



SOCIETY OF ACTUARIES

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Letter From The President

PROFESSIONALISM

BY BRADLEY M. SMITH

WHETHER INTERVIEWING a prospective employee or potential consultant, employers/clients want to learn three important pieces of information about you.

First, the obvious. They want to know whether you are capable of doing the job. Like many boys growing up, I wanted to be a major league baseball player. Unfortunately, my inability to hit the curveball kept me from realizing that dream. I did not meet the first criteria. Specifically, I could not do the job.

Second, they want to know whether you have integrity. A few years ago I went to the Web and did an Internet search of the word “integrity.” Please, no jokes about a baby boomer searching for integrity on the Web. I did find a working definition that appealed to me. Unfortunately, I am unable to attribute it to its author. Nonetheless, “integrity” was defined as, “Doing the right thing even when no one is looking.” When you think about the scandals of the past, be it Watergate, Enron/Arthur Andersen or Bernie Madoff, this definition seems to fit well. Consequently, the second piece of information all prospective employers/clients want to know about you is, can I trust

you to do the right thing even when no one is looking?

The third and final piece of information they want to know is, do you have enthusiasm for the job? Today, the world is so competitive; you will not be able to commit the time and effort necessary to succeed unless you truly love what you are doing. I am fortunate in that I love what I do professionally. I always have. It is what I would choose to do if I didn't have to work for a living. In some real respect, I have never “worked” a day in my life; other than the summer before entering college when I worked on a hot tar roofing crew! Consequently, putting in the effort necessary to get the job done has never been an issue with me. This is what potential employers/clients are looking for.

I frequently speak to college students. One question I hear quite often is: “Do grades matter?” If you accept the premise that all potential employers want to know the three things outlined above, of course grades matter! They matter because they specifically address question 1 (do you have the necessary ability to perform the job?) and question 3 (do you have enthusiasm for the job?).

I recently had a college graduate ask me to do a “mock interview” with him before he went into his real interviews. I asked him to send me his résumé and his college transcript. Turns out he was a very mediocre student, receiving C's in many of the subjects in his major. I had to be honest with him. If he were interviewing with me, I would ask him one question: “Given your performance in college, are you average/mediocre or did you just not care?” It has to be one or the other, right? Either he did not have the capability to perform at a high level in his given field of study or he wasn't willing to make the effort to excel.

It is difficult to answer question 2 (do you have integrity/will you do the right thing even when no one is looking?) affirmatively. However, you can prove that you do not/will not. How so? Cheat. Based upon recent reports it appears that cheating is rampant on our college campuses. Yet, cheating is a losing path, whether you get caught or not. If you are caught, you cannot answer the second question positively. If you are not caught, you may be hired by an employer/client who believes you have more capability than you actually have, leading to inevitable disappointment on their part.



Bradley M. Smith

Early in my career Milliman was engaged to conduct an appraisal of a life insurance company that was being sold by its founder for estate planning purposes. As a consultant on that assignment I was privileged to meet and work with the founder of the company and, over the years, we became friends. Many years later, in his early 80s, he decided he wanted to re-enter the life insurance business and asked us to look for a company that he could purchase. A few months later, we had identified a prospective company for him to purchase. We were discussing specific aspects of the potential target with his other advisors late one Friday evening. The problem with clients in their 80s is that most of their advisors tend to be in their 80s (your humble author being the exception). On this particular Friday night his (older) advisors were arguing against any transaction. Their arguments ran along the following lines; He didn't need the hassle ... He shouldn't risk his capital ... He should rest and take it easy ... The problem was, he was tired of taking it easy. He loved running and building an insurance company and wanted to do it again!

As the night wore on it became obvious that we were not going to resolve whether or not to proceed. I suggested we re-convene Monday morning after we each had an opportunity to think about it over the weekend. Everyone agreed. I went home exhausted and immediately crashed. I woke up around 3 o'clock the next morning thinking about the possible transaction. Knowing that I would not get back to sleep I got up, went to the gym and worked out, headed to Denny's for a quick breakfast and then ended up in the office around 5:30 on Saturday morning. Never before had I been in my office at 5:30 on

a Saturday morning. I was thinking about the transaction when my phone rang about 6 a.m. I thought it was Karen, my spouse, asking what the heck I was doing in the office. It wasn't. The caller was my elderly client. He immediately started talking about the transaction and we continued to talk until about 9 a.m., by which time he had decided to proceed with the transaction.

As we were wrapping up, I asked him if he had called my house earlier, assessing how I would deal with an irritated spouse who

An actuary shall act honestly, with integrity and competence ...

had answered a call from a client at 6 a.m. on Saturday. I will remember his response until the day I die.

"Of course not. I knew you would be in the office."

As I said earlier, I had never been in the office at 6 o'clock on a Saturday morning in my entire career!

He is a client who will never engage the services of a competitor. He will never negotiate a reduced billing rate (although he always chides me over the level of actuarial billing rates)—not unexpected for an individual who grew up dirt poor during the Depression.

What are we talking about? We are talking about being a professional. What are the attributes of professionalism? Specialized knowledge/capability. Personal integrity. Commitment to completing the assignment. Courtesy.

A quick review of the Code of Professional Conduct adopted by each of the five U.S.-based actuarial organizations reinforces this notion:

Precept 1: An actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession's responsibility to the public ...

Precept 2: An actuary shall perform

actuarial services only when the actuary is qualified to do so ...

Precept 4: An actuary who issues an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear ...

Precept 7: An actuary shall not knowingly perform Actuarial Services involving an actual or potential conflict of interest unless the actuary's ability to act fairly is unimpaired and there has been disclosure of the conflict ...

Precept 8: An actuary who performs Actuarial Services shall take reasonable steps to ensure that such services are not used to mislead other parties ...

Precept 9: An actuary shall not disclose to another party any confidential information ...

Precept 10: An actuary shall perform actuarial services with courtesy and professional respect ...

If you are a member of any of the five U.S.-based actuarial organizations you are bound by the Code of Professional Conduct. That is reason enough to comply.

However, it is not the only reason. Hopefully,

as this column demonstrates, there is an equally compelling reason:

The marketplace wants someone with specialized knowledge and capability.

The marketplace wants someone it can trust.

The marketplace wants someone committed to completion of the assignment.

The marketplace wants someone who communicates clearly and is pleasant to deal with.

The marketplace wants professionals. **A**

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SOA 2013 - 2016 Strategic Plan Exposure Draft

Learn more about the SOA's draft strategy through 2016.

We invite you to share your comments and questions on the SOA's 2013-2016 strategic plan exposure draft. The plan will be open for review until Sept. 4, 2012.

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