THE IMPORTANCE OF SALESMEN

Before I pursue the significance of the analogy to life insurance, let me state certain fundamental points of personal conviction:

1. Certain worthwhile products, particularly in the area of financial protection, do not sell themselves.
2. The public is better off, in the long run, by having these worthwhile products sold to them.
3. The salesman plays a valuable role in our present-day society.
4. People who are doing the selling must be adequately compensated.
5. The more nearly adequate the compensation of the salesman, the better the chance that people of high quality will be attracted to the job and that the salesman will acquire the training, give the time, and practice the fairplay required for the most conscientious approach to the prospect.
6. The cost of providing such compensation to the salesman must be paid by the person purchasing the product.
7. The attack by the SEC on the front-end load principle has implications far beyond the mutual fund industry.
8. This attack shows a lack of appreciation of and, as a result, unjustified stultification of the whole system of providing incentive compensation to salesmen.
9. The analogy between selling methods for life insurance and for investment plans is more valid today than ever because, in response to public demand, there is an increasing tendency to blend these two types of products.
10. There is social value in structuring any type of savings plan so that the saver is discouraged from withdrawing his payments before he completes the program.
11. It takes character on the part of a buyer to put aside some of his income on a regular basis rather than spending it all. This is particularly true where the individual has limited discretionary income and does not find it easy to undertake a savings program on his own initiative. Developing and bringing about such a character decision requires individual solicitation and service. Selling any capital accumulation plan serves a valuable social purpose not only in improving the individual situaton of the saver but in helping to add to the national reservoir of capital.
12. In this country hundreds of thousands of salesmen share directly in our profit system by selling on an incentive compensation basis. Selling for profit—on a commission or incentive system—is recognized as a challenging and satisfying way of life for independent-minded men who have the courage to take a chance on themselves. Not everyone wants to earn his bread protected by an umbrella of tenure, regular hours, and a safe place on the organization chart.
13. If some paternalistic "mama knows best" group could regulate every transaction by which products or services are sold by salesmen working on an incentive basis, such a group could no doubt prove that every such product or service could be bought more cheaply by some other method. Such a group could no doubt also prove that purchasers are fools ever to pay the list price for everything or to do their shop-