

# FSA's Role in Distribution Marketing Motivation

From FSA  
(Fellow – Society of Actuaries)

To FSA  
(Finest Salesman in America)

Transforming the FSA Role

# Critical Requirements to Transform the Role

- Facilitator or Innovator
- On the Sideline or on the Field
- Can't Motivate Someone You Don't Know

Demand a Presence At the Table



Don't be a Cave Dwelling Mushroom

# Know The Marketing Myths

# MARKETING MYTH #1

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“Marketing = Selling”

Product #1  
Service #1

SELLING

Need #1  
Want #1

MARKETING



Product #2  
Service #2

Need #2  
Want #2

Company Shelf

Customer Shelf

**MARKETING =**

any activity that helps to sell a company's products or services to fulfill a customer's need or want

**SELLING =**

the transaction that accomplishes the above objective



# MARKETING MYTH #2

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2 Alternatives



“Product Driven”



“Market Driven”

# EXAMPLE #1

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## PRODUCT DRIVEN PHILOSOPHY

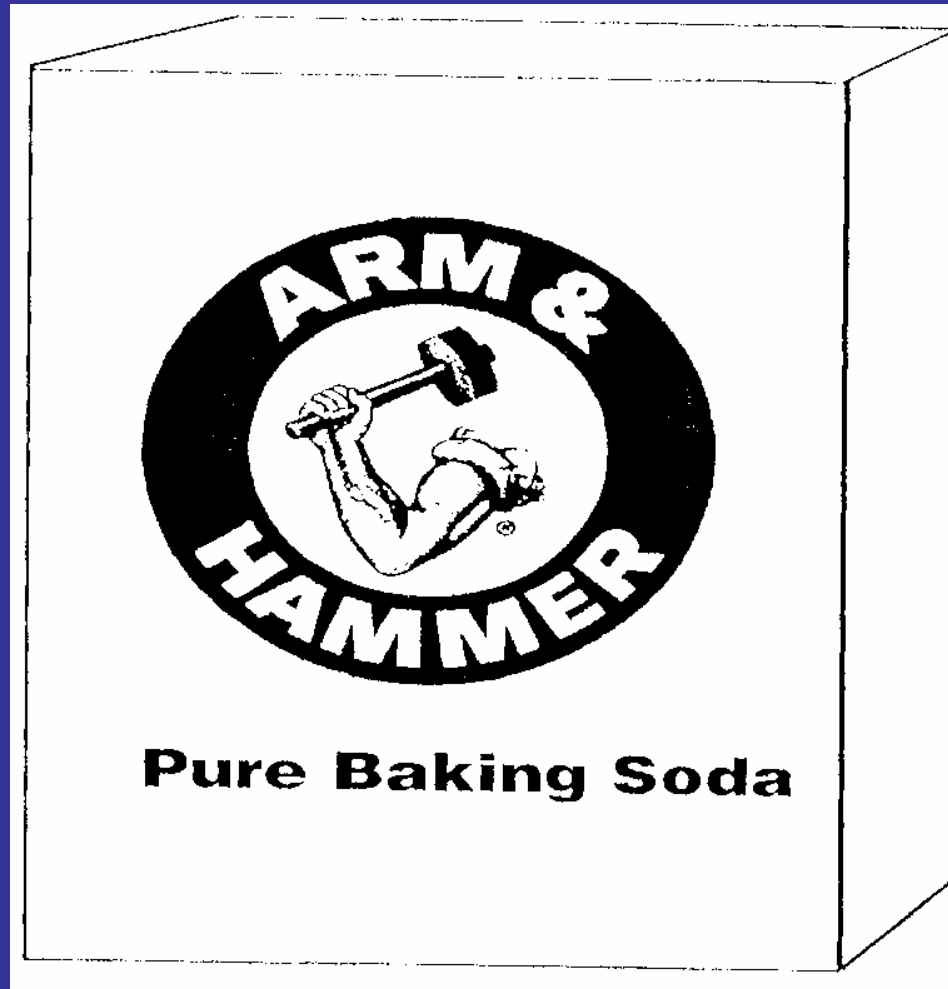


# The EDSEL

# EXAMPLE #2

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## POST-PRODUCT DESIGN MARKETING



# EXAMPLE #3

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## MARKET DRIVEN PHILOSOPHY

The FedEx logo is centered on a white rectangular background. The word "FedEx" is written in a bold, sans-serif font. The letters "Fed" are purple, and the letters "Ex" are grey. A registered trademark symbol (®) is located to the right of the word. The entire white background is set against a solid blue background.

FedEx®

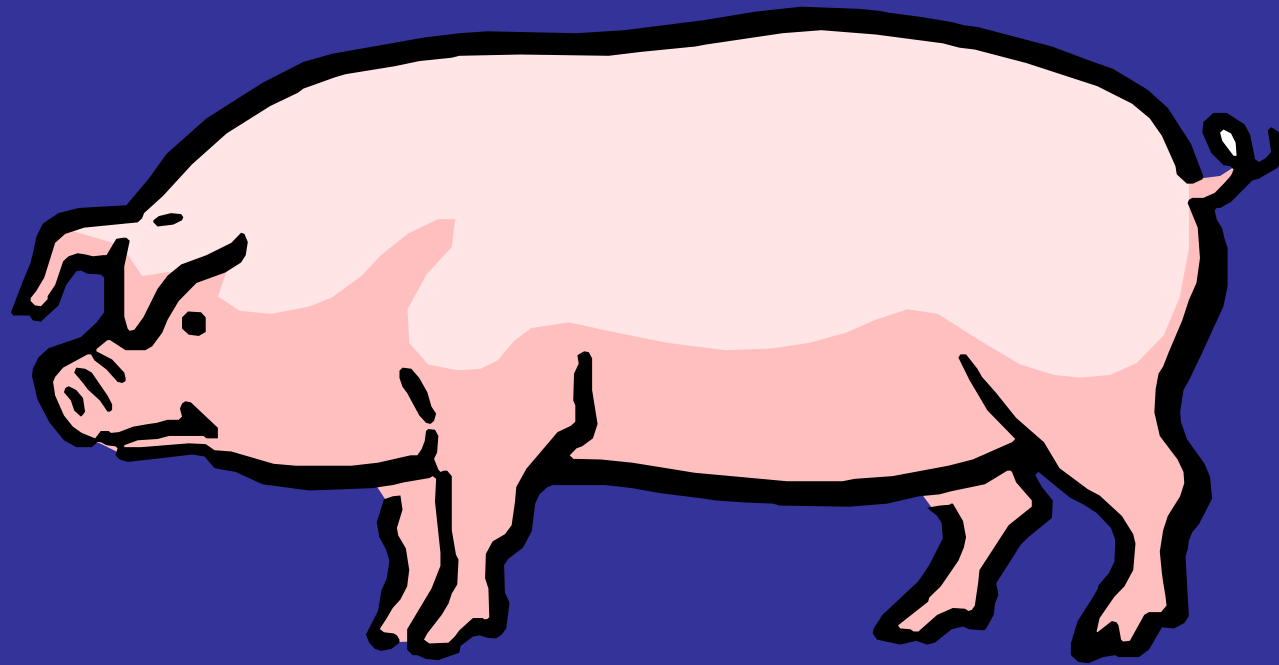
# EXAMPLE #3A

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## ULTRA-MARKET DRIVEN PHILOSOPHY (a.k.a. Commodity Selling)

- ***Perceived*** Product Homogeneity
- Fierce Competition





PORK BELLIES

## MARKETING MYTH #3

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**“Customer Focus” SHOULD BE  
ONE-STEP DOWN THE  
DISTRIBUTION CHAIN**

# BROKERAGE DISTRIBUTION SYSTEM

Insurance  
Company



General Agent



Broker



Policy owner

# MANUFACTURING ANALOG

Manufacturer



Wholesaler



Retailer



Customer

Who is the “customer” in life insurance brokerage?

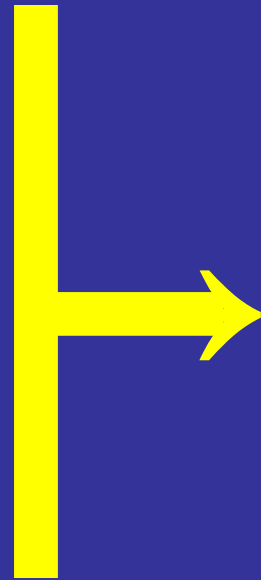
# MARKETING MYTH #4

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“FREQUENT CHANGE IN OUR  
INDUSTRY MAKES MARKETING  
PLANNING **IMPOSSIBLE**”

# FORCES OF CHANGE

1. Legislative
2. Economic
3. Demographic
4. Sociological
5. Informational
6. Distributional
7. Medical



**“NICHE  
MARKETING”**

# Know Your Distribution Model

## Brokerage

Alternative

Career

Multiline

PPGA

## Agency Building

Compensation Supports the Model

# Bottom Up Product Design



ART



SCIENCE



GAME

# Bottom Up Design

- IDEA Driven
- NEED Driven

Develop Solutions – Not Products

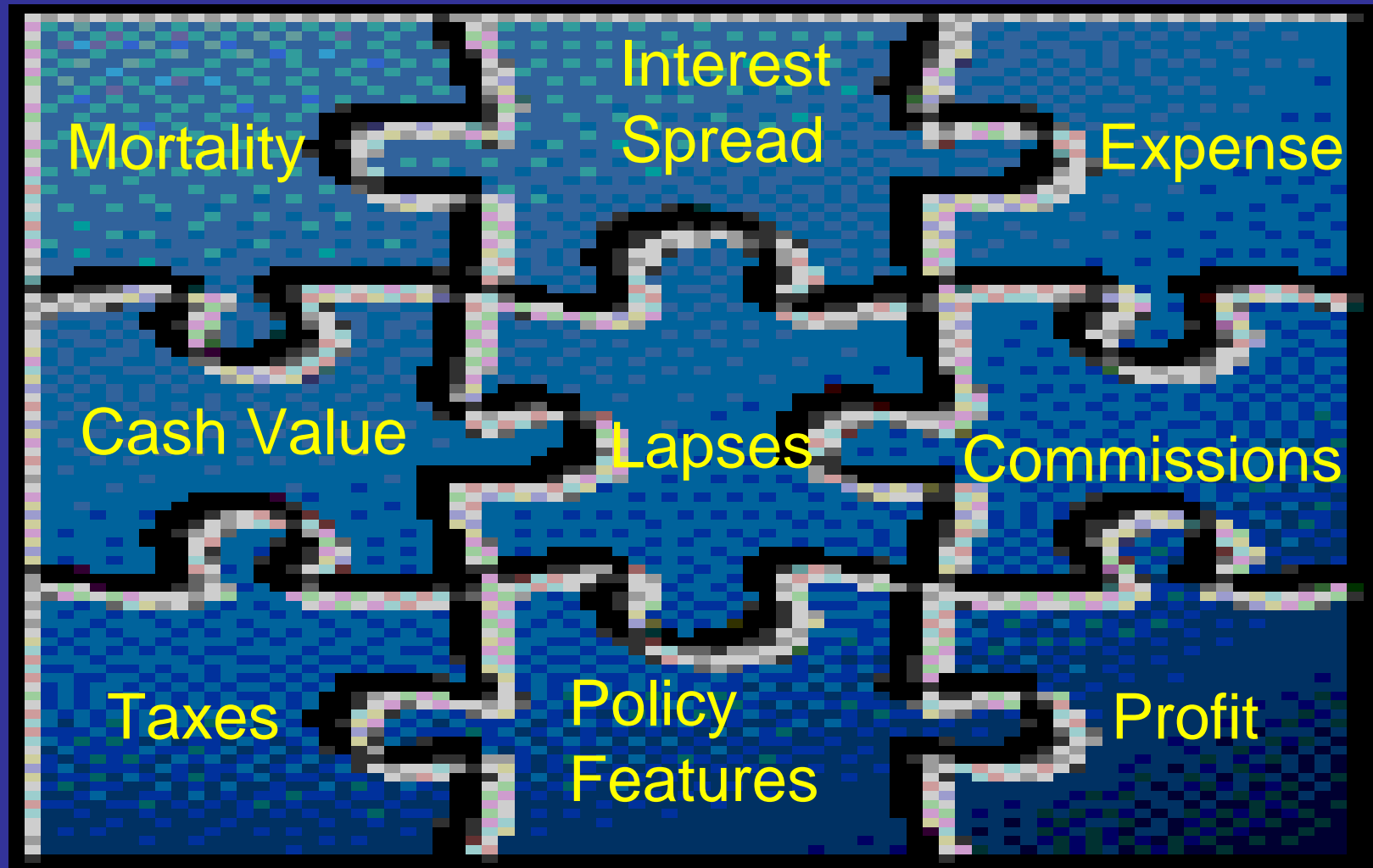


# Rule 1 – Art Before Science

Science is the pricing / assumption setting part of Product Development.

If pricing comes first, you are creating products just to have products.

# Science of Product Development



# Rule 2

Product Development Science establishes the fixed and variable assumptions necessary for profits and establishes the rules for product games.

# Product Games

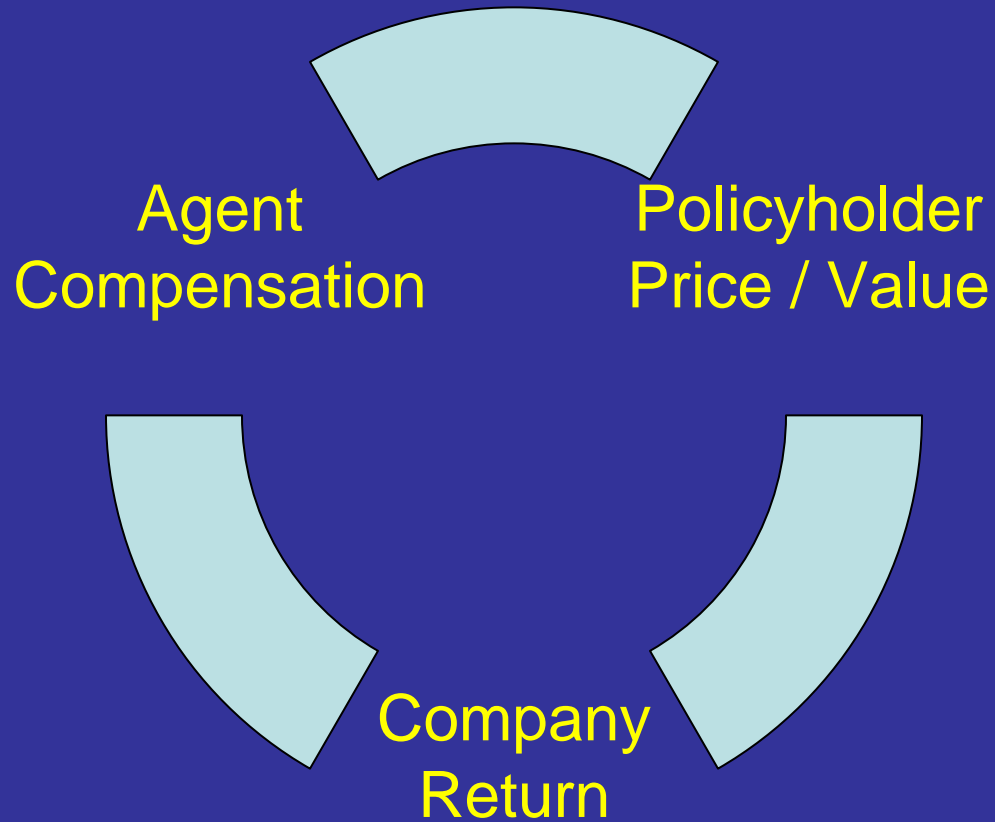
- Fine Tuning of Product to meet:
  - Competition / Compensation
  - Market Needs
  - Distribution Model
- Trading Features and Assumptions
- Trading Among Variable Assumptions

# *“Let The Games Begin”*

Lapse Supported	Target Premium	Compensation
Interest Spread	Let's Make a Deal	Production Levels
Marginal Pricing	Wild Card	Reward Extras

Product Still Needs Competitive Price

# The Balancing Act



Finding the Right Reward System

# Reward Systems (i.e., Compensation)

- Support Distribution Model
- Motivate the Production Source
- Competitive

Consider All the Elements

# Reward Elements

- Cash Commissions
- Management Overrides
- Benefits for Career
- Independent Models
- Conventions / Trips / Prizes
- Bonus Systems Competitive

How to Divide the Distribution Cost Pie



# Conventions / Trips / Prizes

- Do they Motivate?
- How Do You Measure?
- Marginal Production Increase

It's a Relationship Business

# Production Bonus Models

- Design to Reward Increased Production
- Built On The Averages
- Incorporates One Production Source Savings
- What Happens at the Cap?
- Combine for Bonus Purposes is the Killer

Don't Do Things That Break the Average  
Price is Still King

# Solutions For Motivation

- Bring Value to the Equation
- Lead Generation
- Packaged Sales

Ideas and Solutions Motivate

# Formula For Success

- Know Your Distribution Model
- Use a Bottom Up Model
- Assume the Role of the Architect
- Find the Hot Buttons
- Get to Know the Distribution
- Bring Value With Solutions

F S A

Finest Salesman in America