



BROKER ONLINE EXCHANGE

5

COMMON PITFALLS ENERGY BROKERS SHOULD AVOID

WHEN STARTING THEIR OWN FIRM

An Essential Guide for Energy
Brokers Seeking Independence



Contents

| | |
|--|-----------|
| <u>Introduction</u> | 3 |
| <u>1. Letting Administrative Work Drag You Down</u> | 4 |
| <u>2. Sacrificing Sales for Supplier Relationships</u> | 6 |
| <u>3. Missing Changing Cash Flow Requirement</u> | 9 |
| <u>4. Not Anticipating Growth</u> | 11 |
| <u>5. Unequal Partnerships</u> | 14 |
| <u>Conclusion</u> | 17 |



Introduction

Maybe you want the **lion's share of your commissions**. Maybe you want **more freedom**. Whatever the reason, many experienced brokers eventually go out on their own.

But gaining independence comes with many pitfalls. Whether you work for another broker, a supplier or a large firm, it takes **time, patience** and **strategy** to build a strong business in today's cut-throat energy market.

In this eBook, we'll cover the most pressing pitfalls you'll face when becoming an independent energy broker so you can **build a booming business faster and easier than you thought possible**.



PITFALL ONE:

Letting Administrative Work Drag You Down



Administrative tasks can overtake the time you should be our selling.

As a newly independent broker, you probably don't have someone to just do administrative work, and you certainly can't spare a few sales for paperwork.

A few ways to solve this:

1

Instant pricing for simpler deals: getting up-to-date pricing can take hours from your day. Hours better spent selling or closing deals.

2

Contract creation software: you don't have time to write and continuously revise a contract. Get software to do it for you.

3

Digital Signatures to close deals faster: many business owners don't have time to waste. Skip the time-consuming print, scan, fax process and let them sign digitally in seconds.





PITFALL TWO:

Sacrificing Sales for Supplier Relationships



One of the most challenging aspects of gaining your independence is developing new supplier relationships.

If you're lucky, you'll have some relationships from a previous gig, but to compete in today's market **you need tons of options** for your prospects.

To make matters more challenging, many suppliers are becoming increasingly wary of taking on new energy brokers.

There's a certain level of risk they put into each broker, so suppliers tend to play it safe. That means **more and more brokers are being left in the dust.**

As a newly independent broker, you need a solid reputation to build your supplier base, but you need your supplier base to grow your reputation



What Are Your Options?

The most common options are:

1

Take what you can get — a couple small suppliers at least — and build a reputation with that.

2

You can partner with someone like Broker Online Exchange to gain instant access to all major suppliers.





PITFALL THREE:

Missing Your Changing Cash Flow Requirements



When starting out on your own, you'll probably want to close more deals with **upfront commission** payments so you can keep your cash flowing. But as you get more established, you'll want more **residual payments with better splits**.

Just like developing supplier relationships, getting upfront payment plans while still unestablished is a challenge. It's a higher risk for suppliers, and they're not going to take such a big risk on a stranger. So, unfortunately, newly independent brokers face another disadvantage.

That said, many brokers may find at least one supplier who offers upfront payments, but they'll get a bad split for residual payments leaving them with a disadvantage further down the road. And in many cases these suppliers offer less-than-competitive rates, so the broker's losing their competitive edge too.

So what options does that leave you with? You can **build your reputation** with less-than-fantastic pricing or you can **partner with someone who already has a stellar reputation with major suppliers** so you can get better payment plans.





PITFALL FOUR:

Not Anticipating Growth



At first, it can be hard to see the light through the tunnel.

But when you're breaking out on your own, you should also have **a strategy for growth**.

We've worked with several energy brokers whose business has **skyrocketed a few months after seeking independence**. If they hadn't planned ahead for growth, they would have been crushed by their rapid success.

When planning for growth, there are a two things to really consider:

- **How and when will you hire employees?**
- **Will you expand into new territories? Where? How?**



Licensing

Don't waste resources on getting your staff licensed. It costs you time and money. Your best bet is to join a program that allows brokers to piggyback off existing licensing.

Expanding into New Markets

Traditionally, expanding a team into a new market requires months to gain licensing and develop new supplier relationships.

Expansion Challenge #1

Many states require **bonds** and **piles of paperwork** to obtain a broker license. This takes time, money and a ton of frustration.

Expansion Challenge #2

Even if you have national suppliers, you'll probably want **local ones**. This requires building out new relationships.



There are a lot of companies who want to help you access more suppliers and streamline your new energy business, but **how do you know if they're trustworthy?**

Whether they're a broker network like us or they offer an affiliate program, make sure you fully understanding their **pricing terms, the company** and **their procedures**.

Some questions you might ask:

- 1 Are they **affiliated with a supplier** or are they completely independent?
- 2 Does your potential partner sell energy direct to consumers? That is, **are they also a competitor?**
- 3 How does their pricing work? Do they earn **commissions** even when you don't?
- 4 Are their motivations **aligned with your company's interests** or are they completely independent from you?



Conclusion

A successful energy broker business starts with a plan. A plan for the future and a plan for growth.

At first, many brokers start at a disadvantage: they don't have the suppliers they need to build a reputation and they don't have the reputation they need to build supplier relationships.

But you can't sacrifice your business plan at this point. Don't take a deal now that will hurt you in three months. Settling should not be an option.

Your best bet is to set your business up for success: partner with a company that helps brokers build their businesses.

As long as your partner's goals are aligned with yours, it should give you the jumpstart you need for success.

A Partner You Can Trust

At Broker Online Exchange, our business is to help energy brokers grow their business. That's why we offer our broker-partners access to **more suppliers** and **more upfront payment plans** than any other broker network.

With BOX, you get:

- Access to **75+ top suppliers** in all deregulated markets.
- The ability to **piggyback off our licensing** in all markets.
- **Instant supplier pricing** with our EnergyEngine Platform.
- **Automated contract creation** with EnergyEngine.
- **DocuSign integration** to expedite the closing process.
- **Upfront or residual payment plans** from all suppliers.

Most importantly, we're a true business partner for energy brokers. We're not your competitor. We're not owned by a supplier that has its own motives. And we don't win when you lose.

We are a partner, which means **we only succeed when you do too.**

Partner with BOX Today