



# stone the stepping

**CHAIRPERSON'S CORNER****3 Highlights of the 2013 SOA Annual Meeting**

By Jennifer Fleck

**WHAT WOULD YOU DO?****1 What Would You Do? Do You Make the Offer?**

By John West Hadley

**5 What Would You Do? Responses to "Go for the Offer?"**

By John West Hadley

**BUSINESS MANAGEMENT****11 Business Classics: Dickens and Business Fraud**

By Mary Pat Campbell

**CAREER DEVELOPMENT****16 Start Your Actuarial Career on the Right Foot**

By Michael Adams

**COMMUNICATION SKILLS****19 Critical Influencing Skills for Advancing Professionals (Part 3)**

By Raymond E. DiDonna

**21 Improving Employee Feedback: Four Practices**

By Brian Pauley

**PEOPLE MANAGEMENT****24 Leadership Interview Series: Allan Ryan**

By Sophia Dao

**27 The Miracle of Competitive Collaboration**

By Jamie Shallow

**30 Actuarial Leadership: Three Women's Perspectives**

By Mary Simmons

**PERSONAL DEVELOPMENT****32 The Zen Actuary Installment 2: "Be Authentic"**

By Rich Lauria

**34 Get Emotional**

By Lance Poole

## What Would You Do? Do You Make the Offer?

By John West Hadley

**H**ere is our fourth entry in the "What Would You Do?" series. Write to me at [SteppingStone@JHACareers.com](mailto:SteppingStone@JHACareers.com) to tell me what you would do. In the May issue, I'll compile the responses received (preserving your anonymity, of course), along with what actually happened in the real-life situation.

I need your help in crafting future case studies. Write to me about your own challenging, surprising or nightmarish situations involving business, leadership, management, or any of the topic areas covered by *The Stepping Stone*, and what lessons you learned from them. I'll collaborate with you on turning it into a simple case study, being careful to ensure no one is identifiable.

### DO YOU MAKE THE OFFER?

Tim interviewed Joe for an officer-level role within his Actuarial operation. Tim and his boss (the chief actuary) were equally impressed with Joe, and were discussing what offer to make him, when the CEO stopped by. He had also interviewed Joe, and said that while he agreed that Joe was top-notch, he was

concerned that he might not fit in with the company's "old guard" leadership. He didn't say not to hire him, just expressed a concern, and Tim's boss left the decision up to him. Would you extend Joe an offer?

What would you do? ●

**John Hadley** is a career counselor who works with job seekers frustrated with their search, and professionals struggling to increase their visibility and influence. He can be reached at [John@JHACareers.com](mailto:John@JHACareers.com) or 908.725.2437. Find his free *Career Tips* newsletter and other resources at [www.JHACareers.com](http://www.JHACareers.com), and watch for his upcoming book, *Cruising Through Executive Interviews ... To Land That 6 Figure Job You Deserve*.

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# Highlights of the 2013 SOA Annual Meeting

By Jennifer Fleck

**H**ere's an overview of the exciting activities in which your Management and Personal Development (MPD) Section participated at the 2013 SOA Annual Meeting held in San Diego, Calif.

## NETWORKING EVENT: THE GREAT SAN DIEGO ADVENTURE RALLY

We kicked off the meeting with a Sunday afternoon networking event. Split into small teams, we worked together to complete The Great San Diego Adventure Rally. We explored the historic Gaslamp district and had a great time working together as teams. While my team didn't come anywhere near winning, I think we had the most fun.

## THE BACK OF THE NAPKIN

The Opening General Session on Monday wasn't organized by the MPD Section, but it was full of great information that supports our goals. Dan Roam, author of *The Back of the Napkin*, spoke to us about the power of pictures. He explained that drawing the issue you are facing makes it much easier to define and ultimately solve. It also helps you explain complex technical issues to non-technical audiences and allows you to gain their trust. Even those of us who are not artistically inclined can draw simple stick figures and flow charts. That's all it usually takes. This is one book that I've put on my Christmas wish-list.

## WOMEN'S LEADERSHIP FORUM AND LUNCHEON

The Women's Leadership Forum that we co-sponsor with SCOR had an amazing panel of women talking about their careers. Joanne Collins moderated the session with Sue Ann Collins, Sharon Giffen and Tonya Manning. These successful women shared personal stories of struggles and triumphs over the years. We talked about mentors, choices, networking, volunteering and a host of other topics. See the article on page 30 for some deeper insights on this very popular session.



## EFFECTIVE STRATEGIES FOR MANAGING VIRTUAL TEAMS: LEADING WITHOUT SEEING

Paula Hodges and Van Beach, both seasoned virtual team managers, shared their experiences and insights. Paula kicked off the session with a bold demonstration of the discomfort associated with interacting with people you can't see, when she turned her back to the audience and proceeded with a segment of her presentation. With the attendees engaged, she then described the process of team building, while highlighting specific challenges when team members are virtual. Van candidly reflected upon his experiences managing a large team where the core was co-located, but also included virtual individual contributors and a virtual manager—himself. Insights included the extensive use of video conferencing, the importance of establishing communication patterns and rhythms, and emphasis on leadership. Attendees left with a better understanding of team formation, the challenges specific to a virtual team, ideas on overcoming these challenges, and practical tips and considerations for remote employees.



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CONTINUED ON **PAGE 4**

Once the team knows what they are working toward, it is easier to manage the team with metrics.

## LEADERSHIP BOOK REVIEW BREAKFAST

We kicked off Tuesday morning with our annual Leadership Book Review Breakfast and section updates. Frank Chechel, Jeff Stock and Mary Wagnon discussed some of the best leadership books they had read over the past year. *Lean In: Women, Work, and the Will to Lead* by Sheryl Sandberg; *The Power of Habit: Why We Do What We Do in Life and Business* by Charles Duhigg; *Drive* by Daniel Pink; and *The Leadership Pipeline: How to Build the Leadership-Powered Company* by Ram Charan, Stephen Drotter and James Noel are all books that you might want to add to your holiday wish-list this year.

## NEW MANAGER'S TOOLKIT

In this session, Ray DiDonna spoke to a group of young actuarial leaders. During this interactive session, we learned about how actuaries advance in the beginning of their careers by being technical experts; but eventually to continue to progress,

actuaries need to learn to grow others and multiply their impact. First, Ray spoke about creating a vision that the team can see. Once the team knows what they are working toward, it is easier to manage the team with metrics. He spoke about the importance of providing timely, clear and candid feedback. The conversation got more heated when the topic turned toward compensation and recognition. Ray suggested that a team can be managed to a distribution and ranked. Then bonuses should be distributed with that ranking in mind. This session left future managers with a lot to think about as they continue to advance their careers.

Overall, the annual meeting was a huge success. It was the second largest attended meeting ever. We are already starting to plan for the 2014 Annual Meeting in Orlando! I hope you can join us there. Drop me a line if you have any suggestions for meeting topics or if you would like to volunteer to help us put together a session. ●



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# What Would You Do?

## Responses to "Go for the Offer?"

By John West Hadley

In the November issue of *The Stepping Stone*, I posed the question "What would you do?" to the interview situation below. Here is the situation, your responses, and the real-life conclusion of the situation. Send your own ideas for situations to pose in upcoming issues to [SteppingStone@JHACareers.com](mailto:SteppingStone@JHACareers.com).

### GO FOR THE OFFER?

Charles was a recent FSA seeking a new leadership role. A recruiter who had placed several actuaries at Industrial Life reached out to him about a position in their actuarial department, telling him she thought he would be a very good fit to their culture and operation. Although it wasn't exactly the role he was seeking, it had enough positive attributes to be worth exploring.

Charles arrived for the interview, and was having a good discussion with Frank, the department head and hiring manager, when he realized that the specific job really wasn't what he wanted. He was tempted to reveal this to Frank, but he had heard that in any interview you should always go for the offer. After all, there's nothing to turn down until you actually receive an offer, and you can always negotiate once the company has decided they want you.

If you were Charles, would you tell Frank you're not interested in the job? Why or why not?

### WHAT WOULD YOU DO?

#### Actuary #1

I have been in this situation. I never fessed up, feigning interest. The other company saw the mismatch as clearly as I did, and I did not get an offer. In fact, the only times I did not get an offer were the times when I reached the point of feigning interest.

Being on the hiring side more often these days, I wonder if it might have worked better if I had simply said something on the day of the interview.

I think that as hiring manager I would be impressed by someone who saw the mismatch and spoke up, saving me the time of wondering whether to offer them the job. That job I interviewed for was probably not the only opening that the company had over the next year. It might well have led to another interview later for a job that would have been a good fit.

Recently we interviewed a student who had applied for a position on one team. We also had an opening on a different team doing totally different work. We set him up to interview for both positions while he was there. Fortunately, he told HR at the end of the day that he had very specifically not applied for job #2. The preference was clear, and it saved us a disagreement over who would hire him.

So, yes, I would probably tell Frank that I wasn't interested in the job. I would say that I came on the interview because it sounded worth exploring, but I am looking for a job that includes more (whatever). Frank might well know that the FSA in the next office was about to open just that very job or he might think that I am so wonderful and have so much integrity that it is worth revisiting the job description to better fit my skill set.

#### Actuary #2

I think that we should always do what makes us sleep better at night. I always prefer to be honest and straightforward to avoid any surprises in my business dealings. Because of this, I would tell Frank during the interview that the position is not what I was led to believe and that I'm disappointed by this turn of events. I would thank Frank for his time and simply mention that I'm not interested in that specific role.

#### Actuary #3

Before I can answer the question, I need to better understand what Charles is trying to accomplish:



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CONTINUED ON PAGE 6

... if the position does not seem to be a good fit, Charles would do well to provide that feedback to establish a good relationship that might turn into a better offer later on.

- Is the firm he works for currently a good one, but one where the leadership opportunities he seeks aren't available at this time?
- Is Industrial Life a great organization where Charles would like to work or just one of a number of firms he is willing to work for if the job is right?

If Charles is trying to transition from a “good company” to a “great company,” then he should use the first interview to learn about the position and help the employer learn about him. He shouldn't reach any conclusions about fit. If a second interview or job offer materializes, Charles can use that opportunity to explore the role and the fit, and everyone can make a better decision. In this way he doesn't rush to judgment and he also gets more face time with Industrial Life. Sometimes it is wise to take a role that is a lesser fit if it is with an organization that you respect.

If Charles is already in a “great company” and his motivation is strictly to find a new and more challenging role in another great company, then I would recommend that Charles “cut to the chase” a little more quickly by steering the discussion to his fit and his desire for the role. Frank may be disappointed that he is not the right candidate but will appreciate his demonstration of analysis and his clarity on his own strengths and goals—this opens the door to future opportunities that are a better fit, and saves Charles and Frank a second interview which would likely be a waste of time.

#### Actuary #4

Rather than immediately revealing a lack of interest, Charles can ask a few more “leading” questions. Such as: “*When I heard about the position, I imagined that “x” would be a key responsibility of the incumbent. I'm starting to hear differently in our conversation today. Can you clarify this for me?*” Another way to get to the same place: “*The recruiter had really sold me on this particular*

*aspect of the job (fill in details). Can you tell me if that is a significant part of the role?*”

In this way, Charles can convey the position that he was looking for, and find out more about what Frank is seeking. If Frank is perceptive, he will pick up on whether the role would be a good fit, and whether he should go to the effort to tender an offer to Charles. There is always a chance that the role would have some flexibility, and that Industrial Life might mold the role a bit to meet Charles' talents.

The honesty during the interview does not need to go to the extreme of saying he's not interested in the position, but if the position does not seem to be a good fit, Charles would do well to provide that feedback to establish a good relationship that might turn into a better offer later on.

#### Actuary #5

I would let the company give its best offer, without making any commitments during the interview. Once I receive an offer, I would ask to what extent the role could be modified and if there is any likelihood of an internal transfer in the short to medium term to a role which better suits my preferences. An offer in hand will not only give me a fallback option but it should also help me benchmark other prospective job offers. Furthermore, if the company is willing to tweak the job specs to an extent that it becomes acceptable to me, then I may not even have to look elsewhere for another opening.

The one thing I may lose is my credibility for future interviews with this employer, or coming from the same headhunter. So if I end up refusing their offer, I would have to do it very carefully so as to not displease either and to frame it in a way that it does not appear as though I was never serious about this role.

#### Actuary #6

There's nothing to turn down until you actually receive an offer, and you can always negotiate once the company has decided they want you.

#### Actuary #7

Unless I'm a brilliant, tactful, on-my-feet thinker, I wouldn't say "*Hey, I just decided I don't want this job after all*" in the middle of the interview process. The risk of coming off badly and burning potential bridges outweighs the benefits of saving me and Frank 30 minutes.

If they ask something like "*Why are you interested in this role over your current one?*" it may be a good opportunity to explore the fit, but I don't see any reason to halt the interview out of the blue.

#### Actuary #8

It's a good time to practice skills that will get you an offer, which is invaluable experience for when you're interviewing for a job you want.

Add in, "...and the offer is twice what Charles makes now." Now what? I wouldn't become uninterested (or disinterested?) in a new position until I could compare it to what I currently have. And I can't do that without the compensation amount. It's not logical at all.

The only way I'd stop an interview is if I discovered that I wasn't qualified.

#### Actuary #9

I would not cut an interview short, mainly for the reason that interviewing is rarely a worthless experience.

If you "know" what you want heading into the interview and at some point you get the impression that the current job is not what you "know" you want, it does not necessarily mean that it's definitively not right for you. You never quite know what the future holds.

#### Actuary #10

Charles failed miserably by letting the recruiter lead him to a position he is not looking for. He failed to comprehend that recruiters work for the companies

they represent, not for you. Charles should have known what the position was, and whether it met his leadership criteria or not before accepting the interview.

I would indicate to Frank that I had hoped whatever role I took on next would have more leadership opportunities. Then I would see if Frank would be open to discussing either the career trajectory and timeline or adjusting the role to meet my needs in a new position. If that was not satisfactory, I would likely ask to not continue the interview and leave since I knew that I wouldn't come on board regardless of the offer and can spare everyone's time. I would explain to Frank my career ambitions and let him know that I appreciated his time but the position does not appear to be one that I'd want.

#### Actuary #11

There's no point in pursuing it. You have an opportunity to make it clear what you are looking for, so that if something like that comes up, they'll have you in mind. You don't come off better by pretending to be interested.

#### Actuary #12

I'd finish the interview, and then in a follow-up "thank you" email, explain what I am looking for and how it is different from my impression of the opening at Industrial Life. I'd share some positives that I took away about the company, and reiterate my strengths and how they would apply to the type of position I'm actually pursuing.

There's no sense in stopping in the middle. The follow-up response gives both parties time to think about the experience and reflect. It is polite, and has the potential to make a good impression if they are interested in you, and willing to modify position responsibilities.

#### Actuary #13

Feign interest. Ask if you can do the things you're

**I would not cut an interview short, mainly for the reason that interviewing is rarely a worthless experience.**

CONTINUED ON PAGE 8



**If you're not qualified, then point out your lack of qualification, and end things graciously and tactfully.**

interested in. If that fails, think about how you will tactfully decline.

Actuary #14

I'd never cut off an interview unless I saw illegal activity taking place or they behaved really badly. Getting your foot in the door is a positive anywhere. Building your network is good. Talking to other actuaries about the business is useful. Part of my extensive network is people I met when I interviewed at their company or vice versa, but no job came out of it. And there's always the chance they may realize you don't fit the open position but they want you on board anyway, now or in the future. If it's drastically different than what the recruiter represented, I'd tell the recruiter privately.

Actuary #15

The only reason I would stop an interview is if I learned that I wasn't qualified for that job. And even then, the one time it has come up I said so at the end of the interview. It's only an hour, and maybe you will learn something more and discover that there are important parts of the job for which you are qualified.

Actuary #16

I wouldn't tell him during the interview. I can't think of any way I could do that and not come across badly.

I'd finish the interview, shake hands and leave. If they followed up positively (offer / second round interview / whatever), I'd turn it down with an *“I'd love to work there, but this isn't the right position for me, maybe next time”* style message.

You've already wasted Frank's time by having the interview; he's not going to thank you for pointing out that the first half was a complete waste in order to save him the second half.

Actuary #17

If you're not qualified, then point out your lack of qualification, and end things graciously and tactfully. If you're qualified but simply not interested, finish out the interview, and decline any offer made afterwards.

Actuary #18

I've said *“I really don't think I would be a good fit for this role”* during interviews (sometimes elaborating why and sometimes not)—both on the phone and in person. I let the other person decide whether to continue the interview after that.

Actuary #19

If Charles is certain that he would not take the job even if it were offered to him, he can explain to Frank what he is really looking for—he should go for the offer, but the offer he really wants.

Frank may be able and willing to help more than Charles realizes. If Charles is professional and polite, I don't see a real cost to losing a job offer of no direct interest, when he makes it clear what he does want.

One of our regular authors, Dr. Doreen Stern, presented this response

I've been in Charles' shoes twice in my life: The first was when I saw an online posting for a prestigious postdoctoral fellowship at the University of Pennsylvania.



I can do this, I thought to myself, reading the job requirements. But I wouldn't enjoy it, I conceded. Oh well, I might as well apply; it'll be good practice.

The phone interview went well. The department head said he'd get back to me after he checked my references. I didn't give his words a second thought because I wasn't interested in the position.

A couple of weeks later, the head called back to offer me the job.

*"I can't live on a post-doc salary,"* I told him.

*"If we offer you a 20 percent increase, will you take it?"* the head asked.

*"I'd certainly consider it,"* I stammered.

The next day, he was back on the line: *"I've found the money for you. We're looking forward to you coming to Philadelphia. What do you say?"*

I suggested that I meet with him in person. He readily agreed. The more I learned, the worse I felt about the position. Nor was there any negotiating about the scope of the work. On the contrary, there were clear and compelling (high-visibility) deadlines that had to be met.

I'm embarrassed to admit that I accepted the job knowing it wasn't a good fit for me, or me for it. The good news is that it was only a year appointment; the bad news is that it was the worst year of my life. I hated getting up each morning and dreaded going to work.

The experience was positive in one regard, though: The next year, when I was again in an interview situation, I spoke authentically: *"This isn't a good fit for me,"* I told the interviewer. *"My strengths lie in designing research studies and conducting qualitative research, not in analyzing large data sets."*

This time, I didn't get the offer. I was disappointed. But the sting lasted for only a few days, not the length of the job.

#### The Editor's Response

I was struck that several respondents assumed that this in-person interview process would be with just Frank—a fact on which the original case was silent.

As a result, part of their reasoning hinged on only saving anyone a short amount of time. I have rarely been on in-person interviews that involved only one person, and in this particular case the interview with Frank was just the first in a series that would last most of the work day.

There's also an important psychological difference in how you approach the interview (and your consequent success) when you are prepared to walk away, vs. when you are there "to get the offer." I wrote about this in the May 2012 issue of *The Stepping Stone*. You can read "The Confidence to Walk Away" online at <http://www.JHACareers.com/ConfidenceToWalkAway.pdf>.

#### WHAT REALLY HAPPENED?

Charles decided to tell Frank that the job being described wasn't really what he wanted. Frank asked what Charles was looking for, and they proceeded to have a good discussion about opportunities at Industrial Life. In fact, the position under consideration was a good stepping stone to the type of position Charles wanted, as the most recent actuary in that role had recently been promoted to a similar role.

Frank continued with the interview schedule, and before the end of the day sat down with his boss, who was equally impressed with Charles, and they raised the compensation level for the role to the maximum they thought they could afford, and extended Charles an offer. ●

**I'm embarrassed to admit that I accepted the job knowing it wasn't a good fit for me, or me for it.**

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# Business Classics: Dickens and Business Fraud

By Mary Pat Campbell

If I say “Dickens,” you may think of grand social drama—“*It was the best of times, it was the worst of times*”—along with some comic characters with silly names. If I say “Dickens and business,” you probably will think of Ebenezer Scrooge, the cold-hearted businessman who changes when he gets visited by four ghosts and learns the True Meaning of Christmas (thus spawning a whole genre of TV specials).

However, Dickens went beyond the psychology of a miser in portraying business and businessmen (and businesswomen, though there are fewer of those in his novels). This is hardly surprising given how much Dickens was a London boy, through and through. The business of the City of London was Business writ large, and as Dickens became a prominent man himself, and even before, when he was a parliamentary recorder, he became more familiar with the lifeblood of the city. One issue Dickens knew well was fraud of all types—while he mainly covered social frauds of various sorts, given the more rigid class-based society of Victorian England, he also covered the matter of business fraud, both large and small.

Scrooge himself was no fraud—just a man who valued the world only in pounds, shillings and pence. Dickens even wrote of beneficent businessmen other than the post-ghost Scrooge, such as the Cheeryble brothers of *Nicholas Nickleby*. He wrote of smaller, personal frauds, such as Uriah Heep of *David Copperfield*, who had been embezzling from his master. In this article, I will look at the two largest business frauds portrayed by Dickens in the novels *Martin Chuzzlewit* and *Little Dorrit*, frauds that ring true with events that occurred in Victorian times ... and frauds that still occur today.

## SMALL CON MAN HITS THE BIG TIME

In *Martin Chuzzlewit*, we follow the fates and fortunes surrounding the very extensive Chuzzlewit family as many jockey to grasp the riches of the older Mr. Chuzzlewit. This ramshackle novel takes

characters far afield, to exotic locales like Eden, which is somewhere in a swamp in America. But the most raucous events occur within London itself, especially when we happen upon Mr. Tigg Montague (or was that Montague Tigg?) and his fabulous creation, The Anglo-Bengalee Disinterested Loan and Life Assurance Company:

*The secretary smiled again; laughed, indeed, this time; and said, rubbing his nose slyly with one end of the portfolio:*

*“It was a capital thought, wasn’t it?”  
“What was a capital thought, David?” Mr Montague inquired.  
“The Anglo-Bengalee,” tittered the secretary.  
“The Anglo-Bengalee Disinterested Loan and Life Assurance Company is rather a capital concern, I hope, David,” said Montague.  
“Capital indeed!” cried the secretary, with another laugh —“in one sense.”  
“In the only important one,” observed the chairman; “which is number one, David.”  
“What,” asked the secretary, bursting into another laugh, “what will be the paid up capital, according to the next prospectus?”  
“A figure of two, and as many oughts after it as the printer can get into the same line,” replied his friend. “Ha, ha!”*

The reason for my name confusion above is that when we first meet this character, he is going by the name Montague Tigg, a small-time conman who has latched himself onto one of the more disreputable Chuzzlewit outgrowths. When we meet him again, he has switched his names, smartened up his clothing, and now runs an insurance company.

An entirely fraudulent insurance company.

Tigg or Montague, whichever he is, shows up again when a different disreputable Chuzzlewit, Jonas, comes to the offices of the Anglo-Bengalee, seeking to get a life insurance policy on his new wife, without going to the bother of actually letting her know that he is doing it. It seems that



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One issue Dickens knew well was fraud of all types—while he mainly covered social frauds of various sorts, given the more rigid class-based society of Victorian England, he also covered the matter of business fraud, both large and small.

CONTINUED ON PAGE 12

**These were the days before regulation of insurance. Fraud was perpetrated on both the insurer and insured side.**

actual, reputable insurance companies had hassled him over the death of his old father (what is so suspicious about an old man dying, hmmm?) and were making a fuss about having her sign the new policies. A disreputable customer for a fraudulent company, Tigg/Montague realizes he has a victim on a larger scale at hand.

To hook his fish, Montague lets Jonas in on the secret of the Anglo-Bengalee later in Chapter 27:

*“Done!” cried Montague. “Wait a bit. Take these papers with you and look ‘em over. See,” he said, snatching some printed forms from the table. “B is a little tradesman, clerk, parson, artist, author, any common thing you like.” “Yes,” said Jonas, looking greedily over his shoulder. “Well!” “B wants a loan. Say fifty or a hundred pound; perhaps more; no matter. B proposes self and two securities. B is accepted. Two securities give a bond. B assures his own life for double the amount, and brings two friends’ lives also—just to patronize the office. Ha ha, ha! Is that a good notion?” “Ecod, that’s a capital notion!” cried Jonas. “But does he really do it?” “Do it!” repeated the chairman. “B’s hard up, my good fellow, and will do anything. Don’t you see? It’s my idea.” “It does you honour. I’m blest if it don’t,” said Jonas. “I think it does,” replied the chairman, “and I’m proud to hear you say so. B pays the highest lawful interest—” “That an’t much,” interrupted Jonas. “Right! quite right!” retorted Tigg. “And hard it is upon the part of the law that it should be so confoundedly down upon us unfortunate victims; when it takes such amazing good interest for itself from all its clients. But charity begins at home, and justice begins next door. Well! The law being hard upon us, we’re not exactly soft upon B; for besides charging B the regular interest, we get B’s premium, and B’s friends’ premiums, and we charge B for the bond, and, whether we accept him or not, we charge B for*

*“inquiries” (we keep a man, at a pound a week, to make ‘em), and we charge B a trifle for the secretary; and in short, my good fellow, we stick it into B, up hill and down dale, and make a devilish comfortable little property out of him. Ha, ha, ha! I drive B, in point of fact,” said Tigg, pointing to the cabriolet, “and a thoroughbred horse he is. Ha, ha, ha!”*

Indeed, the Anglo-Bengalee is just a fancy Ponzi, with Mr. Montague and his partners skimming a percentage for themselves. However, the fraud runs deeper, as these small tradesmen and their policies bring only dribs and drabs in at a time. Montague wants larger catches, and gets Jonas to “invest” with him—after all, it takes some capital to keep the show running. As Montague notes, early on the Anglo-Bengalee had some claims, reducing the company to a grand piano, but turned around and built the pyramid up again to the grand edifice Jonas sees.

It turns out later that Montague gets some very useful blackmail material on Jonas after Jonas has been hooked as an “investor” in the company (this relates to that aged father with the life insurance coverage from the reputable companies). Tigg uses this blackmail to leverage Jonas to get another relative hooked in the scheme. Alas, the richest old man of the bunch, old Martin Chuzzlewit, will not be hooked; he is an honest man, and cannot be caught the way Jonas was.

From Montague’s success we learn some aspects of successful fraud: the need for capital to perpetrate the fraud to begin with, the need for shiny appearances to bolster reputations, the hooking in of other unethical and questionable people ... and ultimately the danger of doing business with such questionable people. In this case, instead of being ratted out to regulators, Montague is murdered by Jonas.

These were the days before regulation of insurance. Fraud was perpetrated on both the insurer and insured side. Killing people for insurance proceeds was known then as now. Reputation of the company through

surface looks has helped now as then, but more than as there was no oversight. Dickens died in 1870—the same year the Life Assurance Companies Act was passed in the U.K., the first substantive regulation of life insurance in the U.K. So certain aspects of Montague’s fraud, such as how thinly capitalized it was (and how it essentially had no reserves), would be more difficult to pass off now in specifics. The Anglo-Bengalee was mainly an indictment of the questionableness of insurance companies at his time.

## RESPECTABLE BUSINESSMAN INFECTS SOCIETY

The Anglo-Bengalee fraud, as large as it was compared to some of the personal monetary shenanigans in other novels, pales in comparison in the next Dickensian fraud: Mr. Merdle of *Little Dorrit*. The fraud here is not a single company, but a fraud surrounding a specific man and his pursuits.

Merdle has married a relatively impoverished widow from a family that has salted itself throughout government posts. This provides Merdle with the social cachet to move in high circles, mixing with members of parliament, aristocrats, and other great men of business and society. His success only continues up and up and up. Merdle is the man of the hour, and everyone wants a piece of the success. Unlike the Anglo-Bengalee setup, those entering into investing in Merdle think he’s the real deal.

Dickens devotes an entire chapter to the Merdle craze, with one of the characters explaining the deal to another in Chapter 13:

*“How so, Mr Clennam?” Pancks asked quickly, and with an odd effect of having been from the commencement of the conversation loaded with the heavy charge he now fired off. “They’re right, you know. They don’t mean to be, but they’re right.”*

*“Right in sharing Cavalletto’s inclination to speculate with Mr Merdle?”*

*“Per-fectly, sir,” said Pancks. “I’ve gone into*

*it. I’ve made the calculations. I’ve worked it. They’re safe and genuine.” Relieved by having got to this, Mr Pancks took as long a pull as his lungs would permit at his Eastern pipe, and looked sagaciously and steadily at Clennam while inhaling and exhaling too.*

*In those moments, Mr Pancks began to give out the dangerous infection with which he was laden. It is the manner of communicating these diseases; it is the subtle way in which they go about.*

*“Do you mean, my good Pancks,” asked Clennam emphatically, “that you would put that thousand pounds of yours, let us say, for instance, out at this kind of interest?”*

*“Certainly,” said Pancks. “Already done it, sir.”*

*Mr Pancks took another long inhalation, another long exhalation, another long sagacious look at Clennam.*

*“I tell you, Mr Clennam, I’ve gone into it,” said Pancks. “He’s a man of immense resources—enormous capital—government influence. They’re the best schemes afloat. They’re safe. They’re certain.”*

This is Dickens, and you know this means what Pancks said is completely incorrect. Those high and low caught Merdle fever, saying to each other it was a sure thing. Pancks is dismissive of the broke people who talk Merdle all the time (though they are unable to invest), but he puts some of his money with Merdle and convinces Clennam to do the same. That act sends Clennam to a debtor’s prison, when Merdle’s schemes fail with the man.

There is plenty of foreshadowing of the coming Merdle disaster. Merdle himself has a vague “complaint” as he always feels ill and has little appetite. Merdle may be a complete fraud, but he’s not really enjoying it much (unlike the gusto of Montague, who most assuredly enjoyed his cons).

Dickens died in 1870—the same year the Life Assurance Companies Act was passed in the U.K., the first substantive regulation of life insurance in the U.K.

CONTINUED ON PAGE 14

Ultimately, when all of Merdle's schemes fall apart, the man also does. He borrows a pen knife from his daughter-in-law, and kills himself in a local Turkish bath house.

Merdle's fraudulent disaster is no work of fictional imagination on Dickens' part, though he had plenty of imagination. In 1855, while Dickens was working on the earliest chapters of *Little Dorrit*, several banks failed and those in charge were put on trial. In the novel, Dickens reflected the speculation mania that ultimately drove the failure. He also reflected the desire on those burned to find human sacrifices (figuratively), which is how Clennam finds himself on the receiving end of hostility as he goes to debtor's prison. He was an innocent victim of the fraud, believing, like Pancks, that this was a sure thing. He made an easy target once Merdle was gone, as Clennam had his own creditors who were collateral victims. An example must be made, even if of dupes, to satisfy public opinion.

#### HOW QUIANT—SO WHAT?

This might seem a cute exercise, looking at the historical frauds and failures related to literature. But who cares? That's almost 200 years ago! We've come so far!

But have we? Think of Bernie Madoff—a man who worked his social connections, who hooked in people who believed that he was doing something legitimate (like Merdle) or those who figured he was corrupt and thought they could also profit (as with Jonas Chuzzlewit hoping to profit from the Anglo-Bengalee). Madoff perpetrated his fraud longer than Montague managed, mainly because he didn't get murdered by a blackmailed partner.

Think of Enron, where clever people figured that they knew a surefire way to mint money ... but then ran into trouble. Think of subprime mortgages, WorldCom, asset bubbles of one sort or another—the essentials of current frauds may differ in the specific details, but many of the human behaviors behind them remain the same.

I have read some very good books that talk explicitly about recent financial disasters: *The Big Short* by Michael Lewis on the credit meltdown of 2008 (a book I reviewed for *The Stepping Stone*<sup>2</sup>) and *No One Would Listen* by Harry Markopolos, which

covers his attempts to get the SEC to investigate Madoff. Both of these books are good dissections of those particular disasters, and even include some proposals to prevent the same disaster from happening again. However, the specificity of these books, with their particular fact patterns, may make one look at the issues too narrowly.

How do we prevent new frauds and asset bubbles? One may take a technical approach, but at the heart is human nature—how people behave, how people have particular goals, and how some will try to get what they want fraudulently. Many of these frauds are successful due to the perpetrator's own knowledge of human nature. It's hilarious how often we hear "*This time it's different!*".... and it turns out people's greed, envy, pride, and pretty much all the mortal sins, come into the mix in the same old way.

Fiction takes us away from particular concrete facts and asks us to look and think more broadly. If you want to catch the next fraud, don't look at the particular tools necessarily, but how people and societies behave. These two novels of Dickens help give a little piece of that puzzle, and reading more broadly may provide you with more such pieces.

Are there any novels that you've read that have given you insight into business dynamics—whether fraudulent or otherwise? Let me know at [marypat.campbell@gmail.com](mailto:marypat.campbell@gmail.com). ●

#### ENDNOTES

<sup>1</sup> Excerpt from Chapter 27.

<sup>2</sup> Published in the November 2011 issue.

Many of these frauds are successful due to the perpetrator's own knowledge of human nature.



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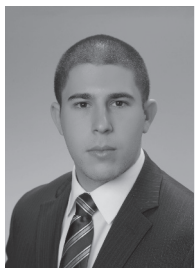


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# Start Your Actuarial Career on the Right Foot

By Michael Adams



Michael Adams is an actuarial analyst in San Diego, Calif.

*Editor's Note: This article shares tips for those starting out in the actuarial profession. Those in more senior roles may want to share these with their newer actuarial students!*

*This article was written by Michael Adams, an actuarial analyst in San Diego, graduate of the University of California Santa Barbara actuarial program (class of 2012) and intern council member of the Actuary of the Future Section. Ian Duncan, a professor at UC Santa Barbara, and a few other actuaries have contributed tips.*

One of the things we strive to do in our program—Actuarial Science at the University of California Santa Barbara—is give our students a rounded education in actuarial science and an introduction to the profession. In addition to the classes that address actuarial exams (P, FM, MFE, MLC, C) some optional classes are offered:

- **Actuarial Research Seminar.** Small teams work on different aspects of a particular actuarial problem, usually involving predictive modeling. We try to emphasize in different ways the importance of communication (verbal and written) as a critical preparation for the student's work life; several have gone on to win awards for best presenter at the Actuarial Research Conferences.
- **Business Skills.** Students build effective presentation skills, confidence and experience in different settings: impromptu, planned, spontaneous, oral, multimedia, etc. We discuss professional attire, practice professional email writing, read documents aloud, and discuss them on the spot. The highlight is a professional dinner at which the students are coached in business etiquette.

Still, even with the above preparation, there are things our students don't learn until they start working. Many new employees find the first few years of employment to be a crash course—and to some extent that is necessary—but there are

important things to be aware of that will help in avoiding common mistakes. Below is a list of concepts and pointers that I wasn't taught in college, but that became clear to me as I gained experience in the field.

- It is absolutely critical to *bring a pen and notepad* with you when discussing a project with somebody who knows more than you do (which, at first, is everybody). You don't want to appear unprepared, and you definitely don't want to have to ask someone to repeat something that they have already told you.
- Your co-workers are very busy and have many people with whom they need to speak throughout the day. It's important to show them that you know their time is valuable. A closed office door usually necessitates a light knock, and a peek through the window to look for a hand signal. When approaching someone to discuss a project, it's good to start with, "Do you have *X minutes* to talk about \_\_\_\_?" They may ask you to come back later.
- Managers don't have a lot of time, and long emails may not even be opened. Try to keep your emails to two lines, and if you *have* to exceed this limit, include a warning (and indicate that it's important to read the whole email) in the header.
- "Two minutes" means 10 minutes. "Five minutes" means 30 minutes.
- Give a hint in your cover email about what you want a manager to see in an exhibit. Sending a lot of exhibits and expecting a manager to figure this out is an inefficient use of management time.
- Know the difference between times when you need to be overtly specific, and times when you need to speak broadly or generally. This is a skill that I think is lost on many people, not just actuaries, and it is not necessarily taught in college.

Many new employees find the first few years of employment to be a crash course—and to some extent that is necessary ...



- Identify yourself when answering the phone. The simplest way to do this is, “Hi, this is [name/name of department or company].”
- Document your work. People will have questions about projects you worked on months ago and will expect you to remember details. Clear documentation of the assumptions you made and steps you took will help to mitigate any confusion.

The following strategies can provide substantial boosts in your career. It is important to assess specific situations, as results may vary among different office cultures.

- *Upward management* can be a very effective way to solidify your value in an office. As people get more involved in a business they often tend to be pulled in multiple directions and have more distractions, making it more difficult to keep track of deadlines and responsibilities. Helping management keep track of these things is generally appreciated.
- It’s far better to continually ask clarifying questions than to say that you understand something when you don’t. This way of thinking also applies to disagreeing with superiors about work or project specifics. You don’t need to agree with everything they say—an honest opinion can demonstrate the value of your input and build trust. These qualities are vital in good working relationships with higher-ups.
- When you don’t know how to begin working on a project or writing a report, just take a stab at it and get something down on paper. You’re going to fare a lot better if you at least throw something together and let your supervisor or whomever react to it and make changes, rather than showing up to a meeting with nothing and hoping others have some ideas. If somebody is reviewing your work, it will be much quicker for them to cut and paste the language you have and add in the right pieces, rather than to start from nothing.

Project management is important; details are important. If you become known as someone who keeps track of details and can manage projects

(deliverables, staffing, deadlines) you will go far because most people are not good at this.

For those still in school, here are some experiences that I wish I’d had more of, as I now realize that they are a great way to prepare for the professional world.

- Actively participate in your university’s actuarial club, if it has one. If it doesn’t, find a similar one to get involved with. Not only will this afford you interviews, help to build networking connections, and expose you to the actuarial profession, it will make you more comfortable in business clothes, a business environment, and potentially a leadership role. These are invaluable attributes when interviewing and getting started in your career. It’s easy to spot recent graduates by how rigid they look in business clothes.
- Put some extra effort into the larger statistical projects that you’re assigned. They are closest to what you’ll be doing as an actuary and if you have had some practice it will show in your work.

**When you don’t know how to begin working on a project or writing a report, just take a stab at it and get something down on paper.**



CONTINUED ON PAGE 18

**It's important to focus on *results* rather than *process*.**

- Look for opportunities to communicate complicated results in the form of a concise and informative report. It's important to focus on *results* rather than *process*. Your colleagues, if they are actuaries, will understand the technicalities and want to know what the results are. If they are not actuaries their eyes will glaze over at the technical details and they will *really* want to move on to results.
- Seek out any chance to communicate with real-life actuaries. Actuaries, as in many professions, have a unique culture and tend toward similar mannerisms, including their terrible math humor. Spending time around these people will immerse you in this culture

and ultimately help you to fit in better once you're surrounded by it. Additionally, it's from real actuaries that you can get relevant information and tips about what the industry actually looks like.

- There are only two actuary jokes. All actuaries know them, and do not need to be reminded of them, particularly by a newbie.

What would readers of *The Stepping Stone* have liked to have known before they started their careers? We would love to hear from you. We can promise that good ideas will be incorporated into our Business Skills course. ●

# Critical Influencing Skills for Advancing Professionals (Part 3)

By Raymond E. DiDonna

**B**eyond possessing technical skills, actuaries must be outstanding communicators and influencers in order to maintain the critical roles they play within insurance organizations. Parts 1 and 2<sup>1</sup> of this series discussed how to influence your team and your peers. In this final installment we will focus on influencing leaders.

## INFLUENCING MANAGEMENT

Here's the first thing you need to know to understand how to influence those above you: They are primarily interested in just one thing ... *how you can help them be successful.*

It's really just as simple as that. If you bring them problems without solutions or requests that are not germane to making the business or the team more successful, you will be tuned out immediately. So, you need to convince them that what you want helps them. And I want to focus on two areas to help you do that.

The first is about taking **ownership and accountability**. You cannot make a compelling case to influence leaders unless you "own" the topic with complete conviction—you have to believe in what you're asking for. You have to be persuasive; you have to be passionate. Trust me, leaders (among others) can see right through someone who is not really committed to an idea or a course of action. And if you're not, why should they be?

So as professionals mature and gain greater responsibility, there is a greater need to become accountable for what you are doing ... for what you are working on, for ideas, for solutions, for recommendations. Don't walk around thinking this (whatever this is) is not mine, I'm just one of the workers. Walk around thinking "*It is my responsibility to drive to the right conclusion. I will be successful if I do that, and I won't be successful if I just take a back seat and let others be accountable.*"

The second area is **knowing your audience**. Many otherwise compelling arguments have been lost

simply because the person making the case (trying to influence) did not understand his or her audience.

Not everyone receives and absorbs information the same way. Some are data people (like many actuaries). The case needs to be proven on paper, with all the numbers adding up to make logical sense. Others like to make sure they are considering all the options. They don't just want to know what your preference is; they want to see other choices and why you may have ruled those choices out. And still others just want to know the bottom line. They don't want to get wrapped up in all the details, nor do they want to have five options. They just want to hear in a concise way how what you want is going to help them.

Besides absorbing information, there are also different decision-making styles to understand. For example, analytical types like to mull over the information you provide. They may not only want to see all the data that backs up your argument, but they may also want time to make a decision. They will likely not accept your proposal on the spot. Consequently, you had better account for their style in your influencing process.

Other leaders prefer to be quickly decisive—they like to review the information presented, make a decision, and move on. If you are faced with this type of decision maker, you need to make sure you have all the information available during the meeting. You can't defer if the leader is ready to decide.

Finally, you might run into a consensus-building decision maker; someone who likes to involve others. Here, you need to make sure you know upon whom the decision maker relies. If you do, you may be able to influence them in advance, clearing your path with the decision maker.

The last thing you have to think about when trying to influence management is how much time you will have in front of them. If you don't know this in advance, I suggest thinking in terms of three



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**You cannot make a compelling case to influence leaders unless you "own" the topic with complete conviction—you have to believe in what you're asking for.**

CONTINUED ON PAGE 20



... I know if I have that length of time that I must know my topic inside and out because there's a lot of time being granted for me to try to influence.

different potential time frames: 30 seconds, 10 minutes, and an hour. Trust me when I tell you there is no precision to this. However, what I have found is that whatever idea, concept or solution I'm trying to "sell," I know that I need to be able to communicate it:

- (1) Very quickly (in one or two sentences)—the proverbial elevator speech, or
- (2) In a short amount of time within the bounds of another meeting (you might find yourself with 10 to 15 minutes of a two-hour senior leadership team meeting, for example), or
- (3) In a forum designed for my topic alone where I must bring all the details—could be 30 minutes, 60 minutes, 90 minutes, etc. However, I know if I have that length of time that I must know my topic inside and out because there's a lot of time being granted for me to try to influence.

So remember: To influence the leaders above you, take ownership and accountability for the topic about which you are trying to influence and make sure you know your audience. ●

#### ENDNOTE

<sup>1</sup> Published in the August and November 2013 issues of *The Stepping Stone*.

# Improving Employee Feedback: Four Practices

By Brian Pauley

It is time to set the record straight about something that plagues too many leader-employee relationships: the lack of regular, effective feedback.

Ask any employee if they have regular performance dialogue with their leader. Sometimes you actually find someone who says yes. If that is you, consider yourself lucky. For most people, it simply doesn't happen. As an astute reader of *The Stepping Stone*, you know better so you probably do a decent job here. But, like any worthwhile pursuit, we can always improve.

One could write a book on this topic. Many have. My focus here is on four, go-to practices for becoming more effective at feedback. Like almost every single topic in management and leadership, it sounds simple and easy to do. But, if that were the case, everyone would be doing it, right? Exactly. Thus, the actual application of it is difficult.

## #1: MAKE FEEDBACK A PART OF YOUR REGULAR, ONGOING DIALOGUE

Feedback is a discipline that should be part of the regular dialogue you have with employees. Too often, it is saved for major milestones or moments—such as overly festering problems or an annual performance review. By then, there is so much information built up, you have to do a ton of planning, and it flat out feels weird for everyone involved. Plus, dump truck feedback (too much at once) never feels good.

To establish this as a discipline in your leadership, practice and implement the following in your *regular conversations* with those you lead:

- *Ensure you have a relationship with the person.* If the conversation feels awkward, it will not be very effective.
- *Provide feedback immediately.* Recently, a friend of mine found out about a series of issues eight months later. That is way too long. It is hard to correct a problem you can barely remember.
- *Provide it in person as much as possible.*

In person is always best, but not always practical. However, there is one rule to follow here: Negative messages must be on the phone or in person. Always. Email or texts can be misunderstood, and they make it difficult to ask questions and have dialogue.

- *Be specific.* When it comes to feedback, specific is always better. For example, if someone did a great job on a task, tell them why so they learn from it and replicate it going forward. Don't just say "Great job!"—Say, "Great job! Your extra effort really showed through on being prepared for the presentation. The customer noticed and chose us!" See the difference? The first just makes you feel good. The second makes you feel just as good and has the added benefit of letting you know what to replicate.
- *Always offer your help and support.* The goal of the discussion is to improve performance. Whether or not you like or agree with the statement, you as the leader are responsible for everyone's performance. Therefore, offer to help and support in whatever way you can.

The discipline of providing feedback as part of your regular dialogue also goes along nicely with how the brain naturally works. In the book *Boundaries for Leaders*, Dr. Henry Cloud talks about how the human brain relies on three essential processes: attention, inhibition and working memory. He states, "You must lead in a way that ensures your own energy and your people's energy will be spent on what is important and on what drives results, while limiting and inhibiting distractions, intrusions, and toxins." Regular feedback allows you to lead this way.

## #2: ALWAYS GET PERMISSION FIRST

In the November issue of *The Stepping Stone*,<sup>1</sup> I wrote about the practice of getting permission in conversations. It sounds simple (and it is), but



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**Negative messages must be on the phone or in person. Always. Email or texts can be misunderstood, and they make it difficult to ask questions and have dialogue.**

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this practice has made a huge difference for me in my interactions with people. If you are going to give feedback, positive or negative, establish permission first. Such conversations can be emotionally charged, so the probability of a successful conversation goes up dramatically if you establish permission. The particular time you choose to walk up and ask someone to talk may not be a good time for them. Something like this goes a long way:

*“Hey Adam, I’d like to talk to you for a few minutes and give you some feedback on your project. Things were a little bumpy, so this may take 30 minutes or so. Would now be a good time to chat about it?”*

The bottom line: respect the person’s boundaries and get permission.

And, one more thing: If you are setting up a formal discussion to give some feedback, don’t do it in such a way that the person agonizes over it for weeks. This is especially true if you are a high-ranking person in the office. A meeting invite from the VP titled “Discussion” has “Trip to the Principal’s Office” written all over it—even if it is intended to be a positive meeting. In the absence of specific information, people tend to assume the negative. It is human nature.

### #3: REPLACE STATEMENTS WITH GOOD QUESTIONS

When providing feedback, our tendency is to give information, to talk about our observations, and perhaps to offer advice and suggestions. Those aren’t bad things. And, they may be necessary. However, in and of themselves, they are lacking.

Providing feedback is the perfect opportunity to inject good questions into a situation. Questions are a secret weapon many leaders don’t utilize enough in feedback situations. Marilee Adams, in her book *Change Your Questions, Change Your Life*, says “*Questions drive results.*” And driving results is precisely why we have these conversations. We want others to reach their potential while delivering for the business. Asking good questions helps to maximize the opportunity on the table. Here are some reasons:

- You lower the chance of defensiveness in a negative situation.

- You invite recipients to develop their own insights and solutions, which are always preferable to yours. Remember, how you would have solved the problem may not work for the other person.
- You might be wrong. Asking questions opens the door to other perspectives and interpretations. As leadership expert John Maxwell says “*we see the world not as it is, but as we are.*”

Notice that I said “good questions” in the beginning of this section. Don’t go down the path of asking bad questions. Contrast the following:

*“Why are your reports always late?”* (bad question)

*“How can we work together to ensure these reports are completed on time?”* (good question!)

Approach the situation positively, give the other person the benefit of the doubt, and make feedback a partnership by asking good questions.

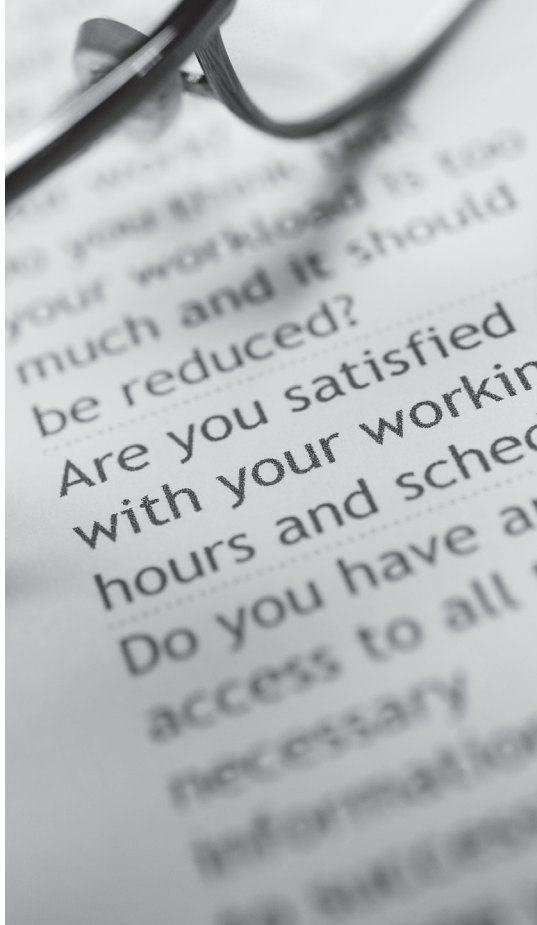
### #4: REMOVE THE FEEDBACK SANDWICH FROM THE MENU

Many of you probably know what I mean by “feedback sandwich.” For those who don’t, it is the technique of saying something positive, then negative, and finishing the conversation with a positive. Here is an example:

*“You are doing a good job. But, I need you to work on your communication style. It is very abrasive. I know you can turn this around.”*

While it may make *you* feel better, this kind of delivery leaves the recipient feeling quite lousy. Positives and negatives don’t quite cancel each other out in the world of feedback. It can leave today’s knowledge worker (i.e., person hired for his/her brain) feeling insulted and deflated. In his article titled “*Why I Hate the ‘Sandwich’ Technique for Delivering Feedback,*” author and leadership coach Art Petty offers this to leaders, “*Consider this some robust feedback: quit sugarcoating your performance discussions. Your associates will respect you more for your clarity and your support of their development. It’s time to grow up and lead.*” Point taken.

Asking good questions helps to maximize the opportunity on the table.



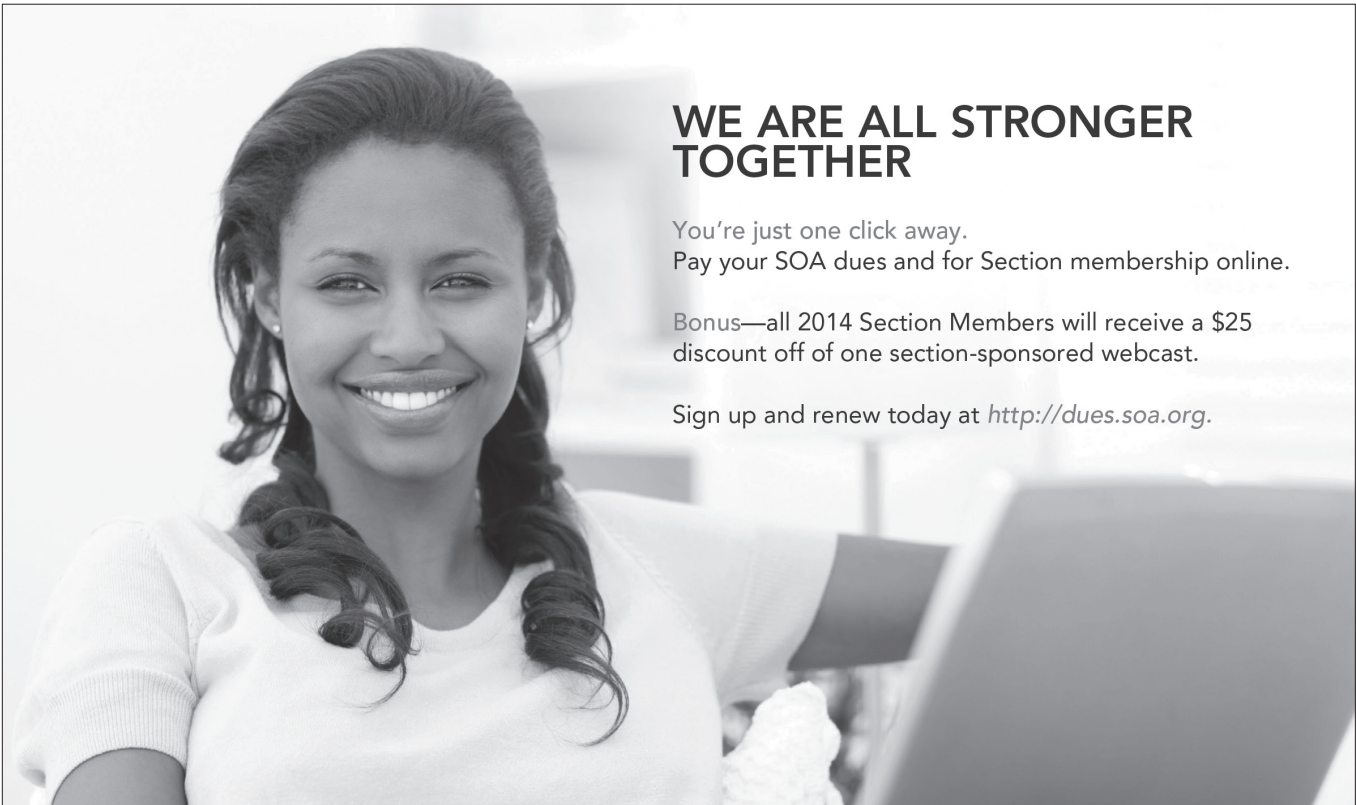
Most employees are not satisfied with the amount of feedback they receive; and for what they do receive, don't find it very helpful. By implementing the above practices into your feedback dialogue, I believe you will build better relationships, increase job performance, and deliver better for your organization.

Culture expert Chris Edmonds says that everything a leader does either helps or hinders relationships with employees. There is no in-between. Put these practices into place and make the feedback process a positive, not a negative, experience—even for the tough conversations. ●

**Culture expert Chris Edmonds says that everything a leader does either helps or hinders relationships with employees.**

#### ENDNOTE

<sup>1</sup> "Becoming a Quiet (Actuarial) Leader."



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# Leadership Interview Series: Allan Ryan

By Sophia Dao



Sophia Dao, FSA, MAAA, is a director and actuary in the Financial Management Group of MetLife. She can be reached at [sophia.dao@alico.com](mailto:sophia.dao@alico.com).

*Interviewer's notes: I had the pleasure of talking to Allan Ryan at the Valuation Actuary Symposium in Indianapolis, and this is based on a live recording of my interview. Allan had spent a long, successful career at reputable actuarial firms, including MetLife, Deloitte and PwC. He also spent the last two of his working years in Japan. In addition, Allan was, and still is, an active volunteer with the American Academy of Actuaries and the Society of Actuaries (SOA). Here, Allan reflected on his experience and shared with us his insights on work and volunteerism.*



Allan W. Ryan, FSA, MAAA

Allan retired from full-time actuarial work in 2009. He is currently a co-chair of the Academy's Volunteer Resource Committee and a member of the Task Force on Principle-Based Reserves of the Life Committee of the Actuarial Standard Board. An exposure draft of an Actuarial Standard of Practice (ASOP) on principle-based life reserves was just released for comment. Allan discussed the exposure draft as part of the seminar "Life PBR—The New Valuation World," following the Valuation Actuary Symposium.

**Do you see volunteer work helping with your career?**

Yes. I think the two complement each other.

**Can you give me an example?**

A good example is professionalism. At both Deloitte and PwC, I was in charge of developing company standards for the actuarial practice—to put together what guidance actuaries should be aware of; not just actuarial standards, but also accounting standards, legal requirements, peer review and firm policies

that affect our work. You could say that I led the effort to develop a "professionalism framework" for the actuarial practices of both Deloitte and PwC. This process was facilitated by my involvement in the Academy's professionalism work.

**So, you helped shape industry standards?**

Yes, I think to some degree, but more through my volunteer work with the Academy. This started when I joined the Committee on Professional Responsibility, which I eventually chaired. The committee has developed "discussion papers" providing non-binding guidance on professionalism topics. As an example, we developed the first white paper on peer review. As a member of the Life Committee of the Actuarial Standards Board, I chaired a task force that revised the ASOP on Reinsurance. In 2006, I joined the Academy board as the vice president for Professionalism. As a member of the Executive Committee of the board, and the Strategic Planning Committee, I was involved with the updating of the Academy's strategic plan.

**You have had a successful career. In your opinion, what are some of the qualifications that an actuary needs to possess in order to have a successful career?**

Obviously the exams and the technical knowledge. But I also think that communication skills are important—both written and oral, particularly in addressing an audience that doesn't necessarily know or care about the technical details.

**The traditional path for an actuary is usually to work for a company for a few years, get to manage a few people, and then eventually get promoted to AVP and VP levels. Do you think that at a certain level, actuaries still need the technical skills?**

Yes, and I think having general business skills is important too. I also think that just having a good all-around education helps as well. An actuary who

... communication skills are important—both written and oral, particularly in addressing an audience that doesn't necessarily know or care about the technical details.



becomes CEO of an insurance company will not likely be performing technical actuarial tasks, but the technical training should serve as an asset in making business decisions.

### **Based on your experience working at different companies, what do you think are the qualities that a good leader possesses?**

As discussed earlier, general business and communication skills are important. I think being a good listener is also important, and to manage without getting too far into the details. Let others speak, and then try to help shape the process. Also, just taking and showing an interest helps you move forward.

### **You worked in Japan for two years. What are some of the differences between Japanese and American corporate cultures?**

The office environment is more formal. As an example, “business casual” was unheard of in Japan, although that is changing slowly. Even little things like business card exchange are more formal. And in Japan, people are more polite, and in business relationships would not directly criticize another’s work. Japanese people also tend to take more responsibility for their mistakes.

### **Since many companies are going global now, what are some of the things that leaders need to know when working for a global company?**

Being bilingual is a definite advantage. I know some actuaries who went back to their home countries from the United States for opportunities there, and being fluent in the native language and English is particularly helpful as an employee in a foreign company. For Americans working for a global company, it is important to take an interest in and understand other cultures, and when working overseas, to make an attempt to learn the language, even if business meetings are conducted in English. Knowledge of International Financial Reporting Standards (IFRS), U.S. GAAP, and the

convergence of the two with respect to accounting for insurance products, as well as Solvency II and embedded value, is important.

### **What are the big issues we are facing as a profession?**

Keeping our education current and relevant so that we can compete with other financial professionals and “risk managers.” The SOA is helping us to stay relevant as businesspeople with our unique skills, where we can be involved in other areas such as risk management and successfully apply our knowledge to other industries.

### **Do you think communication is really a problem for actuaries, or do we exaggerate the problem a little bit?**

I think quite a few actuaries are good communicators. It’s more of a stereotype to portray actuaries as being self-conscious and shy. On the other hand, actuaries have different goals in life. Some want to be, and have the ability to be, senior executives; others may prefer to do something more technical.

### **I know some actuaries who prefer to do technical work instead of being in management. What do you think about that?**

I think that’s perfectly fine. We need people like that in our field.

### **If an experienced actuary comes to you and tells you that he enjoys actuarial work but does not enjoy managing people, what advice would you give him?**

If this experienced actuary enjoys working with people, I would suggest consulting, perhaps looking for an opportunity with one of the major accounting firms where the work would be audit support as well as other consulting work. A second suggestion would be a technical position within an insurance company, such as leading modeling efforts. However, I would add that as an experienced actuary, you will most likely have

**Let others speak,  
and then try to help  
shape the process.**

CONTINUED ON PAGE 26

some more junior people whom you would need to mentor, whether as a consultant or in a senior technical role.

**What advice do you wish someone had given you early in your career?**

Actually, I think I received good advice early in my career. After I received my fellowship in 1977, I had been at MetLife (then Metropolitan Life Insurance Company) for about five years. At that time I received an offer from a consulting firm that sounded good. Senior people at MetLife with whom I worked encouraged me to stay, and to take a long-term view of my career. I left MetLife and after a year decided I had made a mistake—I was able to return to MetLife, and spent another two years there before moving on to another new opportunity. Although looking back at my career I am very satisfied with how it went, I always wonder “what if” I had never left MetLife.

**Are you saying that perhaps one should think twice about leaving a good company for a new opportunity? What would be good reasons to leave a job?**

One should weigh carefully a decision to change jobs when he or she is comfortable in the current situation. Again, one must think carefully about long-term goals, and the type of work one finds interesting. I think good reasons to leave a job include when you feel your current job is not a fit, or where you really believe you have no chance for advancement.

Actuaries (and employees in other fields) today are more comfortable switching jobs frequently, compared to the situation 40 years ago. There is clearly less sense of loyalty to a company today, and I think employers recognize this. Another aspect of employment that was more important in the past was the long-term financial security of a defined-benefit pension plan, encouraging long-term commitment to a single employer. Now that many companies have switched entirely to defined-contribution plans, this is often no longer a consideration in deciding whether or not to make a move.

**What is the most difficult thing that you have had to deal with in your career? What have you learned from that experience?**

If I had to pick the most difficult thing I had to deal with in my career, I think it would be the sale of Continental Insurance Company’s life insurance subsidiaries, including Loyalty Life, which I had joined as chief actuary. As I recall, the announcement of the sale came roughly a year after I had accepted the job. As part of senior management, the sale process was difficult primarily because of its effect on people, and management (including me) not always doing the best job of communicating to the people we managed. Virtually everyone in the company ultimately ended up without a job, as the company was effectively sold as a book of business. One lesson I learned is you need to be prepared for change, the pace of which has only seemed to increase. Today’s insurance industry is far different from the Metropolitan Life of 1972! ●

**There is clearly less sense of loyalty to a company today, and I think employers recognize this.**

# The Miracle of Competitive Collaboration

By Jamie Shallow

**// Goal line! ...{whistle ... players skate on ice to goal line and back} ... think you can win on talent alone? ... you don't have enough talent to win on talent alone! ... again {whistle... players skate on ice to goal line and back} ... you better think about something else, each and every one of you—when you pull on that jersey, you represent yourself and your teammates, and the name on the front is a h\*\*\* of a lot more important than the name on the back! Get that through your head! ... again ... win, lose or tie you're gonna play like champions ... again ... again ... you keep playing this way you won't even beat anyone good, let alone great ... again ... again ... again ... {players continue to skate, totally exhausted} ... again {finally, a player shouts—Michael Eruzione, Winthrop, Massachusetts!} ... who do you play for? ... {I play for the United States of America!} ... that's all gentlemen.”<sup>1</sup>**

This scene, from what has been dubbed the top sports moment of the 20<sup>th</sup> century, was taken from the movie *Miracle*, where Kurt Russell portrays coach Herb Brooks who transforms a group of young amateur hockey players into Olympic champions. It's the well-known story of the 1980 Men's U.S. Olympic Hockey Team—“*Do you believe in Miracles?! YES!*”

Many can probably hear the voice of Al Michaels in their head right now. Question is, do we believe in miracles? Do we believe in the miracle of the ability to tap into the human spirit where people can achieve beyond their individual limits? In a profession of highly talented, self-driven individuals, do we really even care to?

If we genuinely embrace the role of leader, how can we not desire to help each person we lead to reach their full potential—for their sake, for the company's sake, for the profession's sake, and even for our own sake? Coach Brooks knew the art of creating what is called team synergy. Synergy—the state where a team achieves greater output than the sum of the individual outputs. I call this a miracle, because it's where  $1+1+1+1 = 7$ . That's what happened in 1980 in Lake Placid, N.Y. It's also what happened in the 1960s in my town of Green Bay, Wis., under coach Vince Lombardi.

## STRONG BONDS—THE NAME ON THE FRONT

One lesson we learn from Coach Herb is that the name on the front of the jersey is more important than the name on the back. What does he mean by this? Well, notice that he made the team skate gassers\* on the ice until they showed him they caught on to this message. It was the acknowledgment that they were Team USA. The name on the back is the player's individual name, but it's Team USA on the front.

In some regard, it's developing a wolf pack mentality. Not in the sense of the hierarchy, with alpha, beta and omega roles on the team. But, rather, in the sense of the strong bond to the pack that wolves exhibit. “*A pack mentality of extreme loyalty and devotion to the group binds the wolves together as a unit, despite times of scarce prey or violence.*”<sup>2</sup>

But how do we, as leaders, create this type of team bond? Well, can you just see me having my team of actuarial analysts running up and down the stairwells to the point of exhaustion until someone finally yells out their name, followed by “UnitedHealthcare?!” Hey, that's an idea!



Jamie Shallow, ASA, MAAA, MBA, is associate director, Actuarial Services, at UnitedHealthcare in Green Bay, Wis., and has a passion for transformational leadership and empowering people. He can be reached at [jshallow@goldenrule.com](mailto:jshallow@goldenrule.com).



### FOOTNOTE

\* For a definition, see [www.crossfitfootball.com/page/index.php?menu=faq&page=exercises](http://www.crossfitfootball.com/page/index.php?menu=faq&page=exercises).

CONTINUED ON PAGE 28

**We tend to reward individuals for standing out from their peers, which really encourages our teams to compete against each other and show off their self value.**

Seriously, though, some companies send their teams to various team-building retreats. I believe there is some value in this, but when I look back at what have been serious bonding moments in my life, they are all a bit more genuine. I developed some very close friendships during my college days by times spent in some less than desirable working conditions.

I spent a number of summers working with some friends and relatives restoring an old farmhouse along the Oconto River in northeastern Wisconsin. We spent challenging times removing old walls with plaster dust, cobwebs, bat dung, and occasionally the bat itself falling on us, often in very hot and humid conditions. There were times of planning, demolishing, building, sweating, playing, arguing, etc. Yet, through the experience we developed a connection that persists to today, much like the camaraderie of soldiers or tight-knit sporting teams.

*“Team-bonding isn’t the result of elegant experiences in hotel conference rooms, solving imaginary, simulated problems designed to diagnose team members, swinging from vines, or falling (filled with trust) into the open arms of others. Team-bonding is something more fundamental—and more boring ... and it occurs right within the cadence of the work being done. Team-bonding occurs when people: Decide together; Look forward together; Accomplish together ... Working together. Sweating together. Worrying together. Making things happen together.”<sup>3</sup>*

## MIRACLE—COMPETITIVE COLLABORATION

Another lesson that we can take away from Coach Herb is that although each individual is required to compete to earn a spot on the team, the team absolutely needs collaboration. Sure, a little competition does the team good. You can see this in most competitive sporting teams. For example, an NFL running back may perform better because another one of the team’s running backs is playing so well. Each player pushes each other to do a little better, simply by performing their best. However, it’s also clear that too much competition can destroy collaboration.

Consider the culture you are establishing with your team. What do you reward: competition or collaboration? Do you reward those who have acquired knowledge that others haven’t (subject matter experts—SMEs), since they have a valuable and unique knowledge base? Seems logical, yet this encourages destructive competition. This promotes hoarding of information. What is more valuable to the company, an SME who hoards information or a team player who acquires knowledge and has developed the communication skills to pass it on to other team members? The former stands out as an elite talent; the latter tends to blend in with the rest of the team. Which do we reward?

If we truly stop to think about it, most of our cultures are rather corporate. We tend to reward individuals for standing out from their peers, which really encourages our teams to compete against each other and show off their self value. This results in the “dog-eat-dog” mentality of putting others down to lift ourselves up. In your culture, would you help advance your career by helping a co-worker, or would you be better off to put them down to lift yourself up and increase your value? Something to consider at performance review time.

In addition to encouraging and rewarding a more selfless approach from our teams, in order to build collaboration that makes for a stronger team, we should also consider our own method as a leader. In a recent article for CBS News, former CEO and mentor of CEOs, Margaret Heffernan, wrote about a trend that is developing in leadership that we can learn from:

*“...the executives who underestimate themselves perform more highly than those who overestimate themselves.*

*“In other words, a certain modesty, humility or even perhaps anxiety makes better leaders.... Executives who appreciate that there are others in the world who are better, smarter, sharper than they are may be, as leaders, more appreciative and better able to draw in the complementary talents they need.”<sup>4</sup>*

## LIFT THEM UP

This thought helps to clarify a common misconception about leadership. Many seem to view it as the leader's role to be more knowledgeable in all areas than the people they lead. Being a great leader is not being a "know-it-all," but rather it is having the ability to draw out the potential of not just the individuals on a team, but the potential of the team as a unit—in other words, to create team synergy that exceeds the sum of the individual potentials.

As leaders in our profession and industry, we need to lift up those we serve, and also build cultures that reward others for doing the same. If we do, we just might experience our own miracle moment.

*"I've often been asked in the years since Lake Placid, what was the best moment for me ... the sight of 20 young men with such differing backgrounds now standing as one."<sup>5</sup> —Coach Herb Brooks ●*

## ENDNOTES

- <sup>1</sup> O'Connor, G. (Director). 2004. Miracle [Motion Picture].
- <sup>2</sup> Conger, C. 2013. What Is a Wolf Pack Mentality? Retrieved from animal.discovery.com.
- <sup>3</sup> Giulioni, J.W. 2013. From Team Building to Team Bonding. Nov. 14. Retrieved from www.smartblogs.com/leadership.
- <sup>4</sup> Heffernan, M. 2013.. Great Leaders Aren't Smug. May 2. Retrieved from www.cbsnews.com.
- <sup>5</sup> O'Connor, G. (Director). 2004. Miracle [Motion Picture].

Many seem to view it as the leader's role to be more knowledgeable in all areas than the people they lead.

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# Actuarial Leadership: Three Women's Perspectives

By Mary Simmons



Mary Simmons, FSA, MAAA, is vice president and actuary at Protective Life Insurance Company in Birmingham, Ala. She can be reached at [mary.simmons@protective.com](mailto:mary.simmons@protective.com).

Life is more than  
work.

I love it when I go to a Society of Actuaries (SOA) meeting and walk away with more than I expected. The 2013 Annual Meeting was one of these over-the-top meetings, and one session in particular stayed with me. The Women's Leadership Forum centered around a three-person panel of highly successful professionals who opened up and discussed some very core issues, sharing thoughts that seemed worthy of repetition in *The Stepping Stone*. This article is heavily based on the panel discussion and comments each shared with me in follow-up discussions.

The three presenters were impressive. Sue Ann Collins, FSA, CERA, MAAA, is senior vice president and chief actuary at TIAA-CREF. Sharon Giffen, FSA, FCIA, MAAA, is president and CEO of Foresters Life Insurance Company. Tonya Manning, FSA, EA, FCA, MAAA, is the immediate past president of the SOA. The question-and-answer format of the panel discussion covered a wide range of topics. For me, the session had five key takeaways that I think are worth repeating.

- Actuaries are technical professionals.
- Actuaries are business professionals.
- Actuaries have to rely on others.
- Communication is critical.
- Life is more than work.

## ACTUARIES ARE TECHNICAL PROFESSIONALS

Many of us were originally attracted to the profession by the technical aspect of the work and the objective nature of the exam process. We liked learning and solving problems. We may develop new knowledge and skill sets. The technical aspects get us into the job and keep us happy our first few years. However, as our careers develop, we often drop that focus, but we should not.

The FSA itself is an important part of gaining expertise. I had the weird experience recently of

speaking with an ASA who is closing in on his FSA, but who is not sure that it is a good idea to finish. If one ASA/student is pondering this, I dare say others are as well. One glance at the various salary surveys or the unemployment numbers for FSAs should prove this point: The FSA is worth the effort. It means something and is one of our most valuable assets as actuaries.

That said, learning does not stop at the exam process. When asked about a message to leave the audience with, Sue Ann said, *"I have observed many changes over the course of my career: changes in technology; changes in ALM; and changes in risk management to mention a few; we all must be sure to keep our skills up to date to continue to be relevant and add value in our jobs."*

## ACTUARIES ARE BUSINESS PROFESSIONALS

There are certain fundamentals of success for business professionals that came up in the panel discussion and bear brief mention here, as most could turn into full articles if I say too much.

**Networking matters:** This is less to do with LinkedIn and more to do with real people. Look for people you can start a conversation with, whether work or sports related. Even casual conversations that take place over time can turn into long-term relationships that pay off for both parties.

**Seek feedback:** Getting honest feedback from employees and peers matters, as they can tell you things you aren't hearing from others. Sharon suggests actively seeking 360 feedback as a way of learning what others see as your strengths and weaknesses.

**Learn to be a good manager and a good leader:** Recognize the differences and value both skill sets.

**Work hard. Persevere. Learn from failure. Maintain your integrity:** These are basics for any business professional, and actuaries are business professionals who need to invest in these basics.

## ACTUARIES HAVE TO RELY ON OTHERS

Working as part of a team is a business concept that we must master that could have been included in the list above, but it is so important that I think it deserves its own section. A successful career means that you simply cannot do it all. Sometimes you cannot be the one to do the work because there is too much to do. Sometimes you will not be the expert in the room. You need to learn how to develop a strong team.

We humans tend to learn these lessons best by being thrown into the fire. For me, this was when I was placed in charge of implementing a new valuation system. In the beginning, I tried to do it all, but the project was falling behind. I had to bring in more people and I had to learn how to delegate. Fortunately, my team was smart enough to tell me when I was doing a lousy job of leading. They taught me to do better.

Tonya said that if everyone on your team agrees with you, something is wrong. It can be hard to take disagreement as a positive sign, but we have all seen leaders surrounded by “yes men” fail. We depend on teams, and those teams fail if the communication is not open and honest.

## COMMUNICATION IS CRITICAL

The old-fashioned stereotype of an actuary is a highly technical guy who cannot communicate with any non-experts. This does not work in today’s world. We are called upon to stretch our communication skills in many ways.

If we cannot communicate technical issues to non-actuaries, we limit ourselves in the roles we can play. Even those who are early in their careers should be taking opportunities to practice this type of communication. Tonya put this well when she said *“Communication is the funnel that your knowledge and talent must get through in order to be seen and appreciated.”* We can have great and wonderful insights, but if we cannot share them effectively with others, they will bear no fruit.

## LIFE IS MORE THAN WORK

One of the questions for the panel related to work-life balance. The ladies at my table seemed generally shocked when Sharon revealed her take on this.

*“Only you can decide if you have good work-life balance. It is highly personal to the individual and likely will change over time.”* The truth is that a lot of us tend to think there really is one magic answer. There is not.

Sharon offered several pieces of advice here that I think are critical.

1. Take the time to do whatever it is that “recharges” you. This may mean totally getting away from it all, spending time with friends and family, or even a plain old-fashioned hobby.
2. Make active choices and decide how you want to spend your time. This includes looking at the pros and cons of making these choices. For example, choosing to work reduced hours may be a good choice for some, but it may have consequences at work. Recognize the consequences and make the choice. It is easier to be content with a choice we consciously make.
3. Cut yourself some slack. You won’t always get it right. Recognize that and move on.
4. What was balance last year may not be balance this year. The clearest example I can think of is how things change with major life events. I could work more hours before kids than after kids. I can work more hours with teenaged kids than I could with younger kids.

## IN THE END—WHAT MATTERS MOST?

I suppose that in the end, the session came back to the same point from a dozen different ways. We grow and change. Our lives change. Our careers change. We have to be flexible enough to embrace the changes and grow with them.

I suppose that is not overly profound, but it is a message that I have to hear from time to time. ●

**We are called upon to stretch our communication skills in many ways.**

# The Zen Actuary Installment 2: "Be Authentic"

By Rich Lauria



Rich Lauria, FSA, CFA, MAAA, is senior vice president and chief corporate actuary at Assurant, Inc. in New York City. He oversees Assurant's Enterprise Risk Management and Corporate Actuarial functions, and enjoys the challenge of integrating Buddhist and Eastern philosophy into the hectic demands of modern Western life.

**Authenticity is more about the process of becoming rather than a final destination.**

*Author's Note: This is the continuation of a series<sup>1</sup> adapted from the book *Awake at Work* by Michael Carroll, covering the application of Buddhist teachings to situations encountered in a modern corporate workplace setting. This series addresses challenges frequently encountered by practicing actuaries.*

The word "authentic" has a powerfully positive feel to it. Authentic objects (e.g., works of art) are often sought after and highly valued. Authentic people are usually highly respected and appreciated for their abilities. The word itself means "conforming to fact and therefore worthy of trust, reliance, or belief."

Authenticity is at the core of all professions. When choosing a professional, whether auto mechanic or physician, one is always searching for indicators that determine that the professional in question can be trusted and relied upon. Such characteristics are the foundation of the actuarial profession. The question then is: How do we determine the authenticity of the practicing actuary?

The actuarial profession is renowned for its rigorous set of examinations and other accreditation requirements. The exams test a comprehensive set of skills needed for career success, and the competition for achieving fellowship is fierce. One potential definition of an authentic actuary is therefore one who has received the fellowship designation. But is this a sufficient or even absolute requirement for authenticity? Even with today's expanded non-exam requirements, it is possible to achieve fellowship without having "hands-on" experience. On the other hand, there are many highly respected actuaries in all tracks of actuarial practice who are not fellows, including some who never will be.

It seems then that using fellowship as the barometer for authenticity may be flawed. What about using length of service as the measure? Maybe, but where do we draw the line? And not everyone develops their actuarial acumen at the same pace. What about titles? Maybe all company officers are authentic

actuaries. Some brief thought shows this to be an even more capricious measure than fellowship or length of service. How about polling an actuary's closest colleagues? Or maybe appoint a panel of judges; we could call it "Actuarial Idol," but without the singing and obnoxious commentary. Are these any more objective? Clearly trying to determine what makes an actuary objectively authentic is a challenging exercise.

Reflecting on my own career has helped shape my thinking on the issue. While I have experienced many notable moments over 26 years, no single moment stands out in such a way that I can say that I crossed some magic line at that point in time. Rather my own authenticity has developed over time, with my own "feel" for being an actuary honed by study, experience, and further shaped by a series of excellent mentors and colleagues. As one of those mentors often told me, we learn by doing. And doing provides experience and insight into what worked versus what can be done better. And experience and insight breed confidence and well-being in taking on the next set of challenges.

My conclusion is that:

1. Authenticity is not an absolute condition but rather one of degrees, and
2. Authenticity is more about the process of becoming rather than a final destination.

The more relevant question for the actuary to consider is how to further develop that sense of authenticity. For the early-career pre-associate, the primary path is further education and ultimately achieving associateship or fellowship. In addition, actuarial aspirants working in those formative years will want to team with seasoned actuaries in applying their knowledge to practical business problems. Recent fellows with a solid technical foundation will want to begin venturing into less-technical areas and developing a sense for the bigger picture as it applies to their clients and employers. In addition, they will want to begin cutting their teeth in managing pre-fellows; one of the best ways



of developing and testing one's own authenticity is to explain how to think about applying actuarial principles to a given problem.

More seasoned fellows will want to deepen their authenticity through continuing education and taking on increased and diversified responsibilities. They will want to expand their influence, requiring both significant depth and breadth of authenticity. Hopefully this will evolve into leadership roles where being an actuary is the core strength, accompanied by the development of "soft skills" that help the actuary communicate technical insights clearly to non-actuaries.

Actuaries practicing today in the 21<sup>st</sup> century are blessed with many tools for professional development. There is a plethora of educational materials in terms of books, newsletters, study notes, study aids, meetings, webcasts, standards of practice, and the code of conduct. We have access to technology that allows us to explore solutions to problems unimagined just a few decades ago. And the intellectual capital available to assist us in our journey is substantial and growing.

Making judicious use of all such resources can and will aid the sincere practitioner on the path of actuarial authenticity. But no amount of studying or practice is a guarantee of future actuarial success. Neither is an esteemed job title and lucrative pay package. We can receive accolades and assurances from friends and colleagues about our actuarial expertise, but that can only provide us temporary solace as we contemplate the problems on how to keep that next project moving forward.

Ultimately the actuarial practitioner must rely on his own internal code for true authenticity of his skills. He knows whether he is prepared to take on the next challenge and what additional knowledge gaps must be filled to achieve success. Only the actuary knows whether this year-end's valuation work was completed in the spirit of the applicable actuarial standard of practice, or if all of the key risks were properly assessed and measured in the pricing of a new product. The actuary must determine if he is qualified to practice in a particular area; the code of conduct and standards of practice can only provide guidance in making such a determination.

Actuarial authenticity means bringing a risk management mindset to the task at hand. It is about



being risk aware, not risk averse. It is about more than quantifying risk. It is about translating the risk assessment into a straightforward message that is couched in the context of the risk appetite of our employers and clients, and priced for appropriately. It is about considering the value of mitigation alternatives rather than just minimizing risk.

Developing this inner knowing and professional poise takes a lot of hard work and practice. Such hard work can be enhanced by taking some time each day to quiet the mind. Finding a quiet place to simply sit or take a walk and just be for a few minutes can help to refresh the mind and slow down the barrage of endless thoughts. Once the mind is quiet, we can begin to contemplate what we are working on, what our near-term goals are, and how we can best serve our clients and employers. We get back in touch with our actuarial core and re-energize that sense of wonder and intellectual curiosity that attracted us to this wonderful profession in the first place. It is coming from that place of oneness with the principles and purpose of being an actuary that quietly manifests in our professional authenticity. ●

**But no amount of studying or practice is a guarantee of future actuarial success.**

#### ENDNOTE

<sup>1</sup> Part 1 of the Zen Actuary series, "Balancing the Two Efforts," was published in the November 2013 issue of *The Stepping Stone*.

# Get Emotional

By Lance Poole



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... the daily tasks required of an actuary can create walls that separate us from our customers.

As someone who is continually looking at numbers, specifications, contracts and prospectuses, it is easy to lose sight of the people who buy our products.

My company sells life insurance and retirement products that help millions of customers protect their futures. In 2012, life insurers paid out over \$534 billion in life, annuity and health benefits. To put the sheer size of this figure in perspective, consider that the Social Security Administration paid out approximately \$670 billion of benefits in 2012. Given the enormity of the social good done by the insurance industry, why would one ever lose sight of our customers?

My hypothesis is that the daily tasks required of an actuary can create walls that separate us from our customers. As actuaries, we can sometimes focus singularly on the technical aspects of our job, creating a clinical environment. Somewhere in the discussion of “ROI,” “pattern of cash flows,” “interest rate sensitivity” and “asset/liability matching,” we lost touch with our emotions.

I believe it’s important to be “emotional,” even when—no—especially when you work in a technical field. However, being “emotional” has a negative connotation. We all have stories of someone at work becoming overly emotional. “I remember that day when Bill blew up and stormed out of the office. He was an emotional guy.” This is not what I am referring to when I charge us to “get emotional.” I am pushing myself and others in the industry to create deep emotional connections to the customers we serve.

I believe being an “emotional” employee will help you to become more engaged and innovative. Your customers’ problems will become your problems. You’ll be able to see the world from your customers’ perspective—with the emotions that they themselves have. For example, do your customers become frustrated with having to understand a complicated and confusing policy

form? Then you should be frustrated as well.

Peter Drucker, revered as the father of modern management, once said “*the purpose of a business is to create and keep a customer.*” According to Drucker, your company exists because of its customers. In fact, customers are the reason that any business exists. Drucker understood the importance of customers, yet many of the instruments we use as managers—spreadsheets, contracts, processes, key performance indicator (KPI) targets—serve as a buffer from the messiness of people’s lives.

Why is it that we create, or allow this separation? I believe this separation mindset was made popular during the industrial revolution, where management believed that employees were interchangeable parts. Managers only cared about the workforce being as efficient as possible, and most workers were happy to have a job that paid them much more than they could have made from farming or continuing the family craft. Empathizing with the customers didn’t seem necessary.

But as we have moved from an industrial society to a post-industrial economy, empathy and connections matter. I don’t know a single person who doesn’t care if their work has impact.

Isn’t it time to change how we view our work?

Part of my personal journey involves a transformation of a worker who lacked empathy into one who saw the life-changing impact of knowing the customer intimately. Here are a couple of huge benefits of being closely connected to your customers:

1. Better engagement—Most workers’ net worth does not increase \$1 million for every \$1 increase in a company’s stock price. Your record quarter doesn’t mean much to 95 percent of the company. What matters are the lives that you are able to impact through your work.
2. Innovation—The magic of innovative thinking depends upon empathy. When I truly feel what

it is like to have a particular problem (empathy), I see the real needs of the customer, their real problems, and I will develop more innovative solutions.

If the benefits of having intimate knowledge of customers are known, why aren't more workers connected to customers? I think the language we use plays a large part in removing the emotion from work. Here is an example from the actuarial field:

${}_{20}q_{33}$

This symbol stands for "the probability that a life aged 33 will not be living at the end of 20 years." In other words, what are the chances that a guy aged 33 would die before 53? We would run a model, and I could tell you that out of 1,000 lives, 8.397 people are not alive at the end of the 20 years.

While this may be statistically accurate, it misses all of the emotion. What if you thought of this symbol standing for:

- A father not being there to walk his daughter down the aisle on her wedding day
- A mother not being there to see her son graduate high school
- A middle school girl who isn't sure who will take her to a father-daughter dance.

How much more motivating and rich would your work become if you felt more connected to the impact your business had on your customers? Start by imagining the people's lives that are represented by the spreadsheet.

Your customers are more than just points in a model or a series of cash flows. They are real people.

There's nothing wrong with using technical language to describe a calculation or spending time in a spreadsheet.

But don't lose sight of your customers. Literally. Place their pictures on your walls, know their stories, and go and talk to them. You'll find yourself more engaged and thinking more creatively about solving their problems. ●



**How much more motivating and rich would your work become if you felt more connected to the impact your business had on your customers?**

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