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## Slashing the Red Tape

BY AMY BELL

We live in a structured nation that is carefully managed by systems, from the government and law enforcement to judicial and educational areas. Although we may not always agree with these constructs, our country could slip into utter chaos without them. Similarly, businesses follow systems in an effort to bring order and efficiency to their offices. Without at least a few procedures in place, these businesses would probably have a hard time reaching their goals.

Unfortunately, business systems often take a turn for the worse and quickly lose their value. "Good systems can go bad, and when they do, they cry out to be beaten with a capital 'B'; to be circumvented, overcome, and defeated," says Robert W. MacDonald in his latest book, "Beat the System: 11 Secrets to Building an Entrepreneurial Culture in a Bureaucratic World" (Wiley, November 2007).

MacDonald, who rose from a door-to-door insurance salesman to president of ITT Life Insurance Company, is the founder of LifeUSA, which he sold to Allianz SE for half a billion dollars before finally retiring as chairman of Allianz Life of North America. With a 41-year career in the financial services industry, MacDonald is renowned as a visionary in his field and has a proven track record as a "bureaucracy buster."

In his third book, MacDonald says that it's not necessarily the systems themselves

that lead to the downfall of businesses. "Rather, the blame lies in the 'glue' that holds systems together," he writes. "That sticky stuff is bureaucracy, and it has bollixed more good business systems than all other problems combined. Bureaucracy turns simple, useful programs and procedures into inflexible rules and regulations and the employees who work for them from creative, enterprising stemwinders into impersonal, unthinking troglodytes."

### Fighting back

MacDonald explains that bureaucracy is not an impenetrable force. Rather, it can be beaten with the right arsenal. "Bureaucratic systems are vulnerable when exposed to creativity, innovation, responsible risk-taking, open communication, a consistent vision, and ethical leadership," he writes. "Put all these together on the same team and you create a powerful force. This force is called the entrepreneurial culture, and it is just what is needed to beat the system."

Even if you don't own your company, you can still bring an entrepreneurial spirit to a bureaucratic workplace. MacDonald says that in order to beat the system, you should develop both personal and management styles that encourage creativity and innovation within your department or team. "If you don't develop an entrepreneurial culture ... you'll be bullied, and eventually buried by the system," he emphasizes.

### Know when to hold 'em

Being an entrepreneur means taking risks. However, a proficient entrepreneur should know how to keep risk under control. As MacDonald puts it, "The bureaucrat sees risk and runs. The entrepreneur sees risk and tames it."

Unfortunately, many entrepreneurial managers make the grave mistake of confusing risk-taking with gambling. Although MacDonald says that entrepreneurs should not be afraid to take risks, they need to learn how to effectively manage those risks. "Risk management consists of identifying and analyzing the events that may cause loss and choosing the best way to deal with each of these potentials for loss," he says.

There's no doubt that bureaucracy plagues businesses throughout the financial services industry. Luckily, in "Beat the System," MacDonald offers a glimmer of hope for those who dream of renewing creativity and innovation within their companies. "Building an entrepreneurial culture, while sometimes difficult, can be readily achieved if you know how," MacDonald writes. In his new book, MacDonald offers the know-how you need to slash the red tape and beat down your company's bureaucracy.

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