



**SOCIETY OF  
ACTUARIES**

Article from

**Small Talk**

March 2017

Issue 47

# How Small Companies Can Outperform

By Jenna Lauren Fariss

I recently had the pleasure of presenting at the Society of Actuaries (SOA) Annual Meeting & Exhibit in Las Vegas on “How Small Companies Can Outperform.” Thank you to the Smaller Insurance Company Section for reaching out to me to be a panelist. I love attending meetings wearing the speaker’s ribbon—it is such a great conversation starter. Being with a small company, I typically know few people at the meetings and appreciate the ice breaker!

I have been with a small firm my entire career and, therefore, want to frame the discussion through that experience of growing up in the industry. There are certainly disadvantages of smaller companies—budgets, marketing, exam study time and so on, but the more interesting story is the ways small companies can outperform. With the obvious benefits of larger companies, this is in no way an advertisement or even the suggested model but, hopefully, my experience will illustrate methods or trigger ideas you could incorporate into your practice.

In 1997 I started as an intern. Even getting the internship is an illustration of less bureaucracy in small companies. Maybe you have kids or young relatives trying to score internships in today’s market. It is very competitive. Most large companies have formal positions and criteria for candidates. I grew up in a small town called Fancy Gap, Virginia. After learning about the actuarial profession in high school, I took to the SOA website and began researching any SOA member within driving distance of my home. Then I called them all and begged for an opportunity just to bring coffee and watch! The large insurance companies I called had strict guidelines for internships, such as only in the summer, and required years of college experience, and so on.

Being a small firm allowed one of the actuaries the flexibility to say, OK, we can make room for her even though there was not already an established internship program. The timing that my school required for an internship was in the spring rather than the typical summer internship program that larger companies would have more easily been able to accommodate. The firm was able to seize the opportunity and move quickly once a decision was made. And, hopefully impressed by this intern, the firm made a permanent position. Therefore, being small allowed

them to retain excellent employees! Maybe there are ways within your department, if not company, where you could have more unilateral decisions made to incorporate similar speed and flexibility for certain challenges.

There were just four other people at the firm when I started my internship—all actuaries. On the surface at least, I would argue (read “rationalize”) it is much easier to pass exams at a large company. Companies would have study programs, materials and study partners all readily available. Or maybe that is just my excuse! I quickly realized reading the actuarial exam syllabus textbooks alone was not getting me through the exams and asked for help. So often I think of my lack of knowledge as a negative, but it turns into a real asset by forcing me to expand my network and reach out to other experts. Ask for help. I did just that when I started going to exam preparation seminars. Admitting I needed help with exams did not mean that I was not good at my job or that this was the wrong career for me, as the soundtrack playing in my mind was professing. As a company, we focused on what we knew best and outsourced the rest, including exam preparation! This reaching-out skill has led me to grow my network and find some invaluable resources and mentors.

Similarly, as a small firm of just four employees (all actuaries), we had always asked for help by outsourcing any technical support issues. We focused on the actuarial work and outsourced the information technology (IT) and hardware needs. Eventually we started being the IT experts and advising clients how they could focus on their mastery and outsource IT to our firm. By creating a great network of outside advisers and experts, everyone can improve the level of service they offer.

Even before the collective hysteria of Y2K, our firm started seeing actuarial clients struggle with getting their computers to communicate with co-workers and other contacts. Work groups as a gateway to full-fledged network file shares were brand new concepts. Even after I graduated from college and had been working full time with the firm, I enrolled in the Microsoft Certified Software Engineering series of classes at our local community college.

Being a small, nimble company allowed our firm the ability to innovate. We saw a need for our clients without a readily, or at least obviously, available solution. We offered creative solutions for clients to set up in-house networks or work groups in order to better manage their growing data needs. I agree with the SOA’s sentiment that actuaries should never say something we do is not actuarial work. I have certainly been guilty of this. As professionals, we are filling needs or gaps within typically non-actuarial industries and roles like banking, investing, management, marketing and information technologies. Our actuarial training gives us a unique judgment we bring with us to any table we join, regardless of the traditional description.

Continuing the theme, the firm's small size granted us the advantage of reaction time needed to enter an emerging market opportunity in information technologies. We also took a step back from what we had always been doing to train and learn new skills. We all have more we want to accomplish, but a small company especially forces prioritization. Saying no can be equally important. It is tempting to act on opportunities as they arise, but waiting for the best prospect can be vital.

At a small firm everyone wears many hats. I used to see this as a disadvantage. I was embarrassed that I did not have more focused experience, say, in purely pricing. Now I think of that diverse experience as an asset. At a small firm your hands are tied and there is simply less ability to delegate. For us it was by necessity of our size that the actuaries had a hand in every piece of the puzzle. My takeaway for you, I hope, is the value added in having actuaries involved sooner and throughout the decision-making processes. This is similar to what the Agile streamlined approach has popularized. Even the proximity of a small company means I am literally hearing the accounting team's conversations and the programmers' issues. While it is not practical in any organization to have one person make every decision, I am convinced it is worth being intentional about

bringing actuaries into conversations early in the creative process as a key for any organization. There is amazing research that what some might call procrastination is actually our most effective time thinking. I know some of my best ideas and solutions have come after I have heard of a problem or a project, put it aside, but the back of my mind is still mulling it over as I have moved on to the more pressing matter. Similarly, our failed ideas are not worthless but what we know in the actuarial world as scenario testing. These not-bad ideas but maybe-not-our-best ideas also serve us well as backup plans and backup to backup plans.

All this is to say I am not staying in my lane. Actuaries have a lot to add to any process, and look for those places where actuaries have not traditionally been. Special thanks to our moderator Terry Long, ASA, EA, and panelist Doug Baker. ■



Jenna Lauren Fariss, ASA, MAAA, is CISO and actuary at Actuarial Management Resources. She can be reached at [jfariss@actmanre.com](mailto:jfariss@actmanre.com).

## Actuarial CPD Tracker

12%

## Track Your CPD Credits From Your Mobile Device

- Track multiple CPD standards
- Download data to Excel
- Load credits from SOA orders
- Catalog of PD offerings
- Login with your SOA account
- International friendly

Start tracking today  
at [SOA.org/CPDTracker](https://SOA.org/CPDTracker).