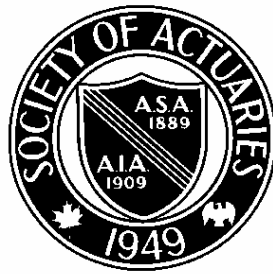


Society of Actuaries



Strategic Plan

2004-2007

SOA STRATEGIC PLAN 2004-2007

This document is designed to accomplish the following:

- Provide background and context for the development of a new SOA Strategic Plan based on October 2003 Board meeting decisions
- Explain how the Strategic Planning Committee (SPC) developed the plan
- Describe how the current strategic plan has been updated
- Lay out the recommended strategic focuses for the SOA, as well as provide a description of the plan's goals and strategies

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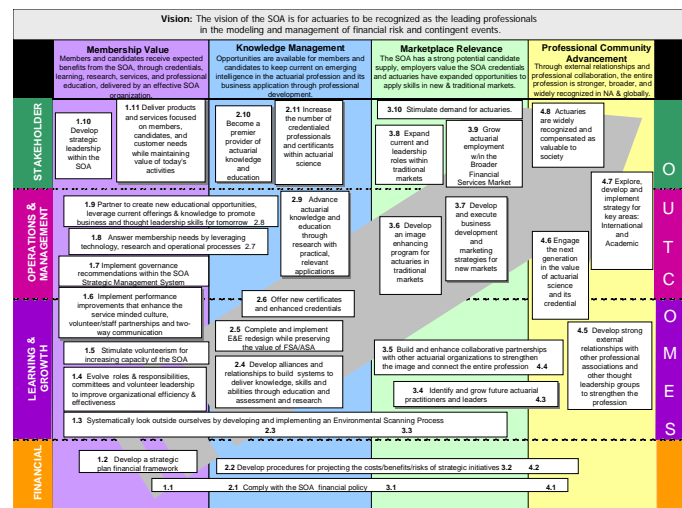
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INTRODUCTION

REVIEW

In November 2000, the SOA initiated the process of developing a strategic long-range plan as well as providing recommendations for organizational alignment to this plan.

These included:

- Vision and Mission
- Strategic Themes (Drivers)
- Value Propositions
- Strategic Initiatives
 1. Maintain Professionalism
 2. Address Competitive Challenges
 3. Preserve Core Partnerships
 4. Improve Organizational Effectiveness

Within each of these strategic initiatives, both supporting goals and strategies were developed.

For three years we have made significant progress toward these strategies. The October 2003 Board decisions have created the need to modify the Strategic Plan.

BACKGROUND

Beginning with the approval of the Strategic Plan in early 2001, the SPC began to consider how best to address the long-term growth and vitality of the profession in June 2001. The SPC concluded quickly that additional information was needed in order to assess the views of key constituents relative to the potential strategic direction of the profession. A round of surveys, of both members and employers, was initiated in early 2002. These survey results were available for the SPC later that year. Through review of this information, it became clear that there were several choices that needed to be addressed.

In December 2002, the SPC prioritized all of the SOA's choices. Simultaneously, the committee asked questions such as, "What do we know that we didn't before? What's missing in order to deliberate the choice? What do we wish we knew, but do not?" The group determined that additional data was needed to finalize the choices, and it created a discovery process to get the answers they needed.

A second round of member and employer research was initiated early in 2003. To help

define research scope, the committee discussed potential markets into which the profession could expand in order to seek new roles for the profession. Of the potential options, broader financial services, including investment banking, commercial banking and mutual fund management, became the priority because of that market's demand for skills that overlapped with actuarial skills. This was deemed the best alternative and the first of other possible markets to enter.

In September 2003, the SPC thoroughly reviewed and discussed all the new research to define and finalize the choices for the profession relative to most of the long-term growth and vitality questions.

In October 2003, based on the SPC's output, three motions were taken to the Board of Governors for approval.

1. The Board of Governors agrees with the SPC recommendation to strengthen the recognition of the actuarial profession in all markets and authorizes the SPC to develop a plan for implementing an image-enhancing program.
2. The Board of Governors approves the decisions proposed for addressing the advancement of the actuarial profession through expanding roles in the traditional markets and authorizes the Strategic Planning Committee to begin developing and implementing plans to effect the directional recommendations made in the report.
3. The Board of Governors approves the decisions proposed for addressing the advancement of the actuarial profession by establishing opportunities for actuaries within the broader financial services market as the pilot market to address the broadening of the profession, and authorizes the SPC to begin developing and implementing plans to effect the directional recommendations made in the report.

The Board of Governors approved all three motions.

Additionally, at the October 2003 Board of Governors meeting, the Board approved motions relative to a governance audit undertaken in 2003 to address three key issues facing the Society.

1. The Board of Governors is not strategically focused or responding appropriately to the changing environment facing the actuarial profession.
2. There is inefficient use of both volunteer and staff resources in an overly complex organization, and the situation is aggravated by a culture that rewards activity over outcome.
3. The focus of the jobs and amount of time required to undertake the senior volunteer positions in the SOA hierarchy are too onerous to

attract enough leaders who are currently engaged in the industry.

The recommendation to address these governance issues and associated motions can be found in the Governance Audit Task Force Report, October 2003, Executive Summary. Summarizing, the Governance Audit Task Force recommendations addressed the strategic nature of the SOA's work and the structural and process flow of how work is performed, as well as the leadership needs of the SOA.

These two sets of historic decisions predicated the need for the Strategic Planning Committee to review the SOA's Strategic Plan and update it.

The considerations, choices, decisions and recommendations from the Strategic Planning Committee are presented in the following sections.

DEFINITIONS

VISION: The ultimate description of what the organization evolves to and strives to become; an inspirational statement of a future state.

MISSION: An organization's declaration of its principles, purposes and objectives; a statement of how to get to the ultimate vision.

Strategy Map: A framework for describing the organization's strategic intent, main drivers and chosen strategic milestones. It is comprised of individual stories that are interdependent in their effect on the whole, but can be implemented with specific, more singular strategic focus, e.g. knowledge management.

The map is **ALWAYS** read bottom to top and left to right. Time sequence is also represented from bottom to top and left to right. The strategies in the bottom left-hand corner are those that can be accomplished within the next few months. The strategies in the top right-hand corner are those that might take 2-4 years to accomplish.

The map is not meant to work the same as a flow-chart or process map. Rather, it is a visual representation of the strategies that are in support of the ultimate goals. Multiple strategies can be in process simultaneously; however, accomplishment of goals and strategies to the upper right will not be completed until items to the lower left are accomplished. Updates to the map will occur semi-annually, or as needed.

Outcomes: The achievements within each category: Stakeholder, Operations & Management, Learning & Growth and Financial, are the goals of the map (shown horizontally) and steps to achieve the vision. The Board at the January Board meeting will determine these.

Strategic (Short Stories) Drivers: The themes for strategic growth and activity that comprise the Strategy Map. Each driver has a story made up of goals and strategies, with a singular strategic focus. These are measured using the measurement scorecard.

Goals: The targeted results that are driven by customer needs stated in optimal terms. They show what the optimal end state will look like. These are embedded under each Strategic Short Story/Driver on the Strategy Map.

Strategies: High-level planned approaches, which collectively advance the organization toward achieving the SOA's mission and Short Story goals.

Measurement Scorecard: The set of targeted measurements chosen to assess movement and success during and after implementation.

BUILDING THE STRATEGIC MANAGEMENT SYSTEM

The Strategic Management System is based on the work of two Harvard professors, Norton & Kaplan. The Balanced Scorecard model suggests that four perspectives be used to organize the strategy an organization implements and how it is measured. The four perspectives are: Financial, Learning and Growth, Internal Business Process and Customer. These have been modified to fit the SOA's business model.

These four areas push the strategist to think not only in terms of the financial impacts of strategic work but also the impact to the value provided to the customer and the implementation impacts to the culture, learning needs, innovation, resource capacity and organizational work processes.

The Strategic Management System that we will be building is based in the tenets of this highly regarded model.

We have constructed a Strategy Map and ultimately will evolve the measurement scorecard. Leading Solutions Group, the consulting firm assisting the Strategic Planning Committee, will construct and facilitate the manner in which we develop this system.

Our first step was to update the 'big picture' of the Strategy Map that illustrates the strategic direction of the SOA and describes it in a single picture. This picture will show the interrelated nature of our key Strategic Drivers. Both the Board of Governors and the Strategic Planning Committee have reviewed and determined these areas of focus. As appropriate, the updates to this plan will include incorporation of our earlier strategic plan.

The last revision of our Strategic Plan was approved in March 2001. That plan contained four high-level goals, or strategic themes (drivers). Our new plan will have the same number of Strategic Drivers including the Strategic Story associated with these drivers.

By targeting specific goals, we ensure continuous accountability to our constituencies for delivering on our value propositions. We will be able to show them successful implementation in our key Strategic Drivers through both the individual Strategy Short Stories, which

focus on a particular Strategic Driver, and by the big picture Strategy Map that shows how each individual story builds on another to accomplish the grander, bigger impacts. It is this level of impact that will create the realization of the outcomes that the Board will target during its January 2004 meeting

While there is a definite process to develop this management system, it is being customized to fit some of our specific needs. One of these needs is the demand that we implement the strategies and tactics of the plan as we build the measurement scorecard. A second is that we have input from the appropriate groups and meet the timeframes that our governance activities will require.

WHAT HAPPENED TO OUR OTHER DIRECTIONAL GOALS, OBJECTIVES AND STRATEGIES?

There were four strategic themes with goals and strategies written in the 2001 Strategic Plan. Once the Strategic Planning Committee had reviewed all of the available data and shared their own perspectives on what is best for the SOA, they agreed upon four revised Strategic Short Story Drivers for the new SOA Strategic Plan.

These four drivers are organized into the four columns on the strategy map. They are: Membership Value, Knowledge Management, Marketplace Relevance and Professional Community Advancement.

The original four strategic themes, objectives and strategies have been mapped and combined into one of the four new Strategic Drivers. The short stories, made up of strategies and goals, explain the cause and effect of the actions that all individuals associated with the SOA will take in the next 2-4 years. These actions will be supported by the recommendations of the governance audit as implemented.

Many of the same themes that were targeted in the earlier plan will be a part of the coming work. The main difference is that there will be a stronger integration of these actions and they will be measured. The tactics will also reflect a more specific set of outcomes. The main benefit of revising the Strategic Plan is to have all of the organization's resources focused on implementation of the most meaningful impacts.

To review the original goals and strategies document, please see Appendix 1. Please note that some of these goals and strategies have been completed.

Society of Actuaries

Strategic Plan 2004

VISION AND MISSION

VISION: The vision of the SOA is for actuaries to be recognized as the leading professionals in the modeling and management of financial risk and contingent events.

MISSION: The mission of the SOA is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal problems involving uncertain future events.

VALUE PROPOSITIONS

What the SOA promises its customers in exchange for their loyalty, support and money are called value propositions. The SOA is committed to value propositions for four key customer and constituent groups:

- Members
- Candidates
- Employers (current & future)
- Professional Alliances

MEMBER VALUE PROPOSITION

The Society promises its members, in exchange for dues, fees for services and volunteering time to support SOA activities, the following value:

- Use of a widely recognized and valued credential.
- A forum for addressing member needs, ultimately leading to an opportunity to participate in the leadership of the organization.
- Opportunities for learning through which members can broaden their skill sets, take advantage of emerging trends and develop professionally. This occurs through connections into networks of other professionals and through first-class professional continuing education programs.
- Access to practical research and timely statistics.
- Access to quality publications, in a variety of media and through a variety of channels, to support the foregoing list of services.

CANDIDATE VALUE PROPOSITION

For those candidates who seek to meet our credentialing requirements, the SOA will provide the following value:

- Basic education and support during the education process through a variety of avenues to attain a highly recognized professional certification and valued credential.
- A range of choices for learning actuarial applications in a variety of business fields and employment settings.
- Certification of skills and knowledge to employers and others, which will support career opportunities in various employment settings.
- Continuing education, publications, research support and professional networking.
- A forum for addressing candidate needs and concerns.

EMPLOYER VALUE PROPOSITION

In exchange for paying members' and candidates' dues and fees, and granting employees time to devote to the SOA's activities, employers will receive the following value:

- Highly skilled professionals to identify, quantify, model and manage future financial risk and contingent events. These professionals will range from candidates early in their learning curve, through the qualified and certified actuarial professional.
- Research, statistics, information, training and continuing education to ensure perpetually relevant knowledge and skill sets.
- A forum for providing input to the SOA.

PROFESSIONAL ALLIANCE VALUE PROPOSITION

Professional alliances include those entities with which it is important for the SOA to have a strong professional relationship. This would include other professional associations (including actuarial), academic institutions and the public at large. For these entities, the SOA will provide value by:

- Developing a body of knowledge for the actuarial profession through practical research and educational initiatives.
- Sharing this knowledge through cooperating activities, involving opportunities for professionals from all perspectives to network and develop.
- Certifying that professionals with SOA credentials are highly skilled and able to identify, quantify, model and manage future financial risk and contingent events.
- Supporting the initiatives of all alliance partners who endeavor to develop and advance the actuarial profession.

THE STRATEGY MAP OVERVIEW

The Big Picture Story:

The Strategy Map is a one-page document that illustrates the Strategic Drivers of an organization. The SOA Strategy Map has four Strategic Drivers: Membership Value, Knowledge Management, Marketplace Relevance and Professional Community Advancement. The ultimate outcome is to be recognized as the leading professionals in the modeling and management of financial risk and contingent events. This is the vision of the SOA!

Strategic Drivers/Short Stories:

Story #1: Membership Value

(Column 1)

- Members and candidates receive expected benefits from the SOA through credentials, learning, research, services, and professional education, delivered by an effective SOA organization.

Story #2: Knowledge Management

(Column 2)

- Opportunities are available for members and candidates to keep current on emerging intelligence in the actuarial profession and its business application through professional development.

Story #3: Marketplace Relevance

(Column 3)

- The SOA has a strong potential candidate supply, employers value the SOA credentials and actuaries have expanded opportunities to apply skills in new & traditional markets.

Story #4: Professional Community Advancement

(Column 4)

- Through external relationships and professional collaboration, the entire profession is stronger, broader, and widely recognized in NA & globally.

A full illustration of the SOA's Strategy Map is on the following page.

THE SOA STRATEGY MAP: OUTCOMES

THE SOA STRATEGY MAP

