



SOCIETY OF ACTUARIES

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# The Life of An Independent Consultant

by Ian Duncan

**I**n more than 40 years in the profession, Barbara Lautzenheiser has chalked up an impressive list of firsts, and has become one of the best-known names in the independent consulting business. Not bad for someone who describes her career as “going from mousy to mouthy in 27 years.” Her firsts include first woman to be the president of the Society of Actuaries, (SOA), (1982); one of the first members of the Interim Actuarial Standards Board (1986); one of the first members of the Actuarial Standards Board (1989); one of the first members of the SOA’s Actuarial Foundation (1994); and one of the first women presidents (1984) of three major insurance companies, Montgomery Ward Life Insurance Co., Montgomery Ward Insurance Co. (a property/casualty company in the credit and property/casualty personal lines of

business) and Forum Insurance Company (a property/casualty company in the commercial line of business). Her latest honor is the presidency of the American Academy of Actuaries in 2003-2004.

Today, she is the principal and CEO of Lautzenheiser & Associates, Hartford, CT, a smaller consulting firm (consisting of herself, her office manager, Kathy Perkins, her assistant, Charlene Lautzenheiser and a cadre of specialty subcontractors). She is also very ready with one-liners, quips and advice, as befits someone who calls herself a “Communicating Actuary.” (See her advice, summarized as “Ten Tips for Starting a Consulting Practice” on Page 9).

After her stint with Montgomery Ward, Barbara returned to Hartford, where she had been a senior vice president of Phoenix Mutual in charge of the Actuarial, Corporate Accounting, Planning and Taxes, Reinsurance and Underwriting departments. She turned to consulting, unsure that this was the future that she wanted. But she saw the possibilities offered by consulting to have the “...freedom to do things the way that I thought they should be done.”

Like many who turn to independent consulting, Barbara did not know whether she would make it. So she gave herself nine months to a year to demonstrate that she could build a sustainable consulting practice. This also happened to be the amount of time that she calculated her initial budget (consisting of all her savings) could support her. If the



business did not grow before the money ran out, Barbara would return to the corporate world.

After budgeting all her savings for the new business, Barbara proceeded to ignore her budget in the day-to-day operations of her practice. “Doesn’t sound much like an actuary,” Barbara says of her approach, “but as long as I felt that the present value of future business was positive, I just kept on spending money.” Barbara describes her strategy as: “Becoming visible. I was present at every meeting, on every panel, and behind every microphone with a question. Whatever committees were relevant, I got on them.” She adds: “no lunchtime ever went by that I did not have a lunch date, although I can honestly say that no trackable business ever resulted from a luncheon. Generally, you can’t track where business does come

from...now, however, I think most of my work comes from referrals.”

In addition to spending money on travel, Barbara invested in image. An important component of her image is her office. Barbara purposely maintains an office in one of Hartford’s most prestigious high-rise office towers. “When I started in the business, it was important to me to let potential clients know that I was in the business to stay; not just an insurance executive between corporate jobs.”

Like anyone starting in consulting, Barbara needed a value proposition. Her work at her first employer, Bankers Life Nebraska (now Ameritas), and at Phoenix Mutual (now Phoenix Life) had exposed her to a current hot issue—gender-based/unisex pricing. In turn, this led to positions of increasing

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### **Barbara’s 10 Tips For Starting a Successful Consulting Practice**

1. You have to get business, not wait for business. Make appointments and go talk to people.
2. Become visible. Marketing yourself is a visibility issue.
3. Spend money to make money.
4. Decide your unique skills and market your unique skills.
5. Pay attention to your reputation. Produce accurate work and quality presentations.
6. It is not just what you do, but how you present it.
7. Image is important. If you want clients to believe you are in the business to stay and not just between jobs, you cannot operate out of your kitchen.
8. As a consultant, you are always on call for your clients, 24 /7.
9. Think positively, or you aren’t going to make it.
10. Clients don’t hire people who do not look successful.

### Barbara's Process For Producing A Successful Consulting Report:

1. The first draft: Chronological.
2. The second draft: Begin with the conclusion.
3. The third draft: Work on consistency.
4. The fourth draft: Check the grammar.
5. The final draft: Does it make sense overall?

responsibility in the Society, culminating in the presidency in 1982. This led to work with the American Academy of Actuaries and the NAIC on Risk-classification, and four retainers for the new practice. "Not enough to support me, but steady business," Barbara says. Her work on current, political issues resulted in her becoming involved in another emerging topic: testing for AIDS. Expanding from her original topic, she developed a practice in consumer issues, such as vanishing premiums and illustrations, another emerging issue. Her work in this area led to her developing a practice in expert testimony as an expert witness, something that remains a major component of her practice today. Another important component of her practice is long-range planning on behalf of organizations, such as work that she completed and helped implement for the Life Office Management Association (LOMA).

Barbara's business has always relied on her own expertise. She considers her value to be interpretation and explanation of issues, communication rather than number-crunching. "Most actuaries can give you numbers and formulas. I translate actuarial concepts into words that the client's Board members, management or regulators will understand." She illustrates with work in gender-based

pricing: "I developed a uni-calorie chart to illustrate the effect of unisex pricing," she says. "That way, hot fudge sundaes have the same value as celery. Judges and regulators got the point."

She has had an assistant actuary in the past, but found that training assistants in her style was time-consuming and ultimately not rewarding, because of staff turnover. She now utilizes independent contractors, because of their knowledge, integrity and attention to details in the specialty area needed for the project. Barbara says, "it's not just what you do that counts, but how you do it." She applies a rigorous process to the production of a consulting report (see box above). Still, she is a strong believer in peer review and will hire a sub-contractor to perform peer review on a consulting report. The one aspect of her practice that, in hindsight she would do differently is to look for additional projects that she can delegate, so that she could leverage herself more.

But that seems like a minor concern next to the success that Barbara has made of a practice that she started 17 years ago, unsure whether it would last a year. 🍀



Barbara J. Lautzenheiser