

I want my, I want my FMO...

The Independent, Captive Career, and Dial Direct Insurance Distribution Systems are in Dire Straits. So to all the executives, producers, and advisors working within these groups, I have a new plan or solution or format or blueprint coming to you soon...

Let's take it back to 1985, dust off the vinyl and whisper in falsetto "I want my, I want my FMO"...can you hear the drums that follow?...keep listening...

I am driving down the avenue of the arts in Philadelphia where once stood Allianz's second largest Field Marketing Organization (FMO) on the east coast. "I want my FMO" does it strike a familiar cord? Can you figure it out...don't fret... however it's no longer there. You see 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 along with four others merging them all into one fathoming one extreme FMO makeover!

Towards the end of my decade in the insurance industry, large companies were beginning to purchase FMOs by the dozens. This purchasing activity started to escalate while the economy was decelerating...a recipe for dire straits! Meanwhile, other career shops were paying their agency leaders big bucks to expand their product and carrier selections by adding additional carriers to their proprietary list. The captive organizations were cutting commissions while tightening their reins making their producers even more captive. The dial direct shops were cashing their checks while providing no added value. This was the calm before the storm.

The most successful FMOs were being taken over by large corporations; many of the FMO founders were exiting the industry taking their walk of life...into retirement. These entrepreneurs had their own jet airplanes, these entrepreneurs they were millionaires-strike a familiar cord?

Meanwhile, these corporations were trying to run these FMOs more cost efficiently and effectively saying, No, *"That ain't workin' that's the way you do it"*. This took tremendous amounts of manpower...not to mention meetings where I often heard a familiar tune... *"that ain't workin' that's the way you do it"*. On a serious note, "let me tell you them guys ain't dumb", pun intended yet again. I had never toiled so hard in my life, I even *"get a blister on my thumb"*. I had to put in overtime. I recreated everything from compensation packages to organizational charts, job descriptions to websites and so much more. As a matter of fact...I worked harder from 2004-2006 than I originally did when I entered the industry.

Today, there is a chorus of insurance distribution systems / organizations for career and independent agents to choose from. These are available to all producers and advisors-regardless of your association. I would like to share my thoughts on several of these types of organizations that are available today, starting with that I am most familiar with the Independent Insurance Distribution System through the FMO.

It all started to erupt when the masses "tuned in" around the mid 2000's. FMOs were appearing on every corner, while the quality of these organizations was collapsing. These shops ran the gamut - from young to old and from small to large. Because the larger shops (or forerunners) were being taken over by corporations many of these shops were being run by novices or experts brought in from another sector or system. These forerunners agendas changed and instead of marketing companies they were - in effect - order takers, product pushers, trip planners and spreadsheet providers. Couple that with the fact that many of the fledgling smaller shops did not even have a true FMO contract, they simply found themselves operating off of someone else's

contract. These small shops masqueraded as the “real deal”, but were, in truth writing their business through multiple shops or one large shop whom simply benefited by pooling their businesses together appearing even bigger and stronger!

In my opinion, games were being played. FMO owners were profiting at the expense of hard working producers and advisors in the field. On the other hand, producers and advisors weren't basking in the glory nor receiving credit for their work. They were missing out on the true FMO relationship and experience. In return for a lack of service, knowledge, experience, and professionalism; along with an updated spreadsheet of their carriers and interest rates-on a monthly basis.

If the truth be told - it is not illegal to work under a larger shop and work your way into the business by proving oneself. You only need to be reminded once again of Mark Knopfler's musical truth...*“dedication, devotion turning all the night time into the day”*

You do the work, you earn the contracts and success will follow...But to what expense? The question I dare to ask is one about regulation. How and – more importantly - who regulates these small shops? It's very possible to find that you are dealing with someone who was in a garage band one day; and at the pluck of a string they are setting up shop and beckoning for your business.

Another invaluable quality these types of FMOs provide is access to every carrier. Now, this service may have its benefits in certain situations. But, the producer has to fumble through every website and financial prospectus to make sense of it all. Their philosophy is, in my opinion, “If I have a lot of products and companies to offer, then I will look really important and legit.”

I can best relate this to an experience I had, last month. I needed a stylish yet comfortable high heel shoe to wear to a wedding. I wanted something built around comfort, with style, but reasonably priced. So, I took a trip to the Designer Shoe Warehouse, DSW. I proceeded to try on fifty pairs of shoes in hopes to find that “perfect match”. Meanwhile, no one was available to assist or help me find that shoe in my size. Heaven forbid that service and an enjoyable experience may supersede their massive shoe selection. Now, perhaps this is an inexpensive and okay way to purchase a shoe. But I would strongly discourage anyone planning their future retirement not purchase their retirement plans in this same manor. Interestingly enough, I did finally find a sales clerk at the check-out to take my money.

Another type of FMO are the really “Big Shops”. These shops have spread their webs out through numerous, smaller organizations or AFMOs (Assistant Field Marketing Organizations). They are designed around the philosophy of having many branches recruiting producers around common tools for optimal growth. These types of marketing organizations are successful because of their vastness of territory they cover. Again, how can you regulate something of this nature? There is no central blueprint or guideline tracing all the branches within these organizations.

Lastly, there are the tough to find “true, home-grown marketing organizations”. These are the FMOs that think carefully before bringing on a new carrier and look deep into the companies' philosophy and how they manage risk. These true pioneers understand the importance of carrier selection. They have primary and secondary carriers that the employees, producers, and advisors know intimately. These FMO Presidents have personal relationships with the CEOs of their carriers. And in some cases, these FMO Presidents may sit on their carriers Board of Directors or an Influencing Board that discusses current trends from the field, future product design, and the needs of the consumer. These organizations provide tremendous value; they have

experienced personnel with hundreds of years of combined experience working alongside their producers and advisors in the field. They are their producer's 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 talk 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".

Get your lighters out-it's my encore.... It may be time to tell your FMO "that ain't workin' thats the way you do it, your money ain't for nothing...come join this chick for free."

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