

“Structuring for Success”

SGA Saturday morning phone call subject

October 24, 1987

Mr. Rapoport talks to the State General Agents about some old and new approaches that will help them grow in their agencies. He wants them to understand American Income’s foundational philosophies and its commitment to innovative ideas. By coordinating their efforts, State General Agents can learn from one another and make suggestions for improvement.

Rapoport begins by clarifying his approach to management. He will never be satisfied with current production levels because he knows American Income workers have the potential to do so much more. He uses a political example to explain his business philosophy. A few years ago, two presidential primary candidates were running with equal attributes in intelligence, honesty, and commitment. Rapoport explained his choice of candidate as the one who “viewed the situation as to how bad things were today compared to how much better they could be.” In other words, he chose the candidate who saw the potential of the future, not the depressing state of today. This forward-looking philosophy has helped Rapoport and numerous other American Income people to build a \$500 million company from a \$25,000 investment. When Rapoport criticizes them, he wants the State General Agents to know that he is seeing their potential not their current production.

American Income has always fostered creativity. It embraces new ideas as a way to make the company a dynamic living organism that grows and changes to accommodate

different situations. New ideas have not always ended in success. Rapoport encourages the SGA's not to discount new strategies because they failed on the first try. He says, "When we get the combined failures and successes of each of you and make an analysis of them, we will then be in a position to bring forth an effective, meaningful program." The newest approach Rapoport is pushing is a method Floris Fuchs used successfully in the credit union market. Fuchs met with community small business leaders and credit union officials to arrange an agreement that allowed small business employees access to credit union membership. With their membership came the ability to apply for American Income insurance protection for their families. This approach has proven beneficial to the credit unions, the small business employees, and American Income. Rapoport asks the State General Agents to try this approach and see if it can "double and triple and quadruple your production."

State General Agents should stick to the "single need approach" that targets a family's need for life insurance, college tuition, or retirement savings. Some of the riders they ought to take advantage of are "the MR's, the A71000, the DAF and the MT," also the WGB and the SN. Rapoport quips, "Put all those initials together and they are going to end up adding tens of thousands of dollars to your bank account."

Rapoport says that American Income workers need to approach their goal like a football team. Although a football team has many positions, all of the team members work together to use one play at a time. Rapoport asks for a coordinated effort among the SGA's. He needs them to 1) push only single need sales like life insurance or retirement savings, 2) attach an MR to every basic policy, and 3) add an A71000 to every Hour Power plan. The home office studies have shown that persistency is 12 percent better

when the A71000 is a part of the policyholder's plan. To make sure all of the SGA's are acting like a team, Rapoport will ask them every Saturday morning how many applications, MR's, and A71000's they have sold. He will check each week to make sure they are all running the same play.

American Income has used many different approaches during its lifespan. Some have worked and some have failed miserably. Rapoport wants the SGA's to understand that the company has learned from all approaches, good or bad. He wants to encourage them to try these new approaches and policies to see if their production can benefit. Whatever the new approach, Rapoport wants ones that reach for potential production and future possibilities.