Breaking
Away

Don't let bureaucracy happen to you, writes insurance guru-turned-author Robert W. MacDonald

by Dennis Gorski

Robert W. MacDonald is a well-known maverick in the insurance business. The former chairman and chief executive officer of Allianz Life of North America and of ITT Life Insurance, and the founder and chairman of LifeUSA, has just released his second book about business management and motivation, titled *Beat the System: 11 Secrets to Building an Entrepreneurial Culture in a Bureaucratic World.*

Like his previous book, *Cheat to Win: The Honest Way to Break All the Dishonest Rules in Business*, MacDonald discusses how to overcome obstacles that keep organizations from realizing their true potential. It's a frank, humorous and revealing look back at a remarkable career and how to apply the lessons MacDonald learned to any size company and any type of management structure.

MacDonald shared his insights with *Best's Review* in late October, just after *Beat the System* arrived in bookstores.

What inspired you to write *Beat the System?*

What inspired me, to be honest, was that when I went into the business, a lot of people would not have predicted too much success for me. I'd been kicked out of college for what I thought were not really good reasons: not attending class and poor grades! But as someone who started out with not a bright future and had the opportunity to have a great life working in the insurance industry, I look back and I say, 'What was it that enabled me to do that?' 'How was I able

to overcome some of the deficiencies and deficits I had?'

I look back and I'd say there were a couple of things. One is, I did not allow dishonest rules to rule what I did, to control me. The other thing was, I always seemed to be able to get around the bureaucracy. We face bureaucracy all the time. It's the system that controls our life. And one of the reasons I was able, fortunately, to achieve some of the success I did was because I did not allow bureaucracy to slow me down, to inhibit growth and to inhibit taking advantage of opportunity.

And so this book is kind of a culmination of my career by saying: Look, the best way to be successful is to beat the system. Beat the system in an honest way; beat the bureaucratic system. What I lay out in the book are 11 simple secrets that I learned to help me beat the system, and I think it will help other people as well.

Your secrets pertain to not only entrepreneurs—the go-it-alone and conquer-the-world types—but also to those folks who reside in a corporate cubicle in the middle of a 25,000-square-foot office floor. That's such an interesting concept—could you elaborate for us?

A lot of us—and I was guilty of this, too—when we think about the term

POWER TO THE PEOPLE: The best organizations create a sense of ownership among employees, invite them to participate in the company mission and then share the rewards of success with every worker, Robert W. MacDonald writes.

'entrepreneur', we think about this kind of wild and crazy guy who breaks away, who goes against the rules, who owns his own business, who's out there as kind of a lone wolf.

What I try to point out in the book is that sure, there are some people that are out there on the edge; sure, there are people that are aggressive, and certainly entrepreneurialism involves ownership. But what I try to point out in the book is that true entrepreneurialism doesn't have to be owning your own business. It doesn't have to be breaking away and doing something different in the business world or taking a risk or that type of thing. It involves ownership, but in reality the entrepreneurialism I'm talking about involves ownership of your life. Ownership of how you do things and the way you operate. Because my philosophy is that entrepreneurialism is not limited to the idea of owning your own business. I mean, that's a very narrow concept.

The reality is that you can be an entrepreneur if you're working in a mail room, if you're managing a department or a division. You can be an entrepreneur if you

own you own business or if you're running a large company. It doesn't mean that you have to break out and take these huge risks about your future and all that stuff. That's what I try to point out in the book—that even if you're working in a bureaucratic organization, you can be an entrepreneur.

What I've learned is that the way that you're able to beat a bureaucracy is by creating an entrepreneurial environment. Creating a culture that is willing to take risks, that's willing to make decisions, that's willing to recognize opportunity—all things that bureaucratic organizations don't do. But if you have that philosophy and that concept, and you build that kind of culture where you work—with your department, or your colleagues or even if you run a company—you're going to have the opportunity to beat the system of bureaucracy and if you do that, you're going to be very successful.

So much of what you write seems to be common sense: Treat your employees like intelligent adults; be honest and trustworthy in business; and get buy-in at every level of the organization. And yet, so many businesses fail to grasp these secrets of success. Why is that?

The bottom line is: There are no secrets. These are simple, basic, honest philosophies. The problem is that we all know them and we all see them, but we don't implement them. And that's one of the keys in the book…trying to show people with actual examples of what we were able to do in the past at different companies—LifeUSA, ITT, Allianz—to take these simple concepts and precepts and inculcate them into the culture so you create an entrepreneurial culture.

We used to have this saying, 'Do simple things but simply do them.' And unfortunately in the bureaucratic world, the effort always is focused on these big concepts and these big ideas and they forget about doing the little things, the important things in building an entrepreneurial culture.

There's another concept with bureaucrats. Bureaucrats attempt to take simple things and make them complicated, because it makes them appe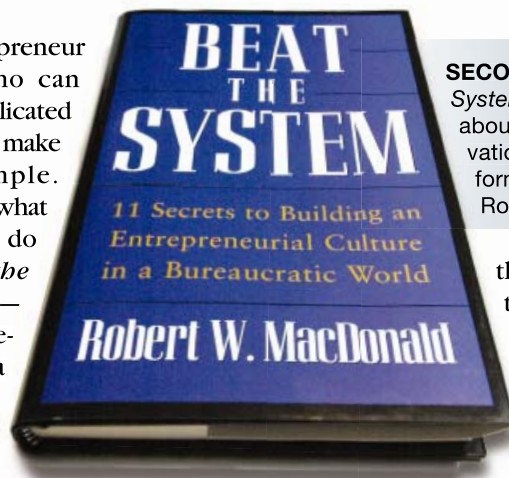ar to be smart. And I always say, look, the true entrepreneur is one who can take complicated things and make them simple. And that's what we try to do in *Beat the System* — take something that a bureaucrat would look at as complicated, and say 'this is a simple thing.' It is. The key is to recognize simple things but then simply do them.

You began your insurance career selling door to door. Was that when your entrepreneurial instincts started to emerge, or was that later on, when you'd met with some success, and perhaps you were sitting behind a desk somewhere, and you were starting to realize that you were surrounded by bureaucrats?

One of the things I've discovered as I've looked at a lot of entrepreneurs—people who've been successful either working in a corporate environment or owning their own business—is that entrepreneurs are not born, they are made. And so it isn't like you start out at the very beginning and you were born an entrepreneur and so you go do it. It's something that evolves.

I started out as a brand new, green-pea agent for New England Life after two companies had turned me down and wouldn't accept me in the business. And over my career as I moved along, and I wanted to become more and more successful, I kept finding this bureaucracy, the status quo, standing in the way.

And so it challenged me to try to learn to find a way to beat that system. And what I'm trying to do is to compress 40 years of business experience and learning how to be an entrepreneur into this book, so that someone who's younger, starting their business career or starting their own business or moving through the corporate world, can look at this and maybe it will save them some time and some energy and

they can learn quicker than I did.

In your book, you say that an entrepreneurial corporate culture is not always democratic. In fact, the top person still needs to be a little bit of a dictator from time to time. How so?

I would not use the word dictator as the top person, but part of what I try to point out is an entrepreneurial culture… is a participatory culture. It's an environment in which people feel that they have not only the right, but are encouraged to participate; to add value; to bring their experience to bear; to create new things within the organization. And they're respected for that, and equally as importantly, they are rewarded for that.

So it's a situation where, in the book, I tell people: If you want to be an entrepreneur, you have to treat important people as if they were important people. And the most important people you deal with are those that you want to join you to build your vision of your company or your department or your division or whatever it is, and that involves participation and respect.

I don't believe you need to have a dictatorship, but it's also not a democracy. The people are allowed to participate and add value and share in the rewards, but they recognize that you need someone to lead and you need someone to manage.

That's where the entrepreneur plays the key role. Entrepreneurs don't do the work; they create an environment that encourages and gives other people the opportunity to do the work.

That's not being dictatorial; that's being a leader.   BR