies since she founded the firm in 1990.

She has gone on to win leadership roles with local, state and national insurance groups and is widely regarded as a trusted resource on long-term care issues. Newman will soon learn whether she has been appointed to a 15-member national long-term care commission tasked with devising a comprehensive long-term care planning and services system.

Newman's focus on the long term applies to her business as well. She launched Newman Long Term Care in part after studying, in the late 1980s, state demographic projections out to the year 2030. She identified a need for a business opportunity in long-term care coverage, foreseeing today's so-called "silver tsunami." About 10,000 people a day will turn 65 in a trend that will continue for the better part of the next 20 years.

"I saw that I could make a difference in people's lives," said Newman, who said buying long-term care insurance is "like putting a wrapper around your 401(k) plan.

"It's protecting the 401(k) plan from the largest unfunded risk that you face in retirement. We fund that 'what-if cloud' so people know that they can use that 401(k) plan for what it was meant for — to cover their retirement."

NEWMAN LONG TERM CARE

Business: Distributes long-term care insurance nationally through brokerage service, through business alliance program with insurance agents and financial planners, and directly to consumers.

Founded: 1990

Headquarters: Richfield

Websites: www.newmanlongtermcare.com (for consumers) and www.ltcbar.com (for agents)

Employees: 13, plus seven contracted specialists

Executives: Debra Newman, founder and CEO; Lori Gubash, director, sales and business development; Craig Roers, marketing manager; Andrea Meger, manager, human resources and operations; Scott Newman, finance and facilities

2012 policies written: More than \$3 million in premiums, up 50 percent from the year before

Strategy: Expand business alliance program to sell long-term care policies through more agents and advisers, continue managing the business according to the EOS Model with consultant's input.

More recently, Newman has adopted a new approach to running her company based on the book "Traction" by Gino Wickman, founder of the Entrepreneurial Operating System (EOS) and Michigan-based EOS Worldwide.

"The book details six key components (vision, people, data and so forth) that Wickman contends companies need to manage and strengthen to be great. Traction, another key component of the EOS Model, refers to bringing discipline and accountability into an organization.

"I am definitely the visionary person" of the firm, said Newman, who started her company after working in marketing for Hormel Foods Corp. and then moving into insurance and finan-

cial planning. "I'm an idea-a-minute person. But it's hard to run a business that way. I now have a leadership team that totally understands what they're in charge of and they know they have full authority to get it done. It has really turned our business around."

The EOS Model essentially distills the principles of popular management authors such as Jim Collins, Stephen Covey and Patrick Lencioni into a system for running a business, Newman said. The company was using the EOS Model in a "self-guided" way until Newman recently brought in professional EOS implementer Sean O'Driscoll, a Twin Cities consultant.

"They had a good understanding of the concepts and had integrated them

into their organization," O'Driscoll said. "I think they felt that bringing in somebody like me would help them accelerate that."

The company distributes policies through its brokerage service to more than 3,000 insurance agents and financial advisers nationally. Through its business alliance program, her company serves as the long-term care insurance department for agents or advisers. Newman Long Term Care also sells policies directly to consumers.

Dan May, CEO of Minneapolis-based AdvisorNet Financial and a longtime acquaintance of Newman's, said independent advisers with his firm began referring clients to Newman's company to discuss that coverage under a partnership that began last year.

"I trust Deb and the people she's put together," May said. "We trust her and her reputation and all the work she's done ... to raise awareness."

The expert says: Jack Milletto, management professor and director of the health care MBA program at the University of St. Thomas' Opus College of Business, said models such as the Entrepreneurial Operating System are more likely to be effective when they provide a framework to order leadership's thinking about a problem and when they fit with a company's culture.

He recommended a "buyer be thoughtful" approach to adopting a management model and endorsed Newman's decision to bring in an implementer, saying a model alone may not be sufficient in every case.

"Sometimes you need two types of consultant, a model and then a mentor or coach to coach you through the thinking," Milletto said.

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