

"I want my . . . I want my . . . F . . . M . . . O . . ."

The Independent, Captive, Career, and the go Direct Insurance Distribution Systems are in 'dire straits.' Coming soon: an updated riff on a classic vibe.

By **Lisa Alberino**
President/Founder

future
FINANCIAL MARKETING, INC.

Let's dial it back to 1985. Dust off the vinyl and whisper (in falsetto) . . . "I want my . . . I want my . . . F . . . M . . . O . . ." (cue drums).

I'm driving down the Avenue of the Arts in Philadelphia, where once stood Allianz's second largest Field Marketing Organization (FMO) on the east coast. Only it's no longer there. It was bought out by the second largest insurance company in the world. "Now look at them yo-yo's, that's the way you do it . . ." They moved my FMO to New Jersey, merging it along with four others — one extreme FMO makeover!

Towards the end of my decade in the insurance industry, large companies were beginning to purchase FMOs by the dozens. Escalating purchases, a decelerating economy — a recipe for dire straits! Meanwhile, other career shops were paying their agency leaders big bucks to expand their products and carriers. Captive organizations were cutting commissions while tightening their reins, making producers even more captive. Dial-direct shops were cashing checks without adding value.

As the most successful FMOs were taken over by large corporations, the entrepreneurial FMO founders were taking their "walk of life" into retirement. These entrepreneurs had "their own jet airplanes," these entrepreneurs, "they were millionaires."

Meanwhile, the big corporations were trying to run their newly acquired FMOs more cost efficiently and effectively. Now let me tell you, "them guys ain't dumb." Still, their measures required a tremendous amount of manpower as they recreated everything from compensation packages and organizational charts to job descriptions, websites, and so much more.

FAST FORWARD

Today, career and independent agents can choose from a chorus of insurance distribution systems/organizations. Allow me to share some thoughts on several of these organizations, starting with one I am most familiar with —

the Independent Insurance Distribution System through the FMO.

In the mid -2000s, FMOs were appearing on every corner, while the quality of these organizations was collapsing. Because larger shops were being taken over by corporations, many smaller shops were being run by novices,

or "experts" brought in from elsewhere. Agendas changed, and marketing companies transformed into order takers, product pushers, trip planners and spreadsheet providers.

Many smaller shops didn't even have a true FMO contract — they simply operated off of someone else's contract, writing their business through multiple shops, or with one large shop that simply benefited by pooling its businesses together, appearing even bigger and stronger!

Oh, the games that were played. On the one hand, FMO owners were profiting at the expense of hard working producers and advisors in the field. On the other hand, producers and advisors were missing out on the true FMO relationship and experience, receiving instead a lack of any real service, knowledge, experience or professionalism — in return for an updated monthly spreadsheet of their carriers and interest rates.

The question is one of regulation. How — and more importantly, who — regulates these small shops? How can you be sure that the person beckoning for your business today wasn't fronting a garage band yesterday?

SHOE SHOPPING

Many of these FMOs provide access to every carrier, their philosophy being: "If I offer a lot of products and companies, I will look really important and legit." While vast choice may be great sometimes, it also requires producers to fumble through every carrier's website and prospectus to make sense of it all.

Story time: recently, I needed a stylish, comfortable high heel shoe to wear to a wedding. I also wanted "reasonably priced," so I shopped a designer shoe warehouse. Lots of choices. I tried on 50 pairs of shoes, hoping to find that "perfect match." All the while, no one was available to help me find a promising shoe style in my size. Interestingly enough, eventually I found a sales clerk more than willing to help me — at the checkout, when it was time to take my money.

The point: while sifting through vast choices may work for finding a deal on shoes, it's not a process I'd recommend for selecting a retirement plan. Then there are the "Big Shops," large FMOs that have woven their webs throughout numerous, smaller organizations, or AFMOs (Assistant Field Marketing Organizations). They are designed around the philosophy of having many branches, all recruiting producers around common tools for optimal growth. These types of marketing organizations succeed due to the vastness of territory they cover. Yet how can you regulate something of this scope?

THE CLASSICS ROCK

Finally, there are the difficult-to-find, true "home-grown marketing organizations." These FMOs think carefully before bringing on a new carrier, and look deeply into a company's philosophy and at how they manage risk. These true pioneers understand the importance of carrier selection. They have primary and secondary carriers that their employees, producers and advisors know intimately. Presidents of these FMOs have personal relationships with the CEOs of their carriers — in some cases, they may sit on their carriers' Boards of Directors, or on influencing boards that discuss current trends from the field, future product design and consumer needs.

These organizations provide tremendous value; they draw upon experienced personnel with hundreds of years of combined experience working alongside their producers and advisors in the field. They are their producers' most valuable employee. These shops develop their own marketing systems, field-test their own programs, and are selective when it comes to the carriers they represent.

So, next time you talk with your FMO, ask them if you can speak with their president. Ask them about their products, carriers and marketing programs. Do not forget, your FMO is making money every time you submit a case. If they are not your "most valued employee" or "your best friend," then it may be time to redirect your future and take your own "walk of life."

Time for my encore — get out your lighters (not cell phones: it's the mid-1980s, remember) — it may be time to tell your FMO, "that ain't workin'."

Because your money ain't for nothing, come join this chick for free.



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