

REMINISCING ABOUT THE FUTURE

Bob MacDonald's Rise from Insurance Agent to Retired CEO

IN 1965 SOME VERY TOUGH DECISIONS, One of the most controversial wars in our history was at its apex, and everyone was wondering what would come next. As Bob MacDonald, now the retired CEO and chairman of Allianz Life of North America, was entering his third year of college, he faced a life changing scenario. Finding himself prematurely finished with school, MacDonald had two roads ahead of him. He could join the fight against the communists in 'Nam or go into the insurance sales field. The choice he made sky rocketed his career in the insurance field; 43 years later, many in the industry are thankful for his decision.

"When I discovered they were using real bullets in Vietnam, I decided to go into insurance," says MacDonald. "The rejections you get being an insurance agent couldn't be that bad."

After spending six months with New England Life, now called New England Mutual, the insurance bug bit MacDonald. He was hooked.

"I really got turned on to the business primarily because it was drilled into my head that in this field you are fully responsible for your own standing. You advance based on your effort and your ability, as opposed to who you know and what school you went to," says MacDonald. "Since I didn't know anybody and went to bad schools, it was perfect for me."

SET YOUR GOALS AND SMASH THEM

Setting goals in life is a crucial way to know how you are doing and how

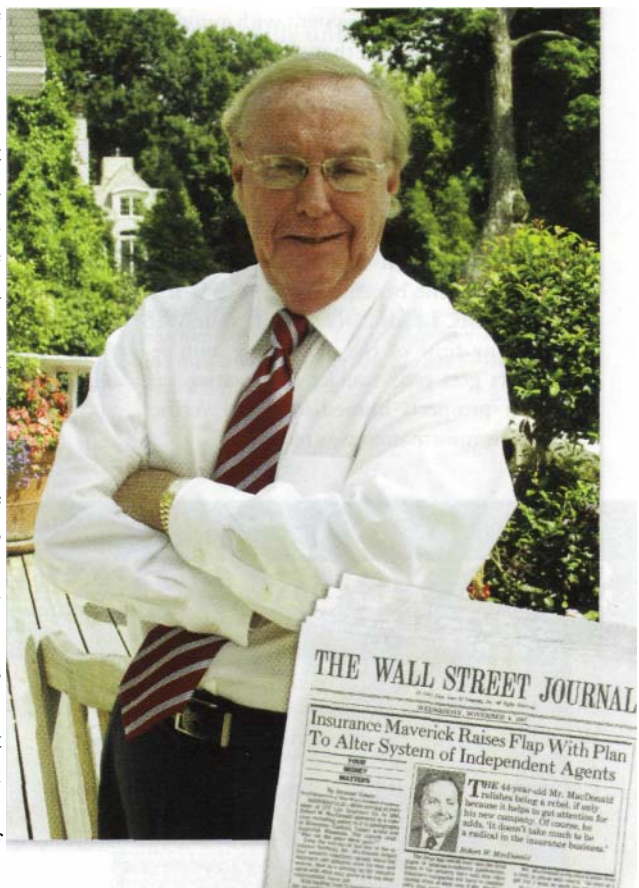
quickly you are doing it. Once MacDonald set his sights on the insurance industry, his only other task was setting goals to be successful. At roughly age 21, he decided that by age 30 he would run his own agency and by 40 he would be president of a company.

"Everything I did and everything I wanted to do was rooted in achieving those two goals. I think that is important for anyone entering the business," says MacDonald. "The key is where you want to be and by when you want to be there."

MacDonald achieved his first goal by the age of 27, when he was a general agent for Jefferson Pilot in southern California. The second goal, in keeping with his "ahead of the curve" mentality, was achieved by age 37, when he became president of ITT Life.

"I beat my goals by three years. When I became president of ITT Life in 1980, the first thing I did was I checked all the business cards that I had from the time I entered the business. I took all those cards, framed them and hung them on the wall. It's a reminder of what can be accomplished," says MacDonald. "It's a system I call reminiscing about the future."

MacDonald then formed LifeUSA in



1987 and built it to become one of the most successful insurance companies of the 1990s. Allianz AG bought LifeUSA for \$540 million, setting MacDonald on the path as chairman and CEO of Allianz Life. From there, MacDonald launched Allianz Income Management Services (AIMS). As a sister company to Allianz Life, MacDonald established a focused effort distributing immediate income products to baby boomers. He capped off his time with Allianz and left AIMS in 2007.

A WORK PHILOSOPHY

Everyone reminisces. A birthday, a first kiss, the birth of your first child — it's visual memory. MacDonald terms his work philosophy "Reminiscing about the future," and for him it has been a powerful way to set goals and achieve them. He isn't asking people to be fortune tellers, to predict the future, but he raises a valid point. Visualize where you want to be and when you want to be there. Once that's done, the rest is simply following the steps to success.

"The unique thing about the insurance business is that you have the oppor-

WHEN I DISCOVERED THEY WERE USING REAL BULLETS IN VIETNAM, I DECIDED TO GO INTO INSURANCE," MACDONALD SAYS,

tunity to make your future. That's the key," says MacDonald. "You can go into law or business or even corporate work, and there are many things that control your future. Sure, you may be successful, but it's not really dependant on you."

MANAGING THE CONTROVERSY

There is no debating the results of MacDonald 's methods. He reached every peak he set out to and in less time than he expected. Still his managerial style is considered controversial by his peers. "My managerial rules are considered controversial, because I don't do what everyone says I should do. I do what I think will be right. My philosophy on service management is the people who make the company work are the people who do the work. I can set the tone. I can set the direction. I can't make the company be successful," says MacDonald.

MacDonald's philosophy, his concept behind "service management", extends to all facets of a company. What applies to the CEO also applies to the sales staff

and to the administrative support, it is a complete strategy. "A classic example is that of a traditional company. In a traditional company the executives are in the corner office on the top floor. They are basically riding on the backs of their employees. When we built the Allianz Corporate Headquarters the executives, the CEO, we were all on the ground floor."

KEEP THE MOMENTUM GOING

MacDonald never lost sight of what he wanted to be or when he wanted to be there. His milestones were ever present; he took his goals into account when making each and every professional decision. If the decision did not yield forward momentum to his goals then it was not a decision MacDonald would make. He believes the when you falter on your career path you have fallen off track; you lost sight of your goal.

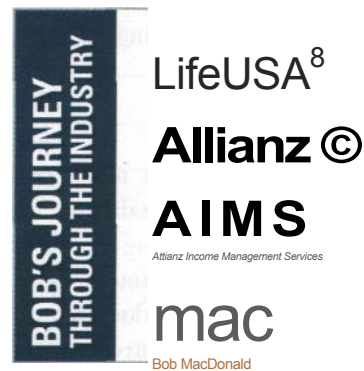
CHEATING TO WIN

In 1986, MacDonald ventured into the field of print with his popular book "Cheat to Win: The Honest Way to Break All the Dishonest Rules in Business." The concept behind "Cheat to Win" is identical to MacDonald's work philosophy: Be in control of your future. Don't feel as though you have to abide by rules founded in dishonesty. It is okay to question and challenge the norm if the norm is no longer working for you.

"The best example I can give is Christopher Columbus," says MacDonald. "When he started out, there was a very strict rule that said the Earth is flat. If you sail west, you will fall off the Earth and die. If he did not 'cheat' on that rule, we

would not be living in the U.S. today," says MacDonald.

Bob MacDonald has authored several highly successful books on business. His latest is "Beat the System: 11 Secrets to Building an Entrepreneurial Culture in a Bureaucratic World" (John Wiley



& Sons, New York). It follows his best-selling management book, "Cheat to Win - The Honest Way to Break All the Dishonest Rules in Business" (Paradon Publishing 2005). His first work was "Control Your Future" (National Underwriter Press 1986), written for the life insurance industry.

He has also written scores of articles dealing with management and the financial services industry. He is a columnist for "Best's Review" and "Insurance Marketing" and a frequent contributor to "Directors and Boards." An accomplished public speaker, MacDonald has been interviewed on countless television and radio shows. MacDonald has



been profiled in "The Wall Street Journal," "USAToday," "Forbes," "Business Week," "American Banker" and "Institutional Investor." MacDonald was the first person to be twice recognized as "Entrepreneur of the Year" in Minnesota. H