



SOCIETY OF ACTUARIES

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Senior Executives: What ARE They Thinking?

by Daniel L. Shinnick

On October 26 over 100 of your colleagues were treated to an excellent session at the Annual Meeting featuring leaders from the industry. David Atkinson, president and CEO of RGA Reinsurance Company, Patricia Guinn, managing director of the Tillinghast and reinsurance businesses of Towers Perrin, Bruce Nicholson, president and CEO of Thrivent Financial for Lutherans, and Salim Manzar, executive director of Princeton Advisory Group—formerly was senior vice president & chief financial officer of MetLife International. They shared their insight on dozens of questions submitted by the audience.

What are the keys to your success?

All the leaders felt fortunate to be in the positions they were in. Having multiple experiences at their organizations as well as at other organizations was very important to each of them. Obviously, a strong work ethic was a trait they all shared. A couple noted the importance of having a good mentor that helped them move from being good technical actuaries to being leaders.

What skills did you need to develop to move from a technical actuary to a leader?

The big change from being a good technical actuary to being a good leader is understanding how to get work done through others. What makes us successful exam takers and entry-level actuaries is our ability to individually deliver results. Moving to the next level requires great delegation skills, the ability to work through others and the ability to communicate with non-technical colleagues. Another area that is important is to be able to see things holistically, not just from the actuarial point of view.

Why aren't actuaries considered for senior management as much as they used to be?

Competition is a major factor. As the financial services industry (not just insurance) has con-

tracted over the last 20 years, there has been a significant increase in the number of qualified people for a decreasing number of jobs. The pace of change created by moving to more accumulation products and the demutualization of the majority of the industry has led to traditional actuarial skills being less valued. The business world is much more ambiguous than it used to be and some actuaries struggle with a world that isn't black and white.

How should staff tailor its communication for you?

Focus on the key points, don't tell me how you built the watch. Avoid the 50-page PowerPoint presentation. Speak in my language; position your communication in the context of what else is going on in the organization. Realize your issue isn't the only one I'm dealing with today. Use my time effectively, be clear about what you want to accomplish in the meeting and what you want me to do.

How do you say "no" to a senior executive?

Communication before the fact is critical. You should help us understand the issues so that it doesn't get to the point that you are saying no, but instead we are. You need to make sure you understand the whole context, then you may realize why the answer can't be no. It's better if you can come with alternatives that will help us achieve our objectives than if you just say no. Given all that, there still may be times you feel that as an actuarial professional you must say no. Make sure that you pick your battles and this is really one of those situations. In the end it is not your decision, if senior management still does what you have advised them not to do, document your concerns and in situations where they apply, follow actuarial professional guidelines.



Chairperson

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How do you get non-actuarial leaders to listen to you?

The first step is to appreciate and respect them and the skills they bring to the table. They know things and can do things you can't. Work to understand their perspective. Also, speak in a language they understand. Most of you probably don't know what a "Ben Duffy" is, but your sales people do. So why should we expect them to know what a CSO is? Build relationships with these people before you have to "get them to listen to you." Finally, help them understand why what you have to say is important to the

organization and important to them (not why it is important to you).

What advice do you have for young actuarial professionals?

Be curious, try new things, volunteer for new assignments. Realize that there is more to being successful than just passing actuarial exams. You need to be able to work with others, communicate to non-actuaries and accomplish things through others—all skills that you need to develop in addition to being technically strong. □

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3. Centralized models sometimes ignore the fact that clients are looking for greater integration as opposed to optimal efficiency by function. Clients tend to favor single points of contact with single points of accountability. Centralization sometimes goes against this flow. Centralization does not automatically result in lesser client integration, however, depending on the fluidity of the organization, it often seems to result in greater difficulty in integrating delivery to clients.

4. People often minimize the difficulty involved in integrating the various elements required to shape an organization into a uniform mindset or way to approach situations. For operational divisions, multiplying the number of points of contact outside their own organization will often result in additional points of friction. It is only natural that dealing with functionally centralized units, shared service units or external outsourcers, will increase the likelihood that some of these functional units will not be aligned in priorities, attitude, responsiveness, etc. There is no argument that

some or all units outside the division can be well integrated with operational divisions; however, there are more organizations that claim to be able to achieve it than there are that can effectively do it.

How much centralization is right for your organization?

Obviously, there is no universal answer to this question. The answer will always depend on the state of your organization, its history and the human and technological capabilities of your organization. It will also depend on the mindset of the organization. For a variety of factors, some organizations have a culture such that centralization does not work very well. In other organizations, the reverse may be true.

In my view, the proper outcome is that centralization/decentralization decisions should be made with a proper understanding of all the factors involved, not just factors that can be measured with a short-term financial focus in mind. Such decisions can only be made by people at the top of the organization with appropriate input from the various players involved. □

'Managerially speaking' is produced by Marcel Gingras, President of Marcel Gingras Consulting Services Inc. You are welcome to distribute to others. Acknowledgement of the source would be appreciated.