

## Speech to State General Agents

Dallas, TX

April 18, 1996

In this speech, Mr. Rapoport addresses a new group of leaders at American Income. He prepares them for the challenges and the changes that the company will have to adapt to in order to survive. Rapoport says that integrity, caring, and predictability have been the cornerstones of American Income. He expects the new leadership to adhere to these fundamentals while creating a new chapter in American Income's history.

American Income has become an established company. Like all established companies, it can be tempting for management to cling to past successes. Rapoport has seen waves of leadership crest and fall at American Income. The Achilles heel of any management team is a lack of vision. Oren Harari wrote in *Management Review* that established management faces challenges because it carries "historical baggage." Harari says, "established companies like to point to...prior successes with the current products as a reason for maintaining a dogged commitment to them." Rapoport warns the new leaders that many great people have gone before them and subsided because they could not evolve. He advises them not to get comfortable with current conventions because the challenge will be in the change.

Vouchers have caused a great concern among the SGA's about expenses and compensation. Rapoport says that vouchers rely on the company's fundamental concept of caring. SGA's need to look out for the Managing General Agents and Agents, whose increase in production will bring long-term benefits. Rapoport says that they can have a

new edge on the market by caring for their sales force. However, Rapoport warns them against depending too much upon vouchers. He says more than seven to 10 percent of expenses coming from vouchers is unacceptable. Rapoport wants to challenge their creativity in writing business, not send them a loan every time expenses seem troublesome. The voucher system may seem unbalanced at first, but Rapoport reminds them that caring can be very profitable.

The new quotas, based on population, have elicited complaints from some State General Agents. Rapoport assures them that no one's job is at risk. If an SGA cannot meet quota, then his or her territory will be reduced. Rapoport designed the quota system to be predictable. He wants them to always be challenged, but within their capabilities. The numbers of the quotas are fixed, but the technique for achieving quota is flexible. Rapoport says that he or other executives are open to hearing concerns from the SGA's. As a team, they can find solutions to any problem. Another issue to fall under predictability is the assignment of new SGA's. Rapoport says that from now on any new SGA position will be offered to the top 10 MGA's and then the offer will trickle down the management from there. Rapoport wants an honest and predictable company that is open to new ideas.

Rapoport is optimistic about the future leadership of American Income. He wants to "constantly expand the universe of your thinking" and mold them into great leaders. He says, "We are preparing you for the world that is going to be." They must have vision while maintaining integrity, caring, and predictability.