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THE CASE STUDY

Briefly summarized¹, Stanley the FSA was the sole actuary for a smaller insurance company and hired Trevor after college graduation five summers ago. During the past two years, their firm started selling new insurance products—not in Stanley or Trevor's primary area of practice—manufactured by another firm but written on the smaller company's paper.

Stanley coped with the increasing complexity of the new product's external reporting by contacting Walter the FSA, an old school chum and consultant. Walter would tell Stanley to read this or that document, which seemed to work okay for Stanley. Following Stanley's death in a tragic holiday traffic accident, Walter fielded telephone calls from Trevor, who is now an FSA, seeking assistance with year-end reporting. Walter didn't see any harm in helping the "friend of a friend," and Trevor seemed to be managing alright.

The following April, Trevor called Walter asking for help with correspondence for the state regulator. Walter said, "It would be best if you hired me as a consultant to do this properly," but Trevor replied, "Maybe next year." Walter eventually gave in, and suggested "I might say something like this ..."

A couple of weeks later, Walter received several frantic messages from Trevor: the state regulator discovered a material inconsistency and was seeking clarification. Trevor had apparently been afraid to ask his management for additional resources. According to Trevor, his entanglement with the regulator wouldn't have happened had Walter's instructions been clearer. Walter pushed back, whereupon Trevor blurted out, "I'm just doing the best I know how!"

READER RESPONSES

Your comments and suggestions about Walter's next move included "tough love" for Trevor, as well as the advisability of retaining legal counsel. Responses have been edited for space considerations.

Extending a Helping Hand

Offering helpful "information" or "guidance" or "advice" to an actuarial colleague is a frequent part of contemporary actuarial practice. Yet the distinctions inherent in this type of collaboration vis-à-vis performing actuarial services *per se* underscore the situation confronting Walter.

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Chairperson's Corner

The Journey to Self-Improvement

By Olga Jacobs

Hello! I'm Olga, the new chair of the Management and Personal Development Section Council. I am super excited to be writing this column. But, now the hard part... what do I write about? What words of wisdom can I share? How can I inspire?

Too lofty. I am just a regular Joe (Josephine?) Actuary. I haven't written any books on management or personal development. I don't manage a team of 200 actuaries. I don't have thrilling success stories to share. Why listen to me? I don't purport to be an expert. Truth be told, I'm searching for someone else's words of wisdom to inspire and change me! Are there learnings and lessons to be shared from my tumbings down the road? Gather alongside and we'll venture together on a quest for personal and professional development. Ready? Here we go....

Let's begin with a personal story. I recently suffered some disappointment at work when I didn't get a promotion that I really coveted. I found myself going through a range of emotions and it reminded me of the five stages of grief. I was in shock. I was angry. I was ready to make a trade. I was sad. And then I said, "Stop wallowing and move on." I accepted it.

So now the ball is in my court. What am I going to do? I need to continue my journey of professional growth. I had hoped the new role would provide such an opportunity. Since it didn't, I needed to find new opportunities on my own.

First step, a physical change. I got back into my groove with an exercise regime to lose some weight. Days filled with back-to-back meetings, often double-booked, from 8 am to 5 pm without the time to eat lunch or grab a glass of water and nights filled with email did little to help me acquire a new role. However, it did provide some extra pounds as I exchanged work time for healthy eating and exercise. Strike a chord with any of you?

OK, that takes care of the physical me....now the psychology....what was missing in me? Unfortunately, I never got the feedback on my lack of qualifications for the promotion, so I need to find out the areas I need to strengthen on my own.

Therefore, with this specific example of a personal growth challenge for me, I am going to use this column to share my development journey with you. Learn from and avoid my mistakes. Learn about tools that I use to discover my strengths and weaknesses. Learn about how to motivate yourself to change. Learn about how to find opportunities for professional and personal growth.

As I share my story, I'd love to hear from you. Am I on the right track? Any advice? Do you have a professional growth journey that you want to share?

Feel free to reach me at olga_jacobs@uhc.com. And wish me luck! ●

Olga Jacobs, FSA, MAAA,
is vice president & actuary,
UnitedHealthcare.

RESPONSES TO “DEEP-END OF THE POOL” | FROM PAGE 1

Many actuaries sought guidance from the SOA’s Code of Professional Conduct (COPC) which speaks directly to an actuary’s fundamental responsibility.

COPC Precept 1: An Actuary shall act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.

COPC Annotation 1-1: An Actuary shall perform Actuarial Services with skill and care.

The COPC also formally defines “Actuarial Services” and “Actuarial Communications”.

COPC Definitions – Actuarial Services – Professional service provided to a Principal by an individual acting in the capacity of an actuary. Such services include the rendering of advice, recommendations, findings, or opinions based upon actuarial considerations.

COPC Definitions – Actuarial Communication – A written, electronic, or oral communication issued by an Actuary with respect to Actuarial Services.

Based on the feedback received, analysis of the case revolves about twin axes. Did Walter provide actuarial services? Was the quality of Walter’s actuarial communications adequate? One reader wrote, *“This (case) all boils down to whether you buy the idea that Walter performed actuarial services.”*

Regarding the Dear Departed

Many actuaries noted that Stanley crossed the line from the outset by adopting an inappropriate approach to handling the new products that became entrenched as accepted practice at his company—and ultimately ensnared both Walter and Trevor.

“First and foremost, Stanley should not have been ‘handling’ or ‘coping’ with the complexities of new insurance products that were not his area of expertise. ... Further, reaching out to a ‘friend’ for his help, albeit good advice, is not acceptable business practice. Stanley the FSA clearly violated

the COPC’s precepts.”

The statement of the case somewhat ambiguously describes the new insurance products as “not in Stanley or Trevor’s primary area of practice”, though this fact need not necessarily contravene COPC’s second precept.

COPC Precept 2 (in part): An Actuary shall perform Actuarial Services only when the Actuary is qualified to do so ...

Rather, it was that both Stanley and Trevor reached out to Walter for routine assistance which *ipso facto* constituted evidence of their lack of expertise as noted by several readers.

Was Advice Rendered?

Providing actuarial services includes rendering advice, and many readers zeroed-in on this point—arriving at different conclusions. For example, one wrote, *“Although the ‘comments/advice’ from Walter were not in writing, in some jurisdictions they would be considered ‘providing actuarial services’.”* It might be worth noting, however, that the full description of the case does not use the term “advice” to describe Walter’s suggestions.

A couple of actuaries noted Walter’s generosity, providing assistance to Stanley and Trevor apparently without remuneration. The absence of a fee was key, according to one actuary: *“You cannot have a valid contract without adequate consideration on both sides, so Walter should have no legal obligation.”* A second actuary wrote, *“My simple two cents is that Walter is not an employee, and not even a hired or paid consultant.”* While a third concluded: *“Friendly Walter can do nothing as he does not work for the company now seemingly in trouble with the regulators. ... Walter should sleep soundly that he has no liabilities relating to this issue.”*

Another actuary argued that receipt of a fee was not needed to establish Walter’s responsibility. *“The (preamble to the) COPC ‘identifies the responsibilities that actuaries have to the public,*

“This (case) all boils down to whether you buy the idea that Walter performed actuarial services.”

to their clients and employers, and to the actuarial profession,' and not just to paying clients and employers. Hence, I believe it is a strained interpretation to conclude that 'professional services' requires a paying client or employer. ... Perhaps there is an argument that Trevor isn't a client, but I think that he is arguably at least a non-paying client." What is incontrovertible is that both Stanley and Trevor "came to Walter because of his professional experience and asked for his expertise as an actuary."

Yet a canny actuary pointed out that Walter's putative delivery of actuarial services was quite possibly a moot point. "It is not clear whether any of Walter's advice has contributed directly to the inconsistency currently being questioned by the state regulator." Good eye!

A Friend of a Friend in Need

Given Trevor's callowness—presented as his too literal-mindedness or simply stark ignorance—the form of Walter's actuarial communication to him is something to consider. One actuary eschewed "Trevor the FSA" and wrote, "Walter's suggestions may have been misconstrued or misused by the incompetent-looking-to-cover-his-own-rear-end Trevor the employee." A second reader gently offered, "I wonder if Walter may have gotten himself in 'hot water' by giving in and providing 'verbal advice' to Trevor?"

There seems to have been some risk that what was said might not have been understood, and this is addressed by the COPC and echoed in Actuarial Standard of Practice (ASOP) 41 Actuarial Communications' Analysis of Issues and Recommended Practices.

COPC Precept 4: An Actuary who issues an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and appropriate to the circumstances and its intended audience and satisfies applicable standards of practice.

ASOP 41 §3.1.1 Requirements for Actuarial Communications – Form and Content: The actuary should take appropriate steps to ensure that the form and content of each actuarial communication are appropriate to the particular circumstances, taking into account the intended users.

A third reader saw a further point also addressed by ASOP 41. "There is a very important difference between what Walter did for Stanley and for Trevor. 'Go read this' is advice, but it is pretty vague and fuzzy. 'I might say something like this' is advice, although it seems that Walter did not intend that Trevor should record this verbatim for (his company's) filing. Had Walter thought that Trevor was going to act on it, he should have followed up with written communication."

ASOP 41 §3.6 Oral Communication (in part): ... Where the actuary has a concern that the oral communication may be passed on to other parties, the actuary should consider following up with an actuarial document.

It bears noting that Walter's suggestions have been subtly transformed: Trevor asserted that the material inconsistency would not have happened "had Walter's instructions been clearer."—Walter is giving him direction! The third reader continued, "Walter now knows that Trevor will record things verbatim even without permission. Walter shouldn't give any response other than 'hire someone to do the work.'"

With perfect hindsight, a canny actuary noted: "Walter would be much better positioned in this situation had he communicated any advice in writing. He would then be somewhat shielded from significant misinterpretations of his verbal suggestions. He would also be more likely to provide appropriate caveats to his advice, were he sharing it more formally."

The second reader concluded: "Considering the questions Walter was receiving from Trevor ... he should have realized Trevor was over his head—or at the very least have questioned his qualifications

It is not clear whether any of Walter's advice has contributed directly to the inconsistency currently being questioned by the state regulator.

to do the job Stanley was doing before him.” Hence, the importance of knowing a friend of a friend a little better *before* offering suggestions.

Fading to Gray

A wise actuary provided insight into the distinction between providing information versus advice mentioned earlier. *“It seems that Walter thought that he was providing information; not advice. I have taken the same attitude in the past ... However, latterly I have been warned by lawyers that the present day courts might not recognize any such distinction; not even if I had informed the other party that I was not qualified to give advice but could give only information that might be helpful and advised the other party to seek qualified advice.”* The actuary observed that other audiences *“might similarly not recognize the difference between advice and information.”*

One Lump or Two?

Several respondents commented on the role of the smaller insurance company’s management and corporate culture. The absence of succession planning seems to have been a weakness. One reader thought that *“Management – by turning a blind eye to the gap left with Stanley’s death – should also shoulder part of the blame.”*

Placing Walter on a retainer might have clarified the actuarial working relationships all around the table. The same reader noted, *“Walter did the right thing in asking for a formal contract”* even though Trevor declined. A second reader suggested, *“Meek Trevor should have asked for help from his superiors when he decided to take on Stanley’s workload rather than continue Stanley’s practice.”* Yet the case indicates that Trevor was *afraid* to ask his management for help—prompting the question “Why was he afraid?”

A possible answer may be found in a commonsense option submitted by a third reader. *“Obviously involving Walter in an unofficial capacity was a mistake. Trevor and Stanley should have gone back to the company that manufactured this product for assistance before involving Walter. Some type of service contract should have been established with*

that company in order to offer this new product on the smaller insurance company’s paper. The manufacturing company would have had the knowledge and expertise to avoid this situation.”

Inclusion of a service agreement, however, might have affected the pricing of the new product’s deal. It’s possible that the smaller insurance company made the mistake of taking on more product complexity than it was willing or able to support.

Fork in the Road

A couple of actuaries recommended that Walter meet with Trevor—in person if possible, by telephone if necessary—and try to “calm him down.” One actuary also suggested: *“There is still time to correct things if they can get the filings corrected to the regulators’ satisfaction. Walter should insist that Trevor hire him as a consultant, or another more experienced actuary, to supervise the work. It is clear that Trevor does not have the experience on this product or type of filing to be the lead actuary. If Trevor continues to refuse, Walter needs to report it to the Actuarial Board for Counseling and Discipline (ABCD) as Trevor is violating several precepts of the COPC—1 & 2 in particular.”*

The other actuary emphasized the need to engage Trevor’s management in the process, suggesting to Trevor that he recognize *“everyone has limitations.”* *“It is a little dicey if there has been no direct (formal) contact between Walter and the company. In Walter’s place, I would put a lot of pressure upon Trevor to go to management—including threatening to go myself if he did not.”*

A wise actuary summarized how Walter’s decision to informally help a friend was not quite the same as his subsequent decision to help a friend of a friend. *“Walter’s original relationship with Stanley was that of friends and fellow professionals. The exchange of ideas was likely mutual and I expect that each found discussion of a problem with the other to be beneficial but that neither would have considered that he was ‘relying on’ the other’s ‘professional advice’. Conversely, neither would have felt that the other was ‘relying on’ his comments as ‘professional advice’. Each would have been providing work*

Placing Walter on a retainer might have clarified the actuarial working relationships all around the table.

and advice in their own right and over their own signature. Such relationships are common and beneficial to the profession.”

“Walter’s subsequent relationship with Trevor is less clear. In particular, it appears unlikely to have been mutual. The exchange of information was probably one-sided. Walter appears to have eventually recognized this, which is perhaps why he suggested that Trevor’s employer retain him in a professional capacity. When Trevor declined this suggestion, it would have been prudent to withdraw. However, he did not and now is possibly at professional risk and legally exposed. ... Walter needs to move to protect himself. When in a hole, stop digging!”

The wise actuary concluded: “I suggest that Walter not try to resolve the situation by getting himself retained to straighten out the (presumed) mess. I would regard such a course of action as extremely risky and would certainly not even explore this possibility before discussing it with both legal counsel and a liability insurer.”

In a similar vein, a fourth actuary wrote: “The first thing Walter needs to do is stop giving verbal advice, and particularly recognize that his interests and Trevor’s have seriously diverged. He may need to think about getting an attorney.”

A canny actuary provided a cogent roadmap for Walter. “The main issue facing Walter is how best to protect his reputation. ... Walter is currently exposed to the risk that Trevor will use Walter as a scapegoat to either/both of Trevor’s management and the state regulator. He should first impress upon Trevor (in writing) that he retained full responsibility for the filings when he chose not to hire Walter. He should also clarify what advice he gave Trevor (also in writing).”

“Hopefully, Trevor is smart enough to not blame Walter to the aforementioned audiences. If Walter remains concerned and has a reasonable expectation that he is not being treated fairly, he could communicate his perspective to those people directly. Since that could still reflect poorly on him,



Walter should probably wait until he hears bad feedback directly; he could then share his written follow-up to Trevor with others as needed.”

Facing the Music

As foreshadowed in the previous section, many readers thought that the way forward for Walter would reference COPC Precept 13 concerning violations of the code—although not every reader saw things the same way.

COPC Precept 13: An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another Actuary should consider discussing the situation with the other Actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the Actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to Law or would divulge Confidential information.

COPC Annotation 13-1: A violation of the Code is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect an outcome or is one merely of form.

When in a hole, stop digging!

CONTINUED ON PAGE 8

Retaining counsel may be seen as a prudent measure by some people and as an offensive measure by others.

The majority of the replies were along the lines of the following: “Trevor is in breach of the COPC and Walter should report him to the ABCD before he (Trevor) digs himself into a deeper hole.”

However, one actuary sketched out a slightly different denouement. “In the end, it seems reasonably clear (are these situations ever clear?) that Walter has a professional responsibility to: inform Trevor that, in his opinion, he is not qualified to do the work he is currently doing in breach of the COPC; and report Trevor to the ABCD. This is easy to say, but the likely scenario is probably different: ‘If you hire me, I can help you, Trevor; get out of this mess ...’”

A second actuary suggested a different course of action. “Walter probably should think about reporting himself to the ABCD. He provided advice in a casual manner to Trevor that was relied on to complete regulatory filings. He was trying to be the nice guy, but that never seems to have a good ending. Lacking the full understanding of Trevor’s knowledge and competence, he should not have given advice without making sure he knew how it was going to be used. Both parties breached Precept 1 as neither used skill and care. The phone conversations were actuarial communications from Walter and he didn’t use care to make sure they were used appropriately (thereby breaching Precept 4).” As a matter of fact, a large part of the ABCD’s mission is to provide counseling to actuaries who find themselves in challenging situations, and this could be an opportunity for Walter to initiate a dialog with them.

A third actuary described the possibility of countervailing complaints. “An interesting stand-off from the COPC-side, as it would seem Trevor and Stanley were doing work outside their area of expertise, and thus in violation of the COPC and qualification standards. (It’s) unlikely that Walter is going to work this out with Trevor, which I think puts him into a situation that he should be reporting Trevor’s violation to the ABCD. However, as the facts come out, Walter is probably also in violation, so he might prefer not starting the ABCD process.

... Walter might decide to give Trevor a pass rather than start a process that was going to turn around and raise questions about his own actions.”

However Walter might decide to proceed, he must remember not to lose sight of COPC Precept 1.

Raymond Burr on Line One

An actuary coming into contact with the ABCD can retain legal counsel and have counsel present during an ABCD fact finding interview. The ABCD’s Rules of Procedure specifically mention this.

ABCD’s Rules of Procedure §V.D Investigation – Information Gathering (in part): ... Any person begin interviewed by the Investigator(s) may, at his or her volition and expense, be assisted or represented by counsel. ...

ABCD’s Rules of Procedure §VII.C.2 Fact Finding Hearing – Hearing – Appearance of Subject Actuary (in part): ... The subject actuary may be accompanied by counsel at no expense to the ABCD, provided that the role of such counsel shall be limited to providing advice to the client and articulating appropriate legal objections. ...

Perhaps interestingly, both U.S. and Canada-based actuaries described the benefits of retaining counsel. One reader wrote: “Retaining counsel may be seen as a prudent measure by some people and as an offensive measure by others. ... Given that there is explicit provision in the procedures for counsel, I think that (Walter) having counsel would not be considered inappropriate and might even be wise.” A wise actuary recommended the following course of action. “Walter needs now, without delay, to contact his lawyer and arrange to receive counsel from a lawyer experienced in professional and legal liability issues. Based upon the advice received he should consider the following possible steps:

1. Organise his papers concerning contacts with Trevor in preparation for further possible developments.
2. Immediately report the potential exposure to his own professional liability insurer.

3. *Contact the ABCD.*
4. *Write a letter to Trevor to clarify his position and refute any suggestion that he gave Trevor advice on which Trevor and his employer were entitled to rely.*"

A third reader also saw the benefit of documentation: "Probably a little late and should only be done on advice of counsel, but Walter's first step might be a 'note to file' documenting the verbal advice he provided to Stanley and Trevor, with a recreation of the timeline as best he can recollect it."

Could there possibly be a silver-lining to the dark cloud of impending litigation and attendant legal fees? Well, at the very least Stanley had legitimate grounds to skip year-end this year.

CONCLUDING THOUGHTS

A sincere thank you to all who contributed their suggestions regarding Walter's next move. And especial thanks to Mary Simmons who was the creative spark for this eighth case and its ensuing discussion. Some more northerly correspondents referred to the "Rules of Professional Conduct" or simply "the rules". These references have been generally translated as the COPC for ease of understanding, inasmuch as the case refers to a "state regulator" and not a federal or provincial supervisory authority.

Thanks, as well, to all who variously contributed comments and their bright ideas to The Actuarial Ethicist during its second year. Quite simply, the case studies and written discussions wouldn't have happened without you! Several contributors opted for the cloak of anonymity, but both they and the following actuaries all had a hand in the column's success: Cindy Chen, Mike Dorsel, Jennifer Fleck, Keith Hartsough, Nick Jacobi, Eric Janecek, Kevin Leavey, Steve Malerich, Larry Mitchell, Joe Nunes, Bill Osenton, Guy Poliquin, Jackie Sankardyal, Mary Simmons, Dave Snell, Jeff Stock, Pat Tabor, Stephanie Weist, and members of the United Healthcare Actuarial Pricing Team. These names went into the drum and the winners of \$25 book store gift certificates are Mary, Mike, Bill and Dave. Congratulations!

Kudos to members of the Pakistan Society of Actuaries who saw an opportunity to leverage The Actuarial Ethicist early last year in support of their local continuing education program. And particular thanks to John West Hadley for his persistent optimism and goodwill, despite innumerable blown deadlines.

The Actuarial Ethicist will embark on an indefinite hiatus at this juncture. Readers are referred to a couple of good columns in the interim: "Up to Code" published in the American Academy of Actuaries' bi-monthly *Contingencies* magazine; and the "Ethical Issues Forum" in the Casualty Actuarial Society's *The Actuarial Review*.

An idea borrowed from the noted American conservationist, Aldo Ludwig, might provide a suitable parting thought, only slightly modifying the language found in his seminal 1949 work *The Land Ethic*:

I have purposely presented the actuarial ethic as a product of an ongoing discourse or an exchange of views because nothing so important as an ethic is ever 'written' ... It evolves in the minds of a thinking community.

The contents of this article should not in any way be construed as a definitive interpretation of the various actuarial guidance documents referenced within the article. This hypothetical case study and its discussion are intended for the personal use and (possible) edification of members of the Management & Personal Development Section. ●

END NOTES

¹ See the November 2011 issue of *The Stepping Stone* for the complete description of this case study.



Frank Grossman, FSA, FCIA, MAAA is a senior actuary at Transamerica who is mindful of Goethe's proverb: "Nothing is more damaging to a new truth than an old error." He can be reached at Frank.Grossman@Transamerica.com or 319.355.3963.

Actuarial Bookworms Write!

2nd Annual Business Book Review Contest Update

by Frank Grossman



Frank Grossman, FSA, FCIA, MAAA is a senior actuary at Transamerica who is mindful of Thomas Edison's observation: "Opportunity is missed by most people because it is dressed in overalls and looks like work." He can be reached at Frank.Grossman@Transamerica.com or 319.355.3963.

M&PD Section members rose to the challenge last September and submitted mini book reviews to the 2nd Annual Business Book Review Contest. Two of these are included in this issue of *The Stepping Stone*.

At a mere 300-500 words, these reviews were obviously too short to properly summarize an entire book. Members were simply asked to capture any management or personal development "nuggets" that they found informative and interesting—and worth sharing with other actuaries.

Thank you to the following members who submitted mini reviews this year:

- Mary Pat Campbell reviewed "Good Boss, Bad Boss..."
- Tim Cardinal reviewed "Warren Buffett's Management Secrets"
- Mark Danburg-Wyld reviewed "Being Geek: The Software..."
- Scott Haglund reviewed "You Don't Need a Title to Be a Leader"
- Keith Hartsough reviewed "What Got You Here Won't Get You There"
- Brian Pauley reviewed "Necessary Endings"
- Ben Wadsley reviewed "How to Win Friends & Influence People"

Five contest winners were selected by random draw and announced at the M&PD Breakfast Book Review session (#54) at the Chicago Annual Meeting in October 2011. The winners of \$20 bookstore gift cards were Mary Pat, Mark, Scott, Brian and Ben. Congratulations!

Long winter nights are just the opportunity for actuarial bookworms to seek out their mini-review subjects for the 3rd annual contest, well in advance of its Sept. 30, 2012 submission deadline. ●

JUNE 13-15, 2012

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HEALTH MEETING



Mark your calendar and plan to attend the 2012 Health Meeting. We're heading to the Big Easy—and planning more topical sessions to provide you with the latest updates on important health issues. Expect top-notch speakers and numerous of networking events—and the opportunity to earn lots of CPD credit. There'll be plenty to see and do in New Orleans while you're there: Chill out in a blues or jazz club; check out the city's well-known architecture; take a riverboat tour or carriage ride; or—head to the outskirts to see sprawling plantations and the incredible wildlife.

Here's what last year's attendees had to say:

"Thought provoking and extremely worthwhile." "Gained great industry insight!"

"Excellent content and thoughtful delivery." "Ample opportunities to earn professionalism credit."

"Sessions were great! Loved the smaller groups and wide range of topics!"

<http://HealthSpringMeeting.soa.org>.

Book Review:

Warren Buffett's Management Secrets by Mary Buffett and David Clark

Review by Tim Cardinal



Tim Cardinal, FSA, MAAA, CERA, MBA, is a vice president at PolySystems Inc. in Chicago, Ill. He can be reached at tcardinal@polysystems.com.

Due to Warren Buffett's investment genius and results, it is easy to overlook his management of nearly 100 CEOs and over 200,000 employees. The authors highlight Buffett's leadership and management practices through 30 short chapters. Like a movie trailer jammed with scenes to pique your interest, this review juxtaposes some of the ideas presented in the book. It is worth a trip to the library and the 75 minutes it takes to read.

The chapter topics are not hidden secrets but common-sense, simplistic messages. Originality and sophistication are not the secret to Buffett's management principles. His methods are simple, easy to understand and have a powerful impact. Never-ending failures in the corporate and political realms demonstrate these principles are difficult to practice.

The principles are integrated into five steps:

1. Pick the Right Business
2. Delegate Authority
3. Find a Manager with the Right Qualities (he is looking for integrity, intelligence and a passion for the business)
4. Motivate Your Workforce and
5. Managerial Axioms for Different Problems.

The principles are stated simply and to the point with stories and quotes. He leads with and demands integrity, transparency and consistency. He delegates authority, encourages others to come up with ideas, and learns from his mistakes and missed opportunities. He read, re-read and applied Dale Carnegie's book *How To Win Friends And Influence People*. He cites Benjamin Franklin's influence on his business and life philosophies, especially advice on arguments/discussions with people. He delegates not just a task but the entire job and says "we delegate almost to the point of abdication." He measures management performance relative to the overall industry/market, not relative to last year's results. His secret to results is tied to acquiring good people and management. He maintains a long-term view of the business, not a short-term focus. He avoids criticizing and says, "Give a person or a nation a fine reputation to live up to and they will live up to it."

Some nuggets among the quotes include:

"Hire people who love what they do."

"I was never selling anything that I didn't believe in myself or use myself."

"Managers who always promise to 'make the numbers' will at some point be tempted to make up the numbers."

"Most people don't keep 'no men' around."

"You don't want to be in business with people who need a contract to be motivated to perform."

"If a CEO is enthused about a particularly foolish acquisition, both his internal staff and his outside advisers will come up with whatever projections are needed to justify his stance. Only in fairy tales are emperors told that they are naked."

"Since mistakes of omission don't appear in financial statements, most people don't pay attention to them. We rub our noses in mistakes of omission."

The authors don't waste your time selling you on the principles or stuffing the book with narcissist verbose pages to prove their own intelligence. Principles are stated concisely without fanfare. When I finished the book, I felt cheated, thinking, is that all there is? The book is not a magic elixir or a step-by-step how-to instruction manual guaranteeing success. Acting with integrity and the importance of leading, influencing and motivating others are simple messages. The "that's too obvious" is simple yet powerful. Knowing and doing the simplest things can also be the hardest. ●

Who Will Win the Business Development Race?

By David Wolfskehl

The business development race has changed in recent years. It is no longer about winning the race to place your advertisement on page three of the leading magazine or journal of your profession. Today, the race is to provide the content that offers the best answers to the questions of potential clients and demonstrates not only that you understand their needs, but also that you have anticipated their needs.

Professionals already know the difficulty of differentiating your firm from your competitors. Chances are very good that if you listed all of your local competitors, you would discover that all of the firms (including yours) offer essentially the same services. What is more, you all list specialization in many of the same niches.

Firms typically differentiate themselves from their competitors on price, customer service or some other factor or characteristic of the firm. Fee discounting can only go so far. The same is true of customer service. Today, people just do not believe your service is better until they have a chance to experience it. Have you ever met a potential vendor who spoke about how her company would give bad customer service? In short, it is very hard to stand above the crowd based on traditional differentiators.

I am not convinced these are *the primary differentiators in the mind of the prospective client* when choosing a professional services firm. I think the average prospect will not choose to do business with you simply because your firm has a long and prosperous history. Nor will this prospect do business with you because you are the largest (or smallest) firm in town. It *might* matter to them in some way that everyone in your firm is a graduate of the same university. It is more likely that it will not. People increasingly want to know a great deal about the companies with which they do business:

- They look for that information in key locations, such as your website, review sites and other information sources.

- They want to know what makes your firm different and why they should do business with you.
- They want to know that you can answer their questions in a way that is both clear and understandable to them.
- They want to know that you understand their needs and want to alleviate their pain.

Your task, then, is to provide the “content” they want and need so they can decide to do business with you. You need to develop a clear message about your business. Then you need to educate your potential clients in ways that help them decide to do business with you.

The challenge for many firms that want to win the business development race is that they spend too much time listening to the marketing people who want to develop a specific strategy for each channel or means of distributing content to prospective clients. You might need an extensive strategy for distributing your content through several channels. On the other hand, you might not need to use more than a few distribution channels to reach your target market. Distribution channels might include your website, some of the online article directories, a blog, LinkedIn, online magazines and journals, webinars, etc.

I see too many small business firms racing to fill the pipeline with lousy content so they can build visibility of any kind in every distribution channel. It seems to me that they are putting the cart before the horse.

Instead, you should focus on developing the right messaging, understanding the questions and needs of your target potential clients and answering those questions. Then you can test some of the distribution outlets and learn which work well for your business and which do not. In fact, I do not think you necessarily must spend a great deal of time and money on distribution strategies.



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I see too many small business firms racing to fill the pipeline with lousy content so they can build visibility of any kind in every distribution channel.


By focusing on the right high-quality content and listening to the targeted market, I believe the market tells you where they want to find your content. The goal of “content marketing” in the business development race is to earn the trust of new clients, not to manipulate them into taking actions that leave them feeling used. Know your clients and listen to them. Answer their questions and address their needs and pains clearly and honestly. Remember that you accomplish this with quality content, not with distribution channels.

Here is the bottom line: You can have the best strategies in the world for using every possible means of communicating your message to potential clients – you can blog, Tweet, Facebook, and on and on- but it will do you absolutely no good until you know what the message should be. It is that simple. You need to turn the process around – put the horse in *front* of the cart - because until you have great content, it does not matter where you put messages.

People generally do not read lousy messages. If they do, there is a very slim chance they will act on them in any positive way. In fact, I think you can do yourself great harm with bad messages if they reach the consciousness of the right people. What is more, I think that once you get great content, you will not have to decide which distribution channels to use – they will become apparent to you.

Here is the question you need to ask yourself – “*Do I want great distribution of lousy content or (possibly) lousy distribution of great content?*”

I’m betting my money that the great content is like cream – it rises to the top. Make sure *you* get the horse in front of the cart and win the business development race. ●



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Overcome the “I Hate Networking” Syndrome!

By John Hadley

I often encounter people who aren't very comfortable with networking, or claim they are, but just never seem to find the time to do it.

Some of the reasons I hear include:

- I don't like "marketing" myself.
- I'm not a people person.
- It's a waste of time; everyone I know knows the same people.
- I'm just too busy.
- Networking is so "intentional", I feel like I have an ulterior motive.

I find that these are often just excuses for someone who has never learned effective networking skills or isn't really in touch with the vast benefits they can obtain from networking.

I have to confess, I was pretty shy growing up. Then I became an actuary, and found myself among thousands of other “socially challenged” professionals. I was often told that the outgoing actuary was the one who looked at YOUR shoes while he talked to you.

It all started to change when I went to my first actuarial club meeting. I naturally gravitated to those I knew from work, or had met taking exams. They introduced me to a few people from other companies, who I started to see at other functions, and who introduced me to others, etc., and before I knew it, I had built a substantial network of contacts effortlessly. And I found I really enjoyed outside functions more because I could almost always count on running into someone I knew!

The first step to overcoming “networking reluctance” is to examine carefully the source of your reluctance. For example, if you “don't like marketing”, why do you think of networking as marketing? Networking is really about building relationships, so perhaps you simply have a false assumption as to what you are trying to achieve.

Next, get really clear about what it could do for you.

Networking allows you to:

- Tap into the expertise of others.
- Bring a lot more value to your employer, by bringing fresh, outside perspectives and others' real life experiences, into the discussions at hand.
- Get ideas and find out new ways to tackle old problems.
- Learn about interesting opportunities, both internal and external.
- Find out more about what's going on in your own company and the key challenges being faced in various areas.
- Discover ways you can add more value to your organization.
- Uncover entirely new opportunities for yourself.

So now let's say you decide to go out and do some networking. You sign up to go to an association meeting, but as it approaches you start to get sweaty palms. Lower the bar. Set a realistic goal for the networking event that you can buy into and feel comfortable with - say, talking with at least three people you haven't met before. Now you will have more focus, and you will be able to relax when you've achieved your goal.

Just try it. It gets easier with practice, as you build your “networking muscles”. And soon you may find it's actually fun!

For more on effective networking, you can find two articles on the do's and don'ts of effective networking that I wrote for previous issues of *The Stepping Stone* at www.JHACareers.com/ArticlesNetworking.htm. ●



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The first step to overcoming “networking reluctance” is to examine carefully the source of your reluctance.

How to be a Star Performer in Your Company

By Aimee Kaye and Patty Kent



Increasing your own productivity can make the difference between getting a promotion, being stuck in a dead-end job or having no job at all.

We all know the job market has been challenging the last few years. Downsizings, consolidations, mergers and acquisitions have added to the anxiety. So you need to ask yourself, what can I do to protect myself during times like these? How can I stand out among my co-workers, get that promotion, and most importantly, what strategies will help differentiate me from my peers, and insure my marketability and advancement within my own company?

Think about your fellow employees. Who are the superstars, the young rising stars and the more seasoned actuaries? They are not necessarily brighter than you, but they may be working differently. Are they setting themselves apart by being more productive than others and adding more value to the company's bottom line? Increasing your own productivity can make the difference between getting a promotion, being stuck in a dead-end job or having no job at all.

And adding value to the company also adds value to your community of co-workers. This will help

insure your marketability and mobility within your own organization.

Workers with lower productivity are not necessarily less capable, they just may not have the tools and work strategies that lead to higher productivity. Being more productive doesn't necessarily mean more hours of work, but instead, getting more out of the hours you work. Superstars often work fewer hours than average performers, but get more critical work done in less time. How do they do it?

Mastering "star performer" skills and work strategies is simply a matter of learning and practicing these techniques.

TAKING INITIATIVE

The first, and most important, is taking initiative. This is one of the most powerful tools, and also the one most easily misunderstood.

Average performers, who account for 60-80 percent of the work force, view taking initiative as going beyond their job description, learning something extra so that they are seen as very smart technically or taking on work not part of their job description. Star performers also seek out responsibility above and beyond their expected job description, but the difference is that their extra efforts are for the benefit of their company and co-workers, and not self-serving. True initiative, as practiced by star performers, always ends up benefiting someone else: co-workers, the department or the entire company. While exemplary performance does indeed benefit the star, the primary emphasis is always on the greater group, and not on individual recognition.

IMPLEMENTATION

The next step is implementation. Initiative is meaningless if it is not implemented. Star performers stick tenaciously to an idea or project and follow it through to its successful completion. Don't just send your boss a memo about your great idea and think that you are taking initiative. Too often average performers assume their responsibility ends with presenting the idea and it is up to others to make

it happen. Implementation is the acid test of any initiative, whether it is ultimately successful or not.

An important element of taking initiative involves choosing the right initiatives to undertake. To minimize risk, make sure you take the following steps:

1. Do your current assignments well. Your first obligation is to do your assigned job. Avoid over-committing.
2. Make sure the initiative has some payoff for someone other than yourself.
3. Initiatives that can be related to the bottom line in terms of increased profitability or decreased costs are more significant than, for example, improving the company's food service.

In becoming adept at taking initiative, one learns quickly that efforts don't need to be brilliant to have impact. Taking the first step and then finding a solution will most assuredly increase your value within your company.

NETWORKING

Another important skill exhibited by star performers is the ability to increase productivity through networking. The average performer thinks that building a communications grapevine insures that they are "in the loop" on the latest office gossip, and socializing with other people in their field can help in future job hunting. While this may be true, real networking is a tool to increase your value within your own company.

Star performers know that in this age of knowledge-intensive jobs, a good network is invaluable. What percentage of knowledge is stored in your own mind? Can you quantify how much information you need to know to perform your job? In the 1980s, most technical people would have said 75 percent is stored in their brain. Today that figure has dropped 20 points or more.

Knowledge-based networks are one way that star performers overcome their deficiencies. Networks

are high-speed infrastructures upon which knowledge is sent and received by those who need it. Without these networks, professionals cannot do their jobs properly. Star producers proactively develop dependable pathways to knowledgeable experts who can assist them with critical business tasks. When called upon, these "experts" share their knowledge with those who need it. The goal is to minimize the knowledge deficiencies that are inherent in every brain-powered job.

Let's look at the benefits of networking from another angle. When given an assignment which is beyond the scope of your experience, you have two choices:

1. The do-it-yourself approach to get up to speed by taking a quick study course and cramming the information you need to get the job done yourself.
2. Work your network, gather the best ideas from your network and combine that information with your own knowledge base to get the job done.

The first option is frequently the path of choice for average performers, but it is the worst option for maximizing productivity, even though it follows the educational patterns ingrained in us from our school years. By working an established network you can close your knowledge deficit quickly, which clearly beats out the "do-it-yourself" option in both effectiveness and efficiency.

SOCIAL NETWORKING

You can't talk about networking without considering social networking. The internet has given us countless options to connect on a professional level. We now have the ability to join various professional networking websites in addition to professional organizations and online forums. These have some terrific capabilities for searching current job openings and staying on top of what is new in the marketplace, in addition to developing a network of professional contacts.

You can develop your own professional networking database on a site like LinkedIn to keep in touch with

Star performers know that in this age of knowledge-intensive jobs, a good network is invaluable.

current and past co-workers and other professionals in the industry, but there are some drawbacks. These sites can dig away at valuable time and divert your attention from tasks that will help you become a superstar. Check them only once or twice a day and limit the time you use them to after work hours. Remember, they are merely one of many tools.

Before you dive in, make sure you are knowledgeable about how these sites work and what is visible to others. A good rule of thumb is to avoid attaching to professionals on social sites like Facebook and use professional sites like LinkedIn for networking. Refrain from any negative comments to others, and remember everything you put in writing can be accessed by someone at a later date. Use these sites as an opportunity to connect with professionals in your field that have skill sets you can draw on.

Take the time to develop your own network of experts. Remember, the worst time to build a network is when you already need this network to work for you. Star performers identify these sought-after experts and get their networks in place before they need them. They are also proactive in offering to be helpful *to them* long before they need to be on the receiving end. They build bridges to these experts in advance, and use their network to get the job done effectively and efficiently.

SELF-MANAGEMENT

Self-management skills are the next area of concentration. Have you noticed that star performers enjoy what they are doing? They utilize self-management skills to put themselves into work that they enjoy and that complements their personalities. The result is that their careers are more satisfying. Star self-managers exhibit a sense of meaning, accomplishment and contribution, resulting in long-term job satisfaction.

The key to self-management is:

1. Know yourself well.
2. Know the kind of work you do best and identify the type of work you enjoy.
3. Take control of your career path by

developing a plan to connect yourself to the work you enjoy most with a job that increases productivity for your company.

BIG PICTURE ORIENTATION

Another way in which star performers are delineated is their ability to see the “Big Picture”. A big picture perspective involves thinking outside the box and being creative. The average performer has a one-dimensional perspective of seeing work from their own point of view and making sure that their point of view on a project or assignment is the one that gets the most attention, protection and connection. Star performers know it is the multi-dimensional perspective that allows them to see a project or problem in the larger context, whether they are customers, competitors, co-workers or bosses.

Maintaining a broad perspective enables the star performer to evaluate various viewpoints so that they can improve on the product or develop better solutions to problems. Whereas initiative speaks volumes about your motivation, self-management and ability to get the job done, a big picture perspective goes a long way in establishing your reputation for brainpower. This perspective is a key work attitude which gives you the ability to recognize emerging patterns, to think creatively outside the box, to exercise expert judgment and to identify the changing games with their changing rules.

BE AN EXEMPLARY FOLLOWER

The next characteristic, being an exemplary follower, is one of the most challenging for the star performer. This is not only because it is difficult to master, but because it is so hard to accept. We have been taught that being a leader is something to aspire to, and being a follower is something that we settle for. Average performers are always surprised that star producers, whom many people label as leaders, also are adept at following others. You will not always be the leader of a project. You need to develop skills that guide your successful interactions with the people who have organizational power and

authority over you. This is different from teamwork, which is about co-worker relationships, which are the horizontal, and not the vertical, top-down relationships associated with leadership.

Being an exemplary follower means being actively engaged in helping the organization succeed while exercising independent, critical assessment of goals, tasks, potential problems and methods. Star followers have the ability to work cooperatively with a leader to accomplish the organization's goals, even in the presence of personality and strategic differences. In some instances, you can get further along in your career if you are seen as a sharp, dynamic, follower working along with co-workers, rather than aspiring to be the leader.

TEAM LEADERSHIP

Team leadership is also a very important work skill associated with the star performer. A successful team leader is less concerned with the power of the job title, and relates more to the power of expertise, credible reputation, influence and persuasive abilities to lead successfully. Today's marketplace requires leaders who can put their egos aside and work side by side with their co-workers. In this role, they do not need direct supervisory authority to be seen as leaders. Colleagues voluntarily cooperate with them because they trust them and believe that if they work together, projects will get done to the betterment of the organization. Star performers realize that being strong team members as well as effective team leaders is an essential strategy for increased productivity.

ORGANIZATIONAL SAVVY

Star producers know organizational savvy to be a strategy that enables them to navigate the competing interests within an organization and to promote cooperation, address conflicts and get things done. This often involves expertise in managing individual or group dynamics, knowing when to avoid conflicts and when to meet them head on, and knowing how to make allies out of potential enemies. The average

performer thinks organizational savvy is the talent for getting noticed by the right people through an obsessive devotion to office politics, another corporate dead end.

These comparisons between the star and the average worker will hopefully give you the tools and strategies to stand out among your co-workers, increase your value in your own company, and protect yourself during challenging economic times. Mastering "star performer" skills is simply a matter of learning and practicing these techniques. Implementing these strategies can set you apart, while adding more value to the company's bottom line and helping to insure your marketability and mobility within the industry and your current company.

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ABOUT THE AUTHORS

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You Are the Negotiator

By Nick Jacobi

Leadership is just a series of speeches and a string of conversations. But throughout your career you're not just speaking to other people, you're negotiating with them, too. You may not notice it, but in almost everything you do in business and in your personal life, you are negotiating. Think about it. When was the last conversation you had in which you were not trying to present yourself in a specific way or find out about some crucial piece of information? What I've included below are some tips to keep those conversations going, become a better negotiator and even a better actuary.

STOP SAYING "WIN-WIN"

It is enjoyable to think of yourself as someone who "has a good grounding on win-win, value-added, client-based business solutions," and to list that in your resume. But what if you are in a situation in which "win-win" is not your desirable outcome? What if you are trying to reach a "win-lose," "lose-win" or "lose-lose" outcome.

Maybe you can only achieve something at someone else's expense, or are willing to fail for the greater good or want to teach someone a lesson by destroying a process. Have you ever walked out of a restaurant to teach your children a lesson? The ability to negotiate is not the ability to always achieve a specific type of outcome; rather it is the ability to achieve your specific objective.

Picture yourself playing baseball. For any given at-bat your goal is not to "achieve a win-win for all teams involved" or "synergize your skills in harmony with all parties." As a hitter you have a specific goal, usually to get a hit but sometimes to advance a runner, sacrifice fly or draw a walk.

Likewise when speaking to others in your business life you usually have very specific goals that you want to achieve such as getting someone to provide data, getting an update on a process, etc. As a negotiator you should focus entirely on those goals and not get distracted by larger holistic, and often unrelated, outcomes. Also, like in baseball,

you usually won't succeed. If you fail to achieve your goal in seven out of 10 negotiations you can consider yourself a success, and by focusing on your goals more you can improve that average.

Questions are more powerful than statements

There are undoubtedly many actuaries who can win a negotiation by simply making a statement powerful enough to defeat any argument. I've heard people say such things as, "*the numbers are credible, let's not talk about it anymore,*" or "*this number you projected is not right, try again.*" Imagine how those statements make everyone in the conversation feel.

Now imagine if I rephrased them as questions: "*what aspect of these numbers do you feel is not credible, and is it worth another look?*" or "*do you think this number looks correct compared to an independent source?*" Now think about if you would rather work for a boss that uses these original versus the rephrased statements? Why?

The difference between questions and statements is that not only are questions less confrontational than statements, but they also include an emotional payment to the person hearing them. By asking the right questions you avoid assigning blame, include the person being questioned in the discussion, and give them a chance to explain.

PATIENCE, PATIENCE, PATIENCE

You're much more likely to get everything you want if you don't ask for it all at once. Most people under age five understand this innately, but at some point we all seem to forget.

I was in a conference with some IT representatives recently in which they were telling me that a particular data generating process could only be executed once due to data processing constraints. If I had asked them to do a second run they would have turned me down flat, so instead I led them in small increments to the conclusion that it could and should be done:



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By asking the right questions you avoid assigning blame, include the person being questioned in the discussion, and give them a chance to explain.

“What is involved with running this process on your end?” I said. It took several jobs, some manual data copying, and then several more jobs.

“How long do these jobs take to run?” Three hours was the response.

“I’m willing to run them for you, and do the data copying and compiling, can you give me access rights?” That was a flat no.

“Do you have three hours in the next week in which you are not scheduled to work on something? Has this particular set of jobs ever been repeated in the past? What if I can guarantee you that I won’t ask you for any more runs beyond this one? Is there any group more qualified than yours to do this work?” After this series of questions I not only got my second run but they were happy to do it.

Is this process manipulative? I would say no – asking nicely for help is not a bad thing. And throughout this questioning I was sincerely asking for help, I never changed the tone of my voice, in the back of my mind I was willing to accept no for an answer, and I was giving them emotional payments because I truly valued what they did.

Accusations are for lawyers

“Winning isn’t everything, it’s the only thing.” Do you know who said that? Well here’s a surprise for you, Lombardi never actually said it – that was a misquote, part of an effort to sell more newspapers. What he actually said was *“winning isn’t everything, but wanting to win is.”*

In the long term it’s not productive to do everything in our power to win, and the worst thing we can do is try to get what we want using blame. Recently a co-worker of mine asked me via email late on a Friday night to do something. I didn’t get the message. During a meeting the next morning she made a point of starting off the meeting by saying that *“This was not done.”* I amused myself by counting how many times this phrase was repeated in my general direction. Five.

After this meeting I performed the task, and I’m sure I’ll perform other requests that she will send my way. Now go beyond the business aspect of this – how likely am I to consider her my teammate in the future? If she ever needs a favor from me, how responsive will I be? How does this conduct make her look to the other members of the team? We all like to think that our reputation will gain substantially if we constantly and immediately pounce on any degree of error we can find in our co-workers, and it’s true that spotting errors is helpful when done right, but in the long term the only way to become a better negotiator is to make yourself the kind of person other people will be happy to work with.

Your facts do not matter (much)

Have you ever followed a major court case in which all the facts of the matter clearly indicated a suspect’s guilt, only to watch that person be acquitted? Have you wondered how it could happen? Well the answer is that a criminal trial is a negotiation. The law may try to be scientific, but all the events in a courtroom consist of one or two people talking to the 12 members of a jury. All the world’s witnesses, expert testimony, and scientific evidence amount to very little if the jury simply dislikes the prosecutor, defendant or witnesses. A study by the University of California concluded that about 10 percent of all court decisions are based on the facts of the case. The other 90 percent of decisions are arrived at based on the people involved and the impact of the court process and arguments used.

As actuaries we spend our time trying to arrive at a final universal truth that is based on facts, and any lawyer will tell you that the goal is not truth but rather the crafting of the best argument for your position. It’s the same with our work. Through powerful and varied technical analysis we can find answers, but they only matter to the point in which we bring them to the right people and communicate them in an effective argument. When trying to achieve your goal in a negotiation it’s better to resort to facts last and focus on the argument your facts create in terms of the people involved and processes used.

People will avoid contradicting themselves

“It is generally the case that men are readier to call rogues clever than simpletons honest, and are as ashamed of being the second as they are proud of being the first.” That’s Thucydides in *The Peloponnesian Wars*. Everyone wants to feel like they are clever all the time, and this leads to an innate desire in everyone to avoid self-contradiction. It is rare to hear a businessperson caught in a contradiction simply admit that they were initially mistaken even though this may be the best solution. This would amount to “losing face.” By taking notes at meetings and paying attention to what your colleagues say, you can keep them honest later.

STANDARDS ARE YOUR BEST FRIEND

Almost without exception every company, corporation or business entity of any size has standards. Much like people, businesses hate to contradict themselves and will almost always adhere to these standards when confronted with them, even indirectly.

For example, I recently had to call my power company, but was unable to get through until way past midnight. They explained to me how heavy the call volume was, how understaffed they were, etc. But they have a standard - right on the back of my electric bill they say that they offer “superior customer service.” I simply asked the representative, *“does your company offer superior customer service?”* The answer was yes. *“How long was I on hold?”* About 40 minutes. *“What is the current time?”* 12:45 am. *“Does this sound like superior customer service to you?”*

Think about all the ads you see throughout the day. Some of them talk about how a company offers “reliability you can depend on” or “a quality assurance guarantee,” and almost every company offers “superior customer service.” All of those standards are useful both in the company you work for and the ones you have to deal with.

WHY AM I TELLING YOU THIS?

You’re probably wondering why I’m telling you all this. If everyone becomes a great negotiator, I’ll never get a good deal on a new car, I’ll end up doing more for other people at work, and I’ll end up donating or volunteering to all the charities of the world. The truth is I’m fine with that. I’m admittedly not a “great” negotiator; there are better and worse negotiators in the world I – but think about what the world would be like if everyone used these skills. We would all ask each other nicely for everything, respect each other for the hard work we do, people and corporations would be held to their own high standards, and we would all get what we want more often. That’s the world I’d want to live in, and that’s why I hope you and everyone else reading this will become “The Negotiator.” ●

Six Signs of Being a Boor

By Maureen Wild



As an etiquette professional, I enjoy reading reports written by other specialists on the topic of workplace behaviors. While there are volumes written about civility in the workplace, in 2009, author Anthony Balderrama of CareerBuilder.com wrote a powerful little article pinpointing six attributes that simply shout, “Boor!” Here’s my take on his six attributes. See if you agree that—“It doesn’t take a brainiac to know that...

- **Not cleaning up after yourself in a community kitchen is rude.** Does your employer offer a space with a refrigerator, sink, microwave oven and table for staff to congregate for meals or snacks? Why would you abuse the privilege by not cleaning up after yourself if you’ve got dirty cups, plates and silverware? Wash your personal items and don’t leave a pile of dirty Tupperware containers in the sink. Wipe down the table when you have finished dining. Why wouldn’t a person do this? Oh, that’s right, because she is rude.
- **“Colorful language” in the workplace is rude.** Yes, we’ve all become far more relaxed in expressing ourselves. The word “sucks” dominates the lexicon as well as a slew of other words that have elbowed their way into everyday jargon. Nevertheless, what needs to be remembered is that it’s less about the profanity itself than the fact that you really don’t care if you are offending anyone. Being sensitive to the sensibilities of the people around you is a sign of courtesy and finesse.
- **“Cell Yell” is rude.** Cubicles are the norm in many workplaces, so one person’s speakerphone or “smart phone” conversation becomes an entire floor’s business. Never mind how annoying it is to hear a conversation you’re not a part of; think how bothersome it is to try to concentrate on work when someone’s blathering in your ears. Rather than force your call on the whole department, invest in a headset or speak more quietly. Honestly, do you WANT your co-workers to know when you’re having a tiff with your spouse or what the doctor thinks about your toenail fungus?
- **Not greeting people is rude.** When you’re walking down the hall and a co-worker is walking toward you, give a smile, a nod or some other greeting. No one is asking you to pretend you are best friends. All anyone wants is an acknowledgement that you see them and that you’re not going out of your way to avoid having any contact with them. To do otherwise is rude. ●

- **Interrupting people is rude.** When you interrupt someone, you suggest that your time and ideas are more important than anyone else’s and that you have no interest in listening to what they have to say. Finishing someone else’s sentences, waving people off, talking over them or not permitting another party the luxury of *thinking* of a response is a sign that you are a bonehead.
- **Neglecting to say “thank you” is rude.** In a 2002 Public Agenda survey, researchers learned that less than half of adults (only 48 percent) expressed gratitude when a kindness had been done to them. Sixteen percent of respondents said they practically never saw demonstrations of appreciation. What happened to a simple ritual of thanking someone for bagging your groceries, delivering your coffee, scrubbing down the company restroom or holding a door? Even small children know to say “thank you” when a lollipop is offered.



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Motivation and the Effective Manager

By Stephanie Weist



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This past June, I had the opportunity to be part of a webcast, “How to be an Effective Manager,” co-sponsored by the Actuary of the Future and Management and Personal Development Sections. One topic I discussed was how critical motivating and engaging your team is to being an effective manager.

When I first became a manager, I focused on output and work product. Can we deliver more reports, faster and faster? I didn’t give a lot of thought to the people doing the work. Over the years, I have come to realize it is how people are treated and how much they enjoy being on the team that will lead to more and better work. Here are some of the ideas around motivation that I shared in that webcast.

WHOSE JOB IS IT?

Whose job it is to motivate you? I have always leaned toward the philosophy that the manager’s job is to hire motivated associates and then create an atmosphere that keeps the associates motivated. So how do you create this atmosphere? You have to find out what your team members want from work, and you will quickly find out that one size doesn’t fit all.

Some motivators are task accomplishment/problem solving, recognition, influence and health/life balance.

One way to figure out those most important to your team members is to use a motivator checklist - I have used one from the website www.managementhelp.org. I give the motivator checklist to all of my associates and have them rank what motivates them. It not only helps me but it also helps them realize what their motivators are. You’ll get a different answer from each person. This will help you know what to do for each person and maybe more importantly what not to do! For example, if someone ranks teaching or guiding others low, you probably don’t want to put that person in charge of training for new associates. Once you know someone’s motivators, you can personalize projects or the way you present projects to keep your team members motivated.

Another way to get what you need to create a motivational atmosphere is to have informal one-on-one meetings and conversations. **Simply ASK!** These meetings are also a great place to ask specific engagement questions every year to find out which is the most important that individual. You’ll never know what John wants unless you ask him and give him an honest opportunity to express what he needs.

Sometimes you won’t be able to provide what people are asking for. But you need to be available to listen. These one-on-one meetings are also a good time to get to know your associates, their families, their favorite foods and their pet’s names! We’re all busy, so set aside dedicated time to meet with each of them individually on a regular basis. It may seem like it is contrived and insincere, but if you truly listen and take the time to care about the associates on your team, it will be received in the nature it was intended.

RECOGNITION

Over the years, I have found that one of the biggest motivators is recognition. Recognition really needs to be timely and specific. People want to know after they have done something what you think about it.

My current responsibilities are financial reporting. So every three months my team is in an intense, deadline driven quarterly close. At the end of each close, I take the time to write a thank you or appreciation note to everyone on my team. I make sure to mention specific actions that I appreciated about each person during the close. I don’t want to give out generic thanks for the work done because that doesn’t seem sincere and it doesn’t motivate as well as specific, timely recognition.

Recognition doesn’t have to come only from you, the manager! Encourage your associates to praise and recognize their peers and co-workers. I spoke of the appreciation notes I write each quarter. I have handed out similar blank appreciation forms to everyone on the team and encouraged them to let others know when they appreciate what they have done. It is great to know that your co-workers and customers recognize your efforts.



Another great motivator is to celebrate achievements. This is an important step that is often forgotten, especially in actuarial circles. Without ongoing acknowledgement of success, your associates can become frustrated and even cynical about their efforts. Why work hard if no one seems to care what you accomplish?

Things we try to celebrate on my team are passing exams. Since I manage a diverse group, it is not just SOA exams, but also LOMA, CPA, MBA and whatever else people are doing for continuing education. We also celebrate birthdays and anniversaries with the company.

In the past, once we finished a project we just moved on to the next task on the list, but now we celebrate the end of large projects. Over the last few years we have had large model conversion projects for our forecasting models. At the end of each major conversion, we had a celebratory lunch to recognize everyone who worked on the project. A lunch didn't cost a lot, but it showed people we appreciated and recognized their efforts.

Some people love awards, so why not make up your own award? One day at the Dollar store I spotted a small orange rubber traffic cone with the words **Way To Go** on the side. It is about 4 inches tall. Now when someone goes out of their way or above and beyond on a project, they are awarded the **Way To Go** cone. It sits proudly on their desk until someone else earns it. It isn't given out in a set number of days, like associate of the month, but when it is earned for exceptional work.

CLEAR EXPECTATIONS

Motivation works best when you set clear expectations. People need to know what you expect of them. You should align goals of the associates with the goals of the organization. The top down approach works well here. Start with the goals of the company and then drill down to the department and then the individual associate level.

I always set the current year objectives and then discuss them with the individual. I like to get buy-in from my associates instead of unilaterally setting objectives. It doesn't mean it is a total democracy, but people need to know that their opinions and ideas matter and are taken into account whenever possible. When priorities change, as we know they do all the time, make sure you clearly explain what is changing and why. Attempt to limit the unexpected surprises for those on your team.

FEEDBACK

Feedback, like recognition, needs to be timely and specific in nature. Provide both positive and constructive feedback where necessary. If you have someone underachieving, don't let it get too far before you communicate what you expect and learn why your expectations are not being met. Go in with an open mind to see if there are any issues that might be affecting the performance such as workload, stress or outside distractions.

You set the objectives so that they aligned with the company goals, so your feedback should show how the associate helped achieved company results. Think about providing feedback from others in addition to your own. We have a mechanism at my company where you can choose peers, co-workers and customers to provide anonymous feedback, so it is easy. If you don't have that, find another way to try to capture that feedback. Hearing their customers' comments will let the associate know his or her effort is appreciated.

Those are just a few ideas on motivation and engagement that have worked for me. I hope you will be able to use one or two on your team. ●

Motivation works
best when you set
clear expectations.

Book Review: *Good Boss, Bad Boss: How to Be the Best...and Learn from the Worst* by Robert I. Sutton

Review by Mary Pat Campbell



Mary Pat Campbell, FSA, MAAA, is VP, insurance research at Conning in Hartford, Conn. She can be reached at marypat.campbell@gmail.com

Tread this book and squelch your inner boss-hole!

In a prior book, Robert I. Sutton wrote about jerks in the workplace, and came up with this book as a sequel. He was finding that the jerks that caused the most misery in the workplace were, unsurprisingly, bosses.

Digging into research, he found studies showing negative impacts of bad bosses, even increasing the incidence of heart attacks in their direct reports! On the flip side, having a strong leader who inspires raises performance well above average. While some think that in a time of high unemployment, managers can get away with being jerks, this doesn't really help the bottom line. For example, there is a chapter specifically on having to do the "dirty work"—implementing decisions such as layoffs that most people would rather avoid. One of the situations described in this chapter involved studying two manufacturing plants that had to go through a round of pay cuts; the plant where there was a cold, clinical approach to communicating this to employees found that thefts increased to a rate twice as much as the plant where more full, humane explanations were given before implementing the cuts.

This leads me to an aside – Sutton often refers to research, which is relatively common in popular business books, and provides full citations in end notes, which is less common (there are even URLs... which I suppose one would be able to follow in the e-book edition.) His sources range from standard business research, to stories from readers of his previous book, to blogs, and to regular business magazines and interviews. It's quite a wide survey of the effect of various management antics.

Sutton uses these sources to craft a handbook for managers to avoid acting like a "bosshole" (Sutton's term). While examples of bad behavior abound in the book, there's a lot more focus on good bosses and their behaviors than the opposite. There is advice of what sort of behavior to avoid, but also plenty

of positive, practical actions he recommends for creating a better work environment for one's direct reports. Near the end of most chapters are simple lists summarizing recommendations and insights into being a good boss and avoiding being a bad one. So for a quick taste, just thumb to the back of each chapter and check out the easy-to-read lists.

What I like about this book is its practicality and groundedness in basic principles, without spinning a grandiose theory (or an overly simplistic metaphor.) This would be the perfect gift for the newly-minted manager. ●

Branding – Social Media Style

By Margaret Resce Milkint

LinkedIn is adding a new member each second¹, one in every nine people are registered on Facebook, Twitter is handling 1.6 billion queries per day and Google+ reached 10 million users in just 16 days² – it is safe to say that the social networking scene is more than just a phase. It has become an essential component of networking. Does your social media presence – or lack thereof – accurately represent your personal brand?

Yes, your personal brand – what you are known for and what sets you apart from the crowd – is just as important online as it is off. In fact, 63 percent of recruiters are checking social media sites to find out more about potential employees³. And, LinkedIn is delivering on its brand promise, with its top three activities reported as industry networking (61 percent), keeping in touch (61 percent), and co-worker networking (55⁴ percent)⁵. The reality is that social media is having an increasing impact on the way professionals hire, advance and network; and if you are not intentionally active in the space, it is time to make the leap.

GETTING STARTED

The number of social networking sites available today can be overwhelming. Be realistic. It is not possible to be everywhere all the time. Determine your objective, decide which sites will help you achieve your desired results and participate at your own comfort level.

If you are searching for a new career or hoping to expand your professional network, look at social media sites, like LinkedIn, that have a distinctly professional aim. If you are looking to stay current on industry news, brands you like or even celebrity gossip, consider joining Twitter. If you are interested in keeping in touch with friends and family, Facebook may be the best venue. Depending on your objective(s) you may want to maintain a presence on multiple social media outlets or use the same site to further more than one objective. Social networking sites continue to evolve and are offering more control to members who want to use the same site

for multiple purposes, allowing you to share photos from your infamous Halloween shindig with friends and not with your boss or co-workers.

MAKING A MEMORABLE FIRST IMPRESSION

First impressions are almost impossible to reverse, making those first encounters extremely important. Your profile on social media sites is the equivalent of your resume; your appearance or your elevator pitch and should be crafted with care. Highlight your skills and talents to further your brand and demonstrate your value to fellow networkers, recruiters and potential employers.

Some sites, like LinkedIn, allow users to search the user database using keywords. Think about what keywords you want to be found for and incorporate them into your profile to increase the likelihood that you are “found” in relevant searches. And most importantly, proofread, proofread, proofread! One of the easiest ways to look unprofessional and sloppy is to display a profile (or even posts for that matter) with grammatical and spelling errors.

Furthermore, select a profile photo that illustrates your brand and furthers your objectives on that particular site. Although your favorite shot of your toddler is adorable, a headshot may be more appropriate if you are using the site for professional networking.

BUILDING YOUR NETWORK

Expand your network by searching out and connecting with relevant contacts. Most venues offer to check your various address books for contacts who are also members of the same site. Adding the appropriate icon to your email signature is a great way to promote your social media profiles and makes it easy for contacts to connect with, friend or follow you.

Don't lose sight of the importance of face-to-face communication, though. It will always be in style, so utilize social networking as an extension of, rather



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... 63 percent of recruiters are checking social media sites to find out more about potential employees.

than a replacement for, in-person networking. When you return from an event or reach out to someone by phone, go one step further by looking the person up on LinkedIn, or the other networks you are a part of, and extending an invitation to connect.

Be familiar with the privacy settings of the sites you are using. Know who can see your profile and to what extent. More often than not, the default settings are very lax. If you are using a site for dual purposes, consider creating different lists on Facebook or circles on Google+ for personal versus professional contacts. In some cases, it might be best to keep your lists of friends separate from those of your co-workers and others in your professional network.

FURTHERING YOUR BRAND

Merely joining a social network is equivalent to hiding in the corner at a networking event. Though you can't control what is being said, you can demonstrate a willingness to act on what you have heard – good and bad – just by participating in the conversation! Establishing yourself as an authority or leader in your field can create positive visibility and open you up to professional opportunity. Showcase your credibility by sharing relevant content and commenting on others' posts. Join relevant groups; follow industry experts on Google+, Twitter and Facebook, and participate in the "LinkedIn Answers" feature.

Remember that everything you post is permanent and should further your brand proposition. It may be best to stay away from controversial topics. Think twice before publically recommending someone and employ the one-hour rule before responding to something that really gets you fired up.

MONITORING YOUR BRAND

When was the last time you "Googled" yourself? "Googling" yourself is the best way to monitor your online reputation. Search your name periodically and see what you find. You can also set up Google Alerts to send a message directly to your inbox whenever your name pops up online. If the results

are less than enticing, take the opportunity to ramp up your social media efforts.

There is no question that social networking is redefining the way the world is communicating. Networking is no longer confined to a board room or luncheon, but rather has adapted into a 24/7 venture. The impact it has on social and professional endeavors is far-reaching and continues to evolve. You are in control of your digital footprint. Use social media to grow your network, spread your knowledge and absorb information. Now is the time to embrace the power of social networking and further your personal brand. ●

END NOTES

- ¹ Van Grove, J. (November 17, 2010) *LinkedIn Adding a New Member Per Second*. LinkedIn. Retrieved November 16, 2011, from <http://www.linkedin.com>
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The Best Day to Grow: Today

By Brian Pauley

By the time you read this, you, your department and your company will have 2012 business goals in hand. But let me ask you a question. What are your personal growth goals for the year? Many people show up to work and expect personal growth to just happen. An important but undervalued leadership principle is: **personal growth is an intentional process**. In other words, it doesn't just happen. You have to plan for it.

For you to accomplish personal growth and to reach your potential, you must develop and follow a plan to get there. The best way to get there is to follow a plan daily. Yes, every day. If you do this, you will make personal growth a priority, and it will become a habit.

Today is always the best day to start something. Here is an example:

I lead a leadership development group in my department, where we have a weekly reading assignment from a leadership book. I often hear *"Brian, I really like the idea of reading leadership books, but I'm really busy right now. When you start the next book, I will be there!"*

In other words, there is a day out there in the future that will be less busy and with time available to devote to personal growth. These individuals don't usually make it when the next book comes around. However, those who make it a priority and attend weekly seem to always find a way to get there.

If you already have a personal growth plan that you follow, great. If not, here are some great resources around which to build a personal growth plan, to help get you started. With the exception of the Maximum Impact Club, these are free.

- **Leadership Book Groups:** Start a group at your company or in your department for reading leadership books and discussing them. But don't make this a run of the mill book club. Make sure the group commits to living out what you've learned.

- **Maximum Impact Club:** The John Maxwell Company offers a monthly mentorship program led by leadership author and expert John Maxwell. This costs about \$20 per month (and is worth every penny). <http://www.mileaderonline.com/>
- **A Minute with Maxwell:** If you sign up, you get a daily link to a video where John Maxwell teaches you leadership and personal growth via a word of the day. <http://johnmaxwellteam.com/>

Online newsletters and blogs are an excellent resource for personal growth. Here are a few of my favorites.

- **John Maxwell on Leadership:** A weekly blog by John Maxwell. <http://johnmaxwellonleadership.com/>
- **Jon Gordon's Weekly Newsletter – Positive Strategies to Fuel Your Life and Career:** A weekly newsletter from leadership author and speaker Jon Gordon. Jon is the author of five books that make great reading for personal growth. His latest book is *The Seed – Finding Purpose and Happiness in Life and Work*. <http://www.jongordon.com/newsletter.html>
- **Leadership with Sass:** A weekly blog from Linda Sasser. She puts out a lot of great articles, especially on team improvement. <http://www.leadershipwithsass.com/>
- **Leadership Freak:** Dan Rockwell produces material aimed at "helping leaders reach higher in 300 words or less". These are quick reads, but contain great content. <http://leadershipfreak.wordpress.com/>

Don't wait for the perfect day to start your personal growth journey and reaching your potential. The perfect day is already here. ●



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... personal growth is an intentional process. In other words, it doesn't just happen. You have to plan for it.

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