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Reinventing the Actuarial Image

by Sudha Shenoy

Perhaps you have heard this joke before: “An actuary is a person who passes as an expert on the basis of a prolific ability to produce an infinite variety of incomprehensible figures calculated with micrometric precision . . . for the sole purpose of confusing an already hopelessly befuddled group of persons who never read the statistics anyway!”¹ This joke exaggerates, perhaps, but it points out the common perception that actuaries, though highly intelligent and ethical, lack effective communication skills. According to a recent survey conducted by the SOA, even actuaries and their employers agree that “business communication” is the skill that requires the most improvement.

In the past few years, communication through cell phones, pagers, e-mails and voice mails has increased to unprecedented levels. Brief e-mails have replaced memos. A flatter organizational structure, a focus on teamwork, technological innovation (which has replaced a lot of number crunching) and the speed at which business decisions are made have all transformed the workplace. More so today than ever before, the ability to communicate effectively in the workplace is a necessary and highly valuable skill.

As actuaries, we tend to concentrate on details while analyzing, identifying variables and constructing models, but we often fail to spend sufficient time planning our presentations and expanding upon the business implications of our analyses. It is easy to fail to “see the forest for the trees,” so we need to make a conscious effort to always keep the big picture in mind and be clear, focused and logical in our communications with each other and with our customers. At every communication opportunity,

we should ask ourselves the following questions: “What is the key objective here? What is it that we are trying to accomplish?”

Most actuarial modeling provides answers to business questions such as, “What is the impact of this particular factor on medical trends?” Actuarial tasks can be phrased as questions, and the results of analysis provide the answers. How can we provide good responses to different types of questions?

According to Marian K. Woodall’s book², responding to questions, regardless of their level of difficulty, occurs through these basic steps:

1. Pay attention and listen carefully to the question
2. Pause to organize
3. Repeat the question
4. Give the main conclusion and indicate, if appropriate, that there are additional conclusions that you would be happy to expound upon if the questioner so desires
5. STOP when you have made your point and the other party has grasped it.

1. Pay attention and listen carefully

Paying attention and listening carefully to questions allows you to focus on both the questioner’s verbal and nonverbal messages (i.e., “body language”). When you pay close attention, you may realize things that you might otherwise have failed to notice. For example, your customer may



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have asked you to analyze the wrong problem or there are additional concerns of which the customer is unaware. Careful listening will help you to reinforce your points, assess your questioner's subject knowledge and present your solution in the most effective manner.

2. Pause to Organize

To pause and organize is extremely important. Regardless of the difficulty of the question, pausing gives you time to think through your answer and appear more poised, confident and in control.

3. Repeat the question

Repeating the question creates time for you to think, rephrase the question (if needed), focus on a certain aspect of the question if appropriate and present the question and your answer together as a unit. Repeating the question also focuses attention on the questioner and assures him or her that you have listened, heard and correctly interpreted the question.

4. Give the main conclusion

Give the main analysis and conclusion, and if you have supporting information, indicate that you will be happy to provide additional detail upon request. There is no need to inundate the questioner with information that is peripheral and which he or she may not want.

5. Stop when you have made your point

This is perhaps the most overlooked item for actuaries. Stop when you have made your point. There is no need to go over the information again unless your customer indicates a

lack of understanding. If this is the case, rephrase what you have said to assist the customer in coming to a clear understanding of the information.

It is vital for the future of the profession that we develop our skills and improve our image. In doing so, we will better equip ourselves to meet the changing needs of the workplace, share actively in the business decision-making process, and fully utilize the business potential of actuarial training. It's time we reinvented the image of the actuary to something that more truly reflects our abilities.

For those of you interested in a hands-on workshop on this subject, the Actuary of the Future Section and the Management and Personal Development Section are jointly offering a communications workshop at the October 2004 SOA Annual Meeting in New York.

Notes

1. *Actuarial Jokes (!): Joke 12*. Submitted by Kathleen C Miller. 22 April 2004. <<http://users.aol.com/fcas/jokes.html#Joke 11>>.
2. Marian K. Woodall, *Thinking on Your Feet* (Lake Oswego: Professional Business Communications, 1996). □