

## clearrisk | craig rowe

Business is risky, but that is Craig Rowe's business - risk management to be precise. Craig, the President of ClearRisk Inc., becomes animated and energized as he explains his line of work. "Risk," he says, "is not negative. It is when there is opportunity for a downside or an upside." Risk management is about formalizing the decision making process. People are constantly assessing risks, whether it is instinctively in crossing the street or deliberately in weighing the pros and cons of buying a car. "Business people," he says, "engage in the same process whether in deciding where to build a head office or whether to buy another company." the entrepreneur

Craig spent almost 20 years in the insurance industry, where he started right out of high school. Over the years, he attained various insurance designations and completed many business courses and ample on-the-job training. Craig is naturally entrepreneurial and also operated his own consulting company and became involved in several insurance industry associations. This allowed him to develop a large network of connections.

Craig found himself thinking and talking more and more about risk management. He realized that if businesses did some basic things to manage risk they would save money. In 2001 he wrote a book on the topic and later adapted the ideas in to a workshop which he presented throughout Canada and the United States. Insurance industry professionals and other business people noticed Craig and saw the logic in his message. Soon he was being invited to speak to various associations and was asked to assist in writing material on risk management. When dealing with clients of his consulting business, he noticed the same set of steps and questions could be applied to different realities in different types of companies. He was sure that there was something that could be packaged and sold to assist these companies.

He went in search of risk management software. He found some, but none applicable to small and mid-sized companies and organizations. So he decided to build it. He teamed with David d'Entremont who had the background provide technical expertise. Together they founded ClearRisk. They developed a business plan which became their roadmap, even though it was constantly being adapted to take into account new realities, circumstances and goals. Craig estimates they are on version 30 by now!

Craig decided to leave his job and pursue ClearRisk full-time. It was not an easy decision to make as Craig had a young family at the time. He had to engage in his own risk management process and weigh his options. He had almost 20 years of solid insurance industry experience. He had an extensive network of contacts. He had entrepreneurial experience through his consulting business. He knew the market. He knew what his customers needed and he knew that he could develop a product to meet that need. He found a solid business partner to complement his skills. So the timing was right and after 10 years of thinking, dreaming and percolating ideas, Craig made the leap in 2006.

Craig says that the biggest challenge facing ClearRisk and any business, whether it is in starting, sustaining or growing the business, is cash. ClearRisk needed capital to develop its product. For any business to have credibility with lenders and investors, that initial money has to come from the business owner. Craig and David secured an operating line of credit from the bank based on personal guarantees.

Step 2 was to seek more financing to start implementing the business. Craig says that it is important to look for money before you need it because you are building relationships and confidence and convincing people that you are creditworthy. A business plan is a necessity but "everyone invests in people." This applies to accessing financing from Business Development Bank of Canada (BDC), Atlantic Canada Opportunities Agency (ACOA), or any government organization, as well as private lenders and investors. It is necessary to raise private money to leverage government money.

Another important factor in developing ClearRisk was being accepted by Memorial University's Genesis Centre, a facility which provides business and technical support to new and emerging technology businesses. This added to their credibility and attracted the attention of angel investors. Angel investors are business people with financial resources available to invest in new promising businesses.

Technological businesses are expensive to grow and ClearRisk's growth has been made possible by private investors and organizations such as Growth Works (a venture capital company). Ownership of the company is now shared with these investors and ClearRisk is a corporation with multiple shareholders. One of the tradeoffs in taking money from investors is that ownership becomes shared. Craig says, "You can have a big piece of something small or a small piece of something big." He chose the latter.

Craig's idea has grown immensely. He keeps the numbers to himself, but says sales have grown exponentially. His primary market is North America and the ClearRisk software has been launched in French and Spanish. Customers do not pay an upfront fee; instead, they pay an annual fee for the software and support. ClearRisk is constantly improving its products. The team is always enhancing features and improving functionality. Currently, they offer three programs to consumers: ClearRisk™ Manager, which enables an organization to build and implement a risk management plan; ClearRisk™ Tracker, which facilitates tracking insurance claims; and ClearRisk™ Trainer, an online instructional program which increases awareness of risk and its management. The latter two products are offered in partnership with other organizations.

ClearRisk's web-based business is global; however, Craig is cautious about expanding beyond North America. The insurance industries in the USA and Canada are relatively interconnected and homogeneous. It would be very difficult to provide support to countries with different regulations and different languages. ClearRisk offers a web-based software service so they use web-based marketing, rarely using traditional media. They access all forms of social media such as Facebook, Twitter, MySpace, and blogs and find the approach cost effective and high impact. Social media facilitates the use of in-bound marketing.

In addition to web-based marketing, ClearRisk is now getting calls from referrals. Clients are spreading the word to other businesses seeking a similar product. The demand for ClearRisk's product is expanding but Craig resists growing the team too quickly. Craig prefers a small team and likes the dynamics of small groups. However, more sales people are needed and they will co-op and computer science students to his company. He likes to hire young people. It is rewarding to see them take shape and become leaders.

support and inspiration

Craig speaks favourably about starting a new business in Newfoundland and Labrador. He says that the provincial climate is positive. In addition to the practical and financial support available, the provincial government has done a lot to assist business in recent years, including reducing taxes and red tape and increasing funding.

When Craig reflects on the path his career has taken, he gives special acknowledgement to Paul Johnson of Johnson Insurance as a business icon and an inspiration. Mr. Johnson inherited his father's small insurance office and built it into an innovative, billion-dollar company. Not only was Mr. Johnson a great businessman, he was a community-minded philanthropist. This is evident today throughout the capital city in the parks, trail ways, and the Johnson Geo Centre on Signal Hill. Mr. Johnson has influenced Craig's professional and community life. In addition to Craig's entrepreneurial success he is firmly rooted in his community; he currently serves as Chair of the YM/YWCA.

Craig has advice for young people who dream of starting their own businesses. He says to be informed, to go in with open eyes and to seek honest opinions from knowledgeable people. He advises that an entrepreneur should realize that "the odds are against you, but you need the tenacity and perseverance to stick with it. It is important to understand your industry, to understand the need for your product or service and ultimately to understand the risks before you make the leap." In business, managing risk is everyone's business!