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On business: MacDonald extolls virtues of 'good cheating'
Neal St. Anthony, Star Tribune

Bob MacDonald, who delights in debunking convention and tipping apple carts, this spring had something lots of wealthy, retired big shots hunger for: a big-time publisher willing to market his success story.

The founder of LifeUSA and retired CEO of fast-growing Allianz Life North America struck an agreement with New York's John Wiley & Sons, including a $25,000 advance.

A powerhouse publisher can get you national book tours and a slot on the "Today" show.

But MacDonald pulled the plug on the deal and signed instead with a tiny Minneapolis publisher.

The reason: the iconoclastic MacDonald wouldn't change his title: "Cheat To Win."

Oh yeah, the rest of it is: "The Honest Way to Break All the Dishonest Rules in Business."

And MacDonald, equipped with an independent publicist and a map of Manhattan, already has some New York media lined up this month.

"I sent back the contract to Wiley but I still have the check," quipped MacDonald, who has written one of the more anecdotal and irreverent management guides in capitalism's history. One chapter is titled "CYA -- The Paper Moon."

MacDonald, 62, is an easy-going, cajoling fellow who chose door-to-door insurance sales in 1965 after the Jesuits pretty much ran him out of college in California.

"I picked the insurance business, despite the fact that, other than selling caskets, I cannot think of any occupation that leaves the general public with a cold and clammy feeling quite like selling life insurance," he recalled.

He's also a savvy strategist who hires smart people. As early as 1982, he was being derided by the Old Guard of his industry and recognized in the New York Times as an innovator and unrepentant bad boy in the go-along-to-get-along insurance industry.

He was fired as CEO of the old ITT Life unit of the Hartford Financial Services Group in 1987 in what proved to be the break of his life.

A grateful MacDonald and several members from his executive team, among others, took their severance and life savings and started LifeUSA. It was known as a beacon of innovation and enterprising insurance products that work whether you live or die. It was also a place that required everybody to take some of their pay in company stock. That strategy paid off very handsomely when huge Allianz Group of Germany bought the company for $540 million in 2000.

The buttoned-down Germans at Allianz Group put the MacDonald team in charge of the merged company, which has become the fastest-growing insurer within Allianz globally. MacDonald, who put his office on the ground floor so the employees could have the good view from the heights of the company's new Golden Valley campus, retired in 2002 as a pretty popular boss.

Nobody has accused him of "cheating."

"I can understand how some can be put off or feel uneasy about the use of the word 'cheat' in a book about business practices," MacDonald said recently. "Bad cheating is immoral, unethical, dishonest and often illegal. It is what we have seen too much of in the corporate world. Good cheating breaks rules that are inane, ineffectual and counterproductive ... rules that have been entrenched by the imposing twin pillars of custom and tradition."

You'll pay $26.95 for "Cheat to Win," the first 25,000 copies of which hit the bookstores in July. Or you can order one at www.cheat-to-win.com.

I guarantee, particularly if you appreciate the Dilbert School of Business, that you'll get some great insights and laugh a lot. MacDonald always enjoyed cutting against the grain. At the Democratic National Convention in 1960, in his hometown of Los Angeles, MacDonald and a classmate named Bob Shrum and other members of the Loyola High School debate team were picked to be drivers for visiting delegates. Shrum later became a big operative within the Democratic Party.

MacDonald fast-talked a harried volunteer registrant into a giving him a convention badge, met nominee Sen. Jack Kennedy and his brother Bobby over the course of several days, attended some rallies and parties and even managed to plant a "NIXON" sticker on the candidate's car as it pulled away.

MacDonald was a Young Republican.

"I didn't recognize it at the time, but the experience at the Democratic convention ... along with a number of other incidents I won't mention, taught me the benefits of doing the unexpected," MacDonald said. "Military leaders have known for centuries that the way to win the big battles is to do the unexpected."

At ITT Life in the mid-1980s, MacDonald and his crew launched an ad campaign called "Your Whole Life Is a Mistake" -- a veiled attack on whole life insurance policies -- the industry's slow-growth staple product. At the same time, MacDonald, who never advertised that he also attended night law school to learn the rules, was in the vanguard of new annuity, life and long-term care products that provided savings, protection and returns if you managed to live for a while. And more and more Americans are living longer.

MacDonald, mostly a strategist and salesman, knew he was in the right industry.

"The money business -- insurance, banking and investments -- is good because you give us your money and we promise to give it back when you need it or want it back -- maybe," he writes. "In the meantime, we get to play with your money. Being in the money business in America is especially nice because there is so much money to be had."

The book's over-arching message, though, is that a guy like MacDonald, who's far from perfect or brilliant, can do very well by aligning himself in "parallel" with the interests of employees, agents, customers and investors. That is, if the customers believe they're buying a good product, the employees and agents are rewarded fairly, and if the bosses listen and learn from the ranks.

We know this intuitively. But MacDonald's candid style, sharp wit and real-life experiences make this a zestier read than the average management tome.

Ralph Strangis, the venerable commercial lawyer in these parts, represented LifeUSA in the early years. MacDonald couldn't afford to pay cash, so Strangis agreed to take stock instead.

"All the CEOs I've dealt with are pretty self-confident people," said Strangis, who became a director of LifeUSA. "MacDonald is so confident that he'll serve pizza in a bunny suit to the sales force if they make the goal. He has made an art form of being willing to go where the spirit takes him.

"But underneath that veneer of almost recklessness at times is a very deliberative, very responsible, very substantially correct businessman. Long before the era of Sarbanes-Oxley and corporate governance, he was insisting on the importance of the independent audit committee of the board, ethics ... accountability. The rest was just art form. I admired and believed him. And it paid off handsomely."

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