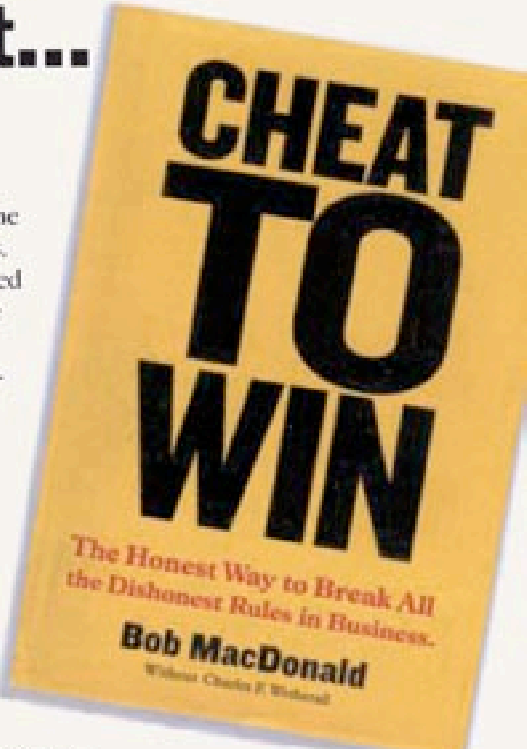
LifeUSA founder Bob MacDonald sets out to do to the business-advice book market what he did to the life insurance industry.

Winners Never Cheat... Or Do They?



Bob MacDonald is at it again. The bad boy of the life insurance business—he made his mark in the '80s with controversial ads attacking whole life, then with the runaway growth of his startup, LifeUSA—says the way to get ahead in life and business is by cheating. Not unethical cheating, of course, but by breaking the implicit rules that organizations and the powerful use to hobble others.

MacDonald believes there are rules and there are "rules." The latter are contrivances that advise us not to take risks, to go along with the group, to use intimidation to motivate employees, to accept bureaucracy—basically, not to stick out from the group.

His new book, *Cheat to Win*, almost didn't happen. Several top-tier publishers passed on the book, saying they'd publish it only if he came up with a more acceptable name. So he's publishing it through a Minnesota-based company and has spent the summer working the radio talk-show and business-press circuit. The book is a fun read, and MacDonald isn't afraid to name names and point to where the bodies are buried. He takes some shots at well-known insurance companies, and doesn't seem to hold high regard for the overall levels of energy and creativity throughout the insurance industry.

MacDonald started as a life insurance salesman for New England Mutual Life and rose through a series of increasingly higher posts with State Mutual of America and ITT Life (a unit of the Hartford Group). His biggest move came in 1987, when he and several peers broke from Hartford to start up LifeUSA, based in Minnesota.

LifeUSA became one of the early companies that focused nearly exclusively on annuities—an emphasis he had begun at ITT Life, but one that was not universally accepted within his former organization. Demand for traditional life policies was easing, but insurers weren't quick to fully embrace the changed financial needs of the fast-graying World War II generation, soon to be followed by the early baby boomers.

MacDonald turned his sales skills to the independent-agent circuit, lining up distributors across the United States. To keep that distribution, he began to buy portions of their business. He romanced the business press, becoming a regular in the *Wall Street Journal* and magazines such as *Fast Company* and with any writer looking for a quotable, easily accessible CEO—something less-than-common in the financial services industry.

MacDonald is particularly voluble about the entrepreneurial culture his team founded at LifeUSA. The company put its money where its employees' mouths were by requiring staff to buy stock in the young company. Those shares ultimately paid off handsomely as the company went public, and then in 1999 when LifeUSA was acquired by Allianz AG of Germany in a transaction valued at $540 million. Allianz AG merged LifeUSA with Allianz Life, putting MacDonald in charge until his retirement in 2003.

These days, MacDonald, 62, divides his time between Florida and Minnesota. He writes regularly (including a column for *Best's Review*), sits on several boards and consults. He has no announced plans to re-enter the insurance business, but says insurers are missing the boat by not developing new products focused on asset "de-accumulation." The industry is losing the battle to hang onto hard-won assets because it can't adequately communicate that insurers are best-equipped to handle the long-term distribution of the assets people have spent a lifetime accumulating. "There's plenty of room for new products in that area, and I'm not seeing the focus that I would expect," he said. "It's full of opportunity."

MacDonald will be a keynote speaker at A.M. Best's E-Fusion conference, set for Oct. 17-18 in Philadelphia. Details are online at *efusion2005.com*.

—Lee McDonald