SOCIETY OF ACTUARIES Management & Personal Development Section

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the stepping stone

What Would You Do?
New Case: Go for the Offer?

By John West Hadley

Here is our third entry in the *"What Would You Do?"* series. Write to me at *SteppingStone@JHACareers.com* to tell me what you would do. In the February issue, I'll compile the responses received (preserving your anonymity, of course), along with what actually happened in the real-life situation.

I need your help in crafting future case studies. Write to me about your own challenging, surprising or nightmarish situations involving business, leadership, management, or any of the topic areas covered by *The Stepping Stone*, and what lessons you learned from them. I'll collaborate with you on turning it into a simple case study, being careful to ensure no one is identifiable.

GO FOR THE OFFER?

Charles was a recent FSA seeking a new leadership role. A recruiter who had placed several actuaries at Industrial Life reached out to him about a position in their actuarial department, telling him she thought he would be a very good fit to their culture and operation. Although it wasn't exactly the role he was seeking, it had enough positive attributes to be worth exploring.

Charles arrived for the interview, and was having a good discussion with Frank, the department head and hiring manger, when he realized that the specific job really wasn't what he wanted. He was tempted to reveal this to Frank, but he had always heard that in any interview you should always go for the offer. After all, there's nothing to turn down until you actually receive an offer, and you can always negotiate once the company has decided they want you.

If you were Charles, would you tell Frank you're not interested in the job? Why or why not?

WHAT WOULD YOU DO?

John Hadley is a career counselor who works with job seekers frustrated with their search, and professionals struggling to increase their visibility and influence. He can be reached at *John@JHACareers.com* or 908.725.2437. Find his free *Career Tips* newsletter and other resources at *www.JHACareers.com*, and watch for his upcoming book, *Cruising Through Executive Interviews … To Land That 6 Figure Job You Deserve.*

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This newsletter is free to section members. Current issues are available on the SOA website (www.soa.org).

To join the section, SOA members and non-members can locate a membership form on the Management and Personal Development Section Web page at www.soa.org/mpdsection.

Are You Leaning In?

By Jennifer Fleck

When Facebook's COO, Sheryl Sandberg, released *Lean In: Women, Work, and the Will to Lead* in March this year, it started a firestorm of controversy that most leadership books don't see. The controversy started weeks before the book was even released. I read it to see what all the fuss was about, and I found it to be an inspiring book with quite a bit of good advice that applies to men and women alike. I could relate to her reasons for writing the book. While I'm not the COO (yet), I've seen a similar thinning of the women in leadership roles as our generation moves up the corporate ladder. Sandberg explains:

> *I graduated from college in 1991 and from business school in 1995. In each entry-level job after graduation, my colleagues were a balanced mix of male and female. I saw that the senior leaders were almost entirely male, but I thought that was due to historical discrimination against women. The proverbial glass ceiling had been cracked in almost every industry, and I believed that it was just a matter of time until my generation took our fair share of the leadership roles. But with each passing year, fewer and fewer of my colleagues were women. More and more often, I was the only woman in the room.*

Why is this? One of her theories is that cultural assumptions are still out of balance:

> *For many men, the fundamental assumption is that they can have both a successful professional life and a fulfilling personal life. For many women, the assumption is that trying to do both is difficult at best and impossible at worst. Women are surrounded by headlines and stories warning them that they cannot be committed to both their families and careers. They are told over and over again that they have to choose, because if they try to do too much, they'll be harried and unhappy. Framing the issue as "work-life balance"—as if the two were diametrically opposed—practically ensures work will lose out. Who would ever choose work over life?*

So, how does she propose we take on these challenges? The book is full of personal stories and examples that illustrate her good advice. Here is my take on some of her best advice.

WHAT WOULD YOU DO IF YOU WEREN'T AFRAID?

So often fear is what holds us back. Fear of not being liked. Fear of making a wrong decision. Fear of failure. If you don't step out and face your fears, you may not fail, but you most likely won't rise to the top. Ask yourself every day, "What would I do if I wasn't afraid?" and then do it.

SIT AT THE TABLE

Have you ever gone into a meeting that was going to be full and sat at one of the chairs to the side of the room, instead of at the table? It makes you look like a spectator and not a participant. It makes it harder to be heard. It makes it easier for others to discount you. It's hard to be top of mind when the next promotion opportunity opens up, if others don't hear you speaking up and making your positions known.

IT'S A JUNGLE GYM, NOT A LADDER

Ladders are just for going up and down, but jungle gyms allow for more flexibility and creative exploration. If you think of your career as a jungle gym, you will realize there are a lot of ways to the top, not just straight up. Try out a different rotation than you are comfortable with. Try a role in a non-actuarial part of your company. You may be surprised at how your skills are transferrable if you think more broadly.

MENTORS

We've all heard the importance of being a mentor and having a mentor. Many actuarial programs already have official mentoring programs where the mentor and mentee are assigned to each other. Sometimes these work out, and sometimes they are just awkward. Go beyond the standard actuarial mentor and find other successful people outside the field to reach out to.

However, Sandberg points out that successful people get quite a few requests to be a mentor. The

CONTINUED ON PAGE 4

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Sandberg advocates staying fully vested in the workforce until the day you decide to leave.

best mentoring relationships tend to happen more naturally than that; mentors choose protégés based on performance and potential. Mentors want to work with people who they think can really benefit from their help and are truly open to feedback. Sandberg wants to turn the advice around from "Get a mentor and you will excel" to "Excel and you will get a mentor."

DON'T LEAVE BEFORE YOU LEAVE

Sandberg describes a classic scenario where an ambitious and successful young woman has the thought of having children someday in the back of her mind. She may make small decisions along the way that hold her back because she knows someday she will need to make room for a child in her life. She may hesitate to go for a position with bigger responsibilities or travel requirements. Slowly these decisions make her feel less fulfilled, underutilized or unappreciated. Sandberg advocates staying fully vested in the workforce until the day you decide to leave. She isn't downgrading the decision to become a stay-at-home parent either. Each family needs to make that decision for themselves. She just warns against cutting back too soon, so that work remains a place where you feel fulfilled and challenged.

There are a number of other topics in her book that contain good advice for both men and women. The controversy was from critics who said she was too rich to give advice to "real-women." Yes, she can afford nannies, but I'd rather take advice from someone who got there than someone who didn't. Critics also said that she was blaming women for holding themselves back. Maybe. I like to call it personal responsibility. No one is going to take responsibility for my career except for me. I don't expect "society" to change it for me.

I think the book struck a nerve. As of this writing in August 2013, *Lean In* continues to hold the No. 1 spot on the *New York Times* Hardcover Business Book Bestseller List. It has been there since April. It has also been on the overall Nonfiction Bestseller List for 21 weeks now.

For more information, grab a copy of the book, or check out the website *www.leanin.org.* The site encourages people to start "Lean In Circles," to get together with others in their area at a similar place in their careers to talk about the issues and encourage each other.

What do you think? Let's keep the conversation going on the Management & Personal Development (MPD) Section's LinkedIn site.

Letter to the Editor

By Dave Snell

Yesterday, I read Mary Pat Campbell's article, "A Summary Look at GetAbstract," in *The Stepping Stone*[1] and then accessed the service. Before the evening was over, I had read the abstracts of 20 books on my recently read or pending list, and I was duly impressed by the value of this service for Management & Personal Development (M&PD) Section members.

In truth, I often enjoy the anecdotes and detailed stories the most, and this probably will not reduce the number of books I purchase and read. It may even increase that activity; but I will be better able to decide which ones are likely to provide a higher return on my time investment.

This is an excellent service. I started by reading abstracts of books I had already read, expecting that they might have been eviscerated to the point of little interest. I was pleasantly surprised to find that the main points were extracted and much of the tedious and time-consuming repetition was absent. Another surprise was that the abstract sometimes showed thoughts that I had missed or forgotten … perhaps during a lapse of boredom from another rehash of a different point.

Thanks for your concise article calling this to the attention of M&PD members. I appreciate this tangible, value-added benefit of section membership.

Cheers,

Dave

ENDNOTE

1 See the August 2013 issue of *The Stepping Stone*.

Dave Snell, ASA, MAAA, is technology evangelist at RGA Reinsurance Company. He enjoys inventing new tools and techniques for actuaries. Dave can be reached at *Dave@ActuariesAndTechnology.com*.

What Would You Do?
Responses to "Can You Go Back?"

By John West Hadley

John Hadley is a career counselor who works with job seekers frustrated with their search, and professionals struggling to increase their visibility and influence. He can be reached at *John@JHACareers.com* or 908.725.2437. Find his free *Career Tips* newsletter and other resources at *www.JHACareers.com*, and watch for his upcoming book, *Cruising Through Executive Interviews … To Land That 6 Figure Job You Deserve.*

In the August issue of *The Stepping Stone*, I posed the question *"What would you do?"* to a business situation. I received a terrific response, more than it was practical to publish in its entirety. I sincerely thank everyone for their contributions!

Below is the situation, a number of insightful responses I received both pro and con (edited for space and clarity), insights extracted from other responses, and the real-life conclusion of the situation. Send your own ideas for situations to pose in upcoming issues to *SteppingStone@JHACareers.com*.

CAN YOU GO BACK?

Bill had been an actuarial student under Joe for a year at a small insurance company, and seemed likely to be a future superstar. He communicated well, presented himself very professionally, was a fast learner, and was well on track to receive his FSA in the next few years.

One day, Bill came to Joe requesting that he be allowed to move his workstation out of the actuarial student area, as he was finding it very difficult to work in the same area with Matthew. There were only four actuarial students, and all were in a common area. Even though Bill and Matthew had no projects in common, and even worked for different bosses, Bill found Matthew's presence and habits annoying and distracting.

Joe discussed it with Tim, the chief actuary, but space was tight, and Tim felt it sent the wrong signals to attempt to reconfigure the operation just to accommodate one person. Joe took this back to Bill, and the next day, Bill resigned to go work for Tillinghast.

Six months later, Joe received a call from Bill. It seemed that Bill had realized that consulting wasn't really what he wanted, and he understood that Matthew had left. He asked to be considered for his old job.

The adage goes, "You can never go back."

1. If you were Joe, would you consider rehiring Bill? Why or why not?
2. If you were Bill, would you consider going back? Why or why not?

WHAT WOULD YOU DO?

This case elicited strong opinions in both directions. The tally:

Consider rehiring Bill:
Yes: 16
No: 15

Many who said "no" above didn't respond to whether they would consider going back:
Yes: 9
No: 10

REACTIONS FROM THOSE WHO WOULD CONSIDER REHIRING BILL

Actuary #1

Joe should sit down and talk to Bill. He needs to ask a number of questions:

- What was the specific issue with Matthew?
- Is this an issue that is likely to arise again in Bill's career or can we anticipate it was really a one-off circumstance? (After all—he changed jobs over this.)
- What did he like best about working for Joe and his past role?
- What did he think he would like most about consulting?
- What difficulties did he encounter that have him changing his mind?

He's trying to figure out if Bill is a superstar who made one error in judgment by overweighting his dislike for Matthew, or whether he is a high-maintenance problem child who will never be satisfied and never be able to effectively co-exist on the team.

Of course Bill should consider going back. If it was truly an error in judgment that can be explained, and he has a story to sell to his co-workers that can be accepted, and especially if his co-workers liked him and want him back. But here is the challenge. Bill needs to figure out if the team wants him back and he will be welcome, or if it is just Joe. It will all depend on how he departed and what he said on the way out the door.

Good people who fit the team and the culture are hard to find—neither Joe nor Bill should ignore the opportunity to reunite the team with an effective member. At our firm we have lost one or two individuals whom I would happily take back, with no hard feelings that their life took them somewhere else at an earlier stage.

Actuary #2
Just because Bill had a seemingly petty complaint before he left doesn't mean that was the reason he left.

One rarely complains about the "big" things, as one cannot do anything about them. Bill may have thought that perhaps if the prior job were a little more pleasant, the uncertainty around taking a consulting job wouldn't be worth it. He may have been thinking, *"Well, I can't do anything about the money situation here, but maybe this one small thing could be changed."* Given that he couldn't get the small thing adjusted, he would think there was little hope about any of the large things.

This is someone who doesn't have to be trained—so there's a boost in the short term. I wouldn't assume Bill would be jumping ship rapidly again. I have seen people leave insurance for consulting and then come back again soon. They had not tried consulting before, and of course, more money was an attraction. They determined fairly rapidly that it was not what they desired. Most who did the boomerang routine stuck around for a while after returning.

Actuary #3
Bill communicated well, presented himself very professionally, and was a fast learner. Bill's only problem is Matthew and Matthew is gone. Personally, I don't like the way that the chief actuary approached things. Before deciding to not make exceptions, I would have dug in and asked whether Matthew was a problem. Bill is not described as a prima donna, but as a professional. If the problem with Matthew is valid, then it is worth having a talk with Matthew rather than risking losing someone solid.

Bill did go through channels to try to deal with the Matthew problem in a professional way. He was denied and he left. Matthew is gone and Bill is interested in coming back. Nothing here screams that Bill is a problem or a risk.

This doesn't mean that Bill automatically gets the job. I would make him interview for the position again and treat him like any other applicant as much as possible. I wouldn't want him (or others) to think that it is okay to quit any time you don't like what you are told to do or where you are told to sit. However, if he still seems to be as bright and professional as originally described, I would definitely consider him seriously.

If I were Bill, would I go back? If my primary reason to leave was Matthew, then I'd consider it. However:

- I would also consider the reaction of the chief actuary. Did I get a fair hearing from him before? If not, why would I want to work for him again?
- How will the others treat me if I come back?
- How long will I be stuck in a common area with other students? Matthew is gone, but who is to say that his replacement isn't even worse.

I'd also look at myself and question whether there is something I needed to learn from all of this. Am I well served by going back? Or am I better off by going elsewhere? Granted, consulting isn't for me, but maybe I should look at a different company

CONTINUED ON **PAGE 8**

I have seen people leave insurance for consulting and then come back again soon.

The company I used to work for has hired many (mostly younger) people back with usually great success. Not everyone who asks gets accepted, but the success rate is much better than for completely new employees.

or a different path. Would I be settling by going back?

I would be very cautious. I would consider going back, but it would be far from a foregone conclusion.

Actuary #4
Bill is a budding superstar. He has shown super skills in all areas. He left the company when he wasn’t given what he wanted. He showed that he is a strong-willed person. He also wants to come back now that the problem went away on its own. He is still not showing weakness. If he had asked to come back even though the annoying neighbor was still there, I would consider it a weakness. So the company should try to work with him. After all, budding superstars are quite rare.

Actuary #5
The adage should be changed. As Joe, I would hire Bill back. And if I were Bill, I would certainly consider going back.

People often make a mistake when they leave a job—and that goes especially for younger people who are on their first or second job. Every job includes things that one hates. Until you have some experience, it can be hard to understand and accept those. The grass appears especially greener in the next pasture when you are early in your career.

As long as the person was a great worker, was not a personnel problem, and did not burn bridges on the exit, rehiring them can be a positive for both parties. They already know the environment, work and people. You know them. And now they have a much better appreciation for your company—so that they want to come back.

The company I used to work for has hired many (mostly younger) people back with usually great success. Not everyone who asks gets accepted, but the success rate is much better than for completely new employees.

Actuary #6
I would invite Bill to meet for an informal conversation (not an interview) outside of work. Bill is young and clearly needs guidance on appropriately managing his career, understanding the expectations of the workplace, and getting along with people.

I would encourage Bill to give his current position more time, since six months is insufficient time to judge job fit without extreme external circumstances. I also would provide Bill with constructive feedback regarding his departure from my company and how others perceived him (assuming he didn’t have great relations with the other students either). If Bill came back after a year seeking a position, I would probe on his personal learning from the experience and ability to fit successfully into the current team before considering a rehire. I also would be crystal clear with expectations regarding interacting with staff, informing management, etc.

If I were Bill, I apparently feel remorseful about my impetuous decision, and must have liked the work I was doing at the first company. However, I need to complete some serious self-reflection and work on my long-term career goals, preferred work environment, emotional intelligence and people skills, since I seem to make quick decisions with limited information and lack of long-term thinking.

After taking Joe’s advice and staying in consulting for a year, if I still really believe the consulting role isn't right for me, I would try to go back if I can demonstrate that I have learned and grown from my experience, and that I have a better understanding of how to work in a group/team environment. If I can't demonstrate that, I should be circulating my résumé to other potential employers, and be ready to discuss my job hopping as shown on my résumé, as well as my preferred work environment.

Actuary #7

You'd want to explore the hypothetical issues Joe had with Matthew first. However, an employee who has explored consulting and decided it's not for them might well be a loyal productive worker in a corporate environment. It shows maturity on Joe's part to recognize and admit when a choice wasn't the right one.

Actuary #8

Life is a continuing process of learning and, from that, growth. I had the opportunity to work in consulting and insurance companies, and they are quite different environments.

The aspects of consulting that appear exciting to an insurance company actuary are very appealing from a distance, and they are, but they come with a different system of stresses for performance. For some individuals the stress is motivating; for others it is debilitating. Having experienced the "wild side" of actuarial life, my expectation is that Bill will be better able to focus on the needs and demands of life inside an insurer.

Whether Joe and Bill should get back together is a different question. Issues with Matthew should be addressed, but that should have already been done regardless of Bill's actions. It could be that Matthew is restive and he is the one who needs the challenges and opportunities that are much of the fabric of the consulting world.

The skills and insights I gained in consulting helped me be much more effective in later stints with insurers.

Insights from Others

- I would consider how much of Bill's prior behavior was due to being young and lacking maturity. If this is the case, I would probably consider rehiring him to retain his talent, and coach him on how to handle different personalities or conflicts.
- As Bill, going back would be humbling, but if I realized I had made a mistake, I would take ownership of the mistake and come back letting the employer know that I realized my error. I would also let them know that I would work to better resolve similar situations in the future.
- As Bill, if I really didn't like consulting and I had matured in this time and was prepared to face Matthew again, I would rejoin. The consulting experience would have broadened me, so I might be more valuable to my old firm.

WHAT THOSE WHO WOULD NOT CONSIDER REHIRING BILL HAD TO SAY

Actuary #9

I would not rehire Bill. There are plenty of great candidates in the field, and one who complains about a co-worker instead of using his communication and social skills to defuse the situation paints himself in a bad light.

Actuary #10

Absolutely not. Anyone who left for such a petty reason is likely to do it again. Hiring this person back sends the wrong message to your other employees.

Actuary #11

One could argue that Matthew's habits were so distracting that Bill had no choice but to get out of the situation. And clearly there was some merit because Joe took it up one level. However, when the request was denied and, without any further effort to rectify the situation, Bill abruptly quit, he showed himself as a prima donna of sorts. The "my way or the highway" mentality, from my perspective, kills Bill's chances for a return. So, no, I wouldn't bring him back. If Bill had instead tried to work out an alternative workable solution with Joe and Matthew and eventually failed at that and left, then I might consider a rehire.

Bill should stay with his new employer for a lot longer than six months before making a change.

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The "my way or the highway" mentality, from my perspective, kills Bill's chances for a return.

Otherwise, he appears to be (and is) too much of a job hopper. Besides, six months isn't necessarily a sufficient amount of time for Bill to make the determination that consulting isn't the right course. And that's yet another reason that Joe should not be interested in bringing Bill back.

Actuary #12
Bill is a bit of a prima donna and appears to be high maintenance. While his work is good and he has good skills, the angst that he can cause a manager may not be worth it. In addition, when he didn't like the answer he left for a job that was already lined up.

Bill is quite full of himself and will continue to be difficult. If I were Joe, I would probably not rehire him. If talent was in short supply then I might consider rehiring Bill only after a heart-to-heart conversation where he recognized that he will have to work with many different personalities and will need to adapt and that he needed to make a commitment to the firm.

As for Bill, if he is unhappy at Tillinghast, then he should consider going back but should expect that it won't be easy. He has nothing to lose, especially since Matthew has left.

Other considerations:
- Matthew was annoying to Bill, but what about to others?
- Is Matthew a problem that should be dealt with?
- Should someone look at the configuration of how they are sitting?
- Is talent tight for this company?

Actuary #13
I've seen others go back; I'm not sure Bill can or should.

If I were Joe, I'd want to know why Bill really left, and what will be different the second time. It doesn't sound like Matthew's behavior was outrageous enough to drive others to quit or complain. It does seem strange that someone with otherwise good communication and professional comportment would be the only person to have such severe problems with Matthew.

On the surface, it also seems unusual that moving work areas and changing from a small insurance company actuarial program to consulting for a big firm are comparable solutions to the same problem. The bigger changes imply bigger issues (responsibility, pay, etc.) than could be solved just by changing work areas.

Of course, if the issue really was Matthew, this leaves the question of what Bill will do if a future hire or current employee annoys him similarly. Usually employees leave to get away from superiors who are more entrenched than fellow students, and even in these cases they usually present more bland professional reasons than personal annoyance with a specific individual.

Of course, if the issue really was Matthew, this leaves the question of what Bill will do if a future hire or current employee annoys him similarly.

The employees I know who have left and come back typically present (and usually have) more compelling personal or professional reasons for the change (e.g., location where wife wants to live, moving to care for parents) that have subsequently been resolved.

If I were Joe and I really wanted Bill back, I'd probably see if I could get some feedback from Tim (chief actuary), as I would expect Tim has the same questions.

From Bill's perspective:
- What was different at Tillinghast from what he expected (i.e., can he fix it without quitting after six months)?
- Does he expect the insurance company to be better than before (was it really just Matthew)?
- Will leaving and returning change the way others at the insurance company treat him?

Actuary #14
I would not rehire Bill. It appears that Bill was already looking and used the Matthew incident as an excuse to take the other job. It is not credible that Bill didn't get his way with being moved and then decided to leave the company. The more likely scenario is that he had been looking for another job for some time, and after he made his decision to leave, he wanted to create a legitimate excuse besides just quitting. The fact that he was deceptive about it and left and now wants to come back,

reasoning that Matthew had left, sends a dangerous message and I do not think he can be trusted regardless of his great future potential. He clearly lacks the maturity and professionalism that I would expect from any of our employees.

Insights from Others

- I definitely would not rehire Bill. Who's to say he doesn't quit again as soon as something else mildly annoying happens?

- There are plenty of great candidates out there, and it would be much better for Joe and the company to move on.

- Bill obviously had already been interviewing, since he resigned with another job the next day after receiving the news. Putting it out there that he was leaving because his desk wouldn't be moved is ridiculous. If he had just left to try out consulting, but been honest about his reasons (and not had so much drama), I wouldn't have had any issues rehiring him.

- Bill should not ask for his old job back. It looks weak and people will always be questioning your loyalty.

WHAT DID JOE AND BILL ACTUALLY DO?

Joe had a long discussion with Bill to establish that he deeply understood the rashness of his move, and to explore the reasons why consulting hadn't worked out. He judged that Bill really did understand that he had made a mistake, took ownership for it, was humbled by it, and that he had grown from the experience. Joe then spoke with Tim, and they agreed to rehire Bill.

Bill gratefully returned, and over the coming months demonstrated the potential that had induced Joe to hire him the first time.

There are plenty of great candidates out there, and it would be much better for Joe and the company to move on.

Book Review: Decision Points by George W. Bush[1]

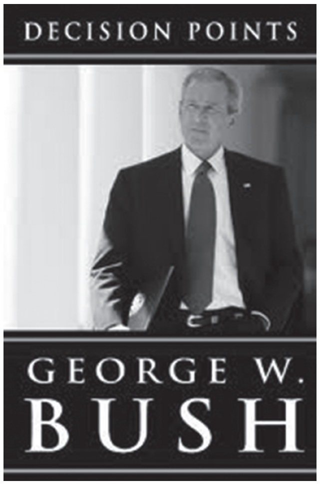
Review by Kristi Bohn

Interested in the way leaders make big decisions, I recently read President George W. Bush's memoir *Decision Points*. He purposefully chose to organize his memoir around major decisions in his life, both before and during his presidency.

The memoir starts with several embarrassing stories that led to President Bush's decision to stop drinking. I found myself wondering how many people, moreover presidents, have ever been so publicly introspective and honest in describing their pasts. The degree to which he shares this negative personal information lends a degree of trust in the information he later shares in relation to decisions made during his presidency. He writes frankly about which decisions he still feels were good ones and which he now feels could have been better or were misinformed.

The book is well written, and the historical context is researched and provided to ensure that future generations may better understand his decisions and the context. While much of the book is rightfully devoted to military subjects, subjects that are near and dear to actuaries' interests are also included at length:

- His support for the Medicare Modernization Act of 2006 (MMA): MMA reinvigorated Medicare Part C's managed care efforts through partnerships with commercial insurers under the new name "Medicare Advantage," and installed Medicare Part D drug coverage, which promoted cost-effective, modern treatment choices for seniors.
- His unsuccessful effort to make Social Security more solvent for the next generation. He also describes what he wished he had done differently, acknowledging the importance of timing.
- His support for specific bailouts based on avoiding economic calamity as well as supporting the pensions, life insurance and annuity coverage of everyday Americans, even though such support went against his view on government's role in private industry.
- His support for Sarbanes-Oxley's corporate governance changes following the Enron collapse.
- His reactions to the 2008 economic crisis.



In reading this memoir, I was seeking to understand *how* this president made decisions. He did not shy away from tackling long-standing social issues, such as the outdated coverage offered by Medicare, despite the uphill battle expected from both major political parties. I summarize here what I gleaned from his memoir, though note that the memoir did not touch on the process of making decisions directly.

GATHERING ADVICE

President Bush collected a lot of advice from those who were considered the most knowledgeable about the subject at hand. He would often put these people in a room together, listen carefully, and ask a lot of questions. His advisors inevitably disagreed with one another, or with him, on the best course of action to take. He seemed to do his best to salvage his own relationships with his top advisors when disagreements arose, but he acknowledges several lasting discords amongst them. In at least a few cases, he felt compelled to take staffing actions so that his administration could continue to function.

He purposefully avoided seeking frequent counsel from his father because of media concerns and the public's possible perception of weakness. But he acknowledges the excellent role model he had. He did not always shy away from seeking his father's assistance; he was grateful for the tremendous leadership support provided by his father and President Clinton in agreeing to partner to raise

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funds for victims of the South Asian tsunami and Hurricane Katrina.

RELIGION

It surprised me how much religion played a role in his life and his presidency. He mentions reading a passage from the Bible as part of his daily routine. However, though prayer is mentioned frequently, there was little insight on what that meant for him … I assume he is describing religious contemplation. Also, he has long been a prodigious reader of history, biography, religion and business texts, and he draws from this background throughout this memoir.

COMMUNICATION

He includes many citations on quotes and calls made to explain to other world leaders, legislators, the media and the public why he was promoting certain legislation or military action. When his course of action was not resulting in success, he acknowledged when a change was needed, and this memoir describes some failures openly.

He describes several interactions with world leaders that were heading down a negative path, and how he sought areas of agreement or mutual interest to build upon. He took care to read and remember world leaders' personal interests and family concerns, as this information could help in building bridges and better relationships. Likewise, in this memoir, he took care to remember and retell the stories of many everyday people that he encountered during his presidency.

PROXIMITY

In my opinion, one of the most interesting points is that his decision to become a leader in his father's campaign and his subsequent access to his father as president provided a degree of confidence, access and knowledge that was invaluable. He acknowledges the importance of "proximity" itself as a career builder. I find this point on proximity interesting in relation to actuaries' own roles in their firms, as well as the expanded role that our profession could have in influencing public policy.

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STEADFASTNESS

He also points out the importance of not allowing others, which in his case were mainly the media and competing political candidates, to define one's character. Savvy vigilance and attention to response need to be spent on this point. Again, I find this point interesting in relation to our profession, as intersections between public policy and the pricing and solvency of the products we work with will continue to place stress upon actuaries in the years to come.

All in all, the book was a good reminder of the major world events of the last decade, and I plan to seek out other political leaders' biographies and memoirs as a compelling way to revisit history, understand public policy, and learn about various leaders' management styles, decision processes, and methods of influencing change. If you have any suggestions, email me at *kbohn@soa.org.*

ENDNOTE

[1] Crown Publishing Group, 2010, 512 pages.

Lessons Learned in Systems Project Management

By Michael O'Reilly

Y2K. ICD-10. Health care reform. Actuaries, as business professionals, are involved with and impacted by system development projects large and small. As financial stewards, no matter what our involvement in such projects, we have the opportunity to provide guidance that at least anticipates, if not avoids, unexpected negative outcomes. When building our financial models we often draw on past experience to project forward. Yet somehow too many managers, including actuaries, continue to be surprised by system development projects—they take longer or cost more or don't quite deliver what was expected. Can we do better? I believe so, if we are willing to learn from past experience just as we often do in our financial modeling.

LESSON 1: SET REASONABLE EXPECTATIONS AND ANTICIPATE RISKS.

Setting reasonable rather than stretch goals may seem to be operating as less than the demanding business managers we should be. We are the customers. IT should deliver functionality that exceeds our expectations at a price below our expectations. Right?

Unfortunately, I have not seen this occur generally. Instead, my experience has shown that business management is generally frustrated by IT delivering less than expected and/or at a cost higher than expected. Even worse is that sometimes business plans are put in place relying on IT delivering full functionality at the expected price and when that doesn't occur, there is an inevitable scramble to try to somehow still make plan. Sometimes an unhealthy pattern exists where this is repeated year after year.

How do we learn from this experience to improve our performance going forward? Should we make changes so that IT has a better chance of delivering the desired functionality at the estimated cost? Yes, absolutely, and I'll discuss that more below.

The first step is to set realistic expectations and even then to anticipate contingent outcomes where the project delivery might fall short. We also need to take care to avoid expanding scope without a corresponding increase in cost or timeline. I know actuaries should strive to avoid being pessimists, but if someone isn't pointing out the risks, it is likely that the plan will fail to be met. The most effective planning includes understanding risks and negative outcomes and adjusting for them as soon as they occur. As actuaries we should be another voice pointing this out, not just for financial risks, but for project management risks as well.

With one project I witnessed, actuarial managers had asked for scope additions expecting that IT could fit them in but then endured delays and cost overruns for the project. With the next project the same actuarial management insisted on more

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Michael O'Reilly, FSA, MAAA, senior actuary at Aetna, believes actuaries can solve technical problems independently and collaboratively with IT. He can be reached at *oreillyms@aetna.com.*

thorough initial requirements definition and IT cost estimation. On the basis of that, management decided that pursuing the second project was not worth the cost. By learning to trust IT estimates, they avoided a costly mistake.

LESSON 2: HELP IT WITH COST ESTIMATES.

Given that we pride ourselves in our ability to estimate costs in the absence of complete information, this lesson may seem like an obvious statement. However, we do tend to think that IT should know their work better than we do and be able to estimate how much their work will cost. Some IT professionals are very good at this; but whereas they have the technical knowledge and experience, we bring an ability and experience at dealing with uncertainty that may help with the estimation process.

- We need to be careful not to infringe on what IT rightly views as their professional stewardship; but where there is discomfort to produce an estimate in light of uncertainty, we can bring our professional training and experience to bear.
- Where there is a resistance to publish a cost estimate, we can help IT work through how to account for the uncertainty or how to present different scenarios or ranges.
- In extreme cases, where lack of an estimate is keeping management from approving a project from even starting, we can offer our own estimates, clearly identifying that IT is not the source of the estimates.

One example of the above situation occurred early on with health care reform (HCR). In order to provide enough lead time for system development, HCR system enhancement requirements were developed even before regulations were finalized. Because of the uncertainty around the requirements, IT was not completely comfortable in publishing delivery time estimates. This jeopardized timely senior management approval to move forward, so I worked with IT to publish what I clearly labeled as business estimates of the timelines. This gave senior management the comfort they needed to move forward without IT having to take greater accountability than they were willing to.

Sometimes actuaries and sometimes others narrow the role of the actuaries to pricing or reserves or other traditional actuarial specialties. We should strive to make a larger contribution.

LESSON 3: THINK BROADLY ABOUT BUSINESS REQUIREMENTS.

Sometimes actuaries and sometimes others narrow the role of the actuaries to pricing or reserves or other traditional actuarial specialties. We should strive to make a larger contribution.

- First, actuaries are business professionals with specialized but also broad and deep business knowledge.
- Second, actuaries, even in traditional actuarial specialties, have to work with systems and workflows and business partners outside of their particular specialty.

Given that, we should be able to define business requirements for not only pricing or reserves but also for how information should flow into and out of those areas. Further, we can bring insight into system flows and workflows end to end in the organization.

Of course, there are other experts who should have the authority to define requirements for their particular area. However, I believe actuaries' training and experience brings a broad perspective that can add value for the end-to-end business requirements for any system enhancement.

HCR requires end-to-end changes including the flow of data such as census information from quoting through operations and back for renewal, which previously wasn't captured. I've seen actuaries very effectively providing detailed direction to operations managers and technical architects on how data repositories in operations, data warehouses, etc. should be structured to ensure that all business needs are met in the most effective manner.

Related to this lesson, we should work to remind both ourselves and others not to work only for narrow department-specific interests but for broader company-wide interests.

LESSON 4: EXPAND BEYOND A BUSINESS ROLE.

In addition to breadth and depth on the business side, many actuaries can also contribute significantly on the technical side of system development projects. Again, we need to balance our efforts to contribute with our IT partners' own expertise and desire to set technical direction. However, if we can foster a collaborative working relationship, there are technical areas where actuaries can make significant contributions.

For example, actuaries deal with internal and external auditors on a regular basis. With that background, actuaries can help their IT partners set standards for level of documentation that not only define business requirements, but also satisfy any audit or regulatory requirements.

Another example is system design. The knowledge of the end-to-end business process that actuaries bring to the table includes significant understanding of the data flows. That can be very helpful to a technical architect trying to ensure that all the system components work together.

Going a step further, because of their broad business background, actuaries seeking a nontraditional role, with some additional training, could effectively participate in overall IT governance. This is equally true of other technical professionals. I know one former underwriter who pursued additional schooling and is now a very effective technical architect due to his business background.

I believe if actuaries do not limit ourselves, or allow others to limit us, and if we work in a collaborative way, we can make significant contributions to executing system enhancements, delivering better, more robust or cost-effective systems solutions than would be delivered in absence of our involvement.

… because of their broad business background, actuaries seeking a nontraditional role, with some additional training, could effectively participate in overall IT governance.

10 Easy Steps to Your Next Actuarial Opportunity

By Patty Kent

Patty Kent is executive vice president of Actuarial Careers, Inc.® She can be reached at *PattyKent@actuarialcareers.com* or at 800.766.0070.

You've decided that it's time to move on to a new job. Maybe you have found a lack of upward mobility at your current company, dissatisfaction with management or the company's path, or perhaps you are currently unemployed. No matter the reason, once you have made the decision, it's time to make a plan. A new job is a major life change, and most people don't approach the task with a plan of action. Think of a job search as a project, and like all successful projects, it needs to be managed from start to finish. Take the time to review these simple steps to finding a clear path to the next step in your career.

1. What Do You Want in Your Next Position? As a recruiter, when I ask candidates what they are looking for in their next job, I often hear that candidates want "something different" or "something nontraditional" or "I'm open to anything." Broad statements like these aren't going to help you in your job search. The first step in your job search should be determining what you find lacking in your current job, and getting a clear idea of what you want in your next role.

- By something different, do you mean you want the same type of position but with the opportunity to manage, or are you looking to move from insurance to consulting?
- Do you want to be part of an entrepreneurial, but risky, start-up?
- If you want to do something different, like moving from a financial position to a product position, are you willing to take a step back in compensation?
- Can you make a compelling argument for why a company should pay you equivalent to your current position so they can teach you new skills?

2. The Basics—Position, Compensation, Location. Give significant thought to what it would take for you to change jobs. You don't want to waste your time (and the interviewer's) pursuing positions that you will not take. Ask yourself the important questions, such as:

- What type of position do you want?
- What title are you looking for?
- How much do you want/need to make and where would the job have to be?
- Are there locations that are deal breakers?

It doesn't make sense to start the process on a position that you know you will not take, and it causes bad feelings with the companies that are interviewing you. You certainly don't want to burn any bridges with companies you may want to pursue in the future.

3. The Job Descriptions. Carefully evaluate the job descriptions and ask yourself if you fit the criteria. In this marketplace, you are going to be up against candidates who have exactly the background the company is requesting. Just because you want to do something different doesn't make you qualified to do it. If the job description is outside of your experience, you will need to develop a compelling argument for why you should be considered. Perhaps you can show how you were able to quickly learn new skills in the past, or that you have had exposure to the type of experience for which they are looking.

If a position is a large jump in title, responsibilities and/or pay, you will also need to have convincing reasons why you should be considered. It is not in your best interest for companies to see your résumé over and over for jobs for which you are not qualified. If they do, chances are when the right job comes along, they won't consider you.

4. Dealing with Constructive Criticism. The interview process is a learning experience. When things don't go well, you should be receptive to receiving feedback that will assist you in improving your performance. It's never easy to hear negative

feedback, but if you are defensive and unable to take the information and learn from it, you may find yourself getting the same feedback from others. There is no point in arguing or being defensive; the impression the interviewers came away with is what you need to address, so make an effort to listen without emotion. Take the information and make it work for you.

5. Employed vs. Unemployed—Managing Your Mindset. There is a distinct difference in how candidates approach their job search depending on whether they are employed or unemployed. If you are employed, you may be looking passively at positions, waiting for the perfect opportunity. If you are unemployed, you will want to be back in the industry quickly and you may even be considering taking a step back in order to get back to work.

If you are employed and looking passively, are your goals realistic? Chances are that the perfect job with a 50 percent increase in pay and a shorter commute will not materialize.

If you are unemployed, are you applying for positions that are outside your skill set, with the hope that they might consider you? It is helpful to put yourself in the hiring managers' shoes and look critically at your background and the job description. Would you then consider yourself a good fit for the job?

6. Repositioning Yourself When You Are Not Seeing Results. Albert Einstein said, "Insanity is doing the same thing over and over again and expecting different results." If you are getting the same feedback from every interview and not getting an offer, you need to take a hard look at your interviewing skills. Are you reaching for positions that are too far beyond your current skill set? Are you preparing for your interviews? Are you presenting your skills in the best way? This is a good time to go back to the basics and review interviewing materials or revamp your résumé. Preparation is the key to successful interviews!

7. Managing Your Timeline. When you are searching for a new position, timing is critical. You may find that you are getting an offer from the company that is your second or third choice, while your first choice has made it clear they will not be making a decision for several weeks. Are you willing to walk away based on the possibility your first choice will come through? It is important to keep all of the companies you are working with informed of your progress so they can adjust their timelines. If you have an offer and the other companies can't accommodate your timeline, it is a good bet that you were not their first choice.

8. I Have an Offer! For some candidates, this is where panic starts to set in. The reality of changing jobs and possibly moving to a new location may cause you to question whether you are doing the right thing. Be assured, almost everyone is uncomfortable with change. Remember why you were looking for a new position in the first place and why this new position is appealing. You can also alleviate some of the stress by making sure you have considered all your questions at the start of the process, instead of at the end! Make sure you have discussed the job and the relocation situation with your family in advance, so everyone is on board.

9. Counteroffers and Exit Strategies. Giving your notice is nerve-wracking, especially when you know that it will come as a shock to your employer. The best way to handle it is in person, with your

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If you are getting the same feedback from every interview and not getting an offer, you need to take a hard look at your interviewing skills.

It's best to keep the name of your new company confidential until after you have started your new position.

supervisor. Keep it short and don't make excuses—just let him or her know that you have been offered a new opportunity that you feel is the right move for your future. Let them know that you have enjoyed your time with the company and you appreciate the opportunities you had to learn and grow.

It's best to keep the name of your new company confidential until after you have started your new position. This avoids any arguments from your current supervisor on why your current company or position is better. As far as counteroffers go, it is not in your best interest to accept a counteroffer. You have to ask yourself, "Why should it take another company seeing your value to motivate your current company to give you a higher title and more money?" In addition, there will be a loss of trust and in the future, every time you take a day off they will think you are interviewing!

10. <u>You've Made Your Decision—What Happens Now?</u> This is a good time to send some emails to your new boss and the Human Resources person letting them know how excited you are about becoming a part of the team. Read your offer letter carefully and make sure you take care of all of the necessary homework, such as drug screening, background check paperwork, contacting their relocation specialists, etc. Make sure you know where to go and what time to be there on your first day. Remember, you are still making a first impression!

Leaving your current employer and taking a new job is a life-changing event and should be treated as such. If you take the time to plan out your job search, you can bypass some of the common obstacles. Treat your efforts with the same respect you would any important project and the planning will pay off!

Critical Influencing Skills for Advancing Professionals (Part 2)

By Raymond E. DiDonna

Beyond technical skills, actuaries must be outstanding communicators and influencers in order to maintain the critical roles they play within insurance organizations. Part 1[1] of this series discussed how to influence your team. Now let's move on to influencing your peers.

INFLUENCING YOUR PEERS

No matter how good you are, you can never do it alone. Last time we discussed influencing a team to achieve a vision, but another constituent to focus on is your peer group: the other team leaders in your group, colleagues who you work with on committees, and others with whom you interact informally every day. If you don't need help from a peer today, you will tomorrow. And when you need that help, there's nothing worse than not getting it. So now we're going to focus on influencing your peers to provide you the help you need, when you need it.

Influencing your peers is all about developing strong personal relationships and building up "good will." Make no mistake about it, people help and support people they like. Read that sentence again—*people help and support people they like*.

Let me give you an example. Let's say you are at your desk and the phone rings. You can see on the display that the person calling is someone with whom you don't get along. What's your first reaction? Probably something like "…oh, what does *he* want?" Your first thought is that this is not going to be a good interaction, you would just as soon not be speaking to this person, and you hope he doesn't want anything from you.

Now, put yourself on the caller's end of the phone—you are the one who needs something (for example, you need to influence your peer to help you finish a project or to be an advocate for your position at an upcoming meeting). You need to make sure no one on the receiving end is ever thinking that they don't want to help you. How do you do that? Read on….

First and foremost, ***always be personable***, even when your peer is not. Never give someone an excuse to not help you because you didn't try to maintain a good relationship with him or her in the first place. In fact, *make* them like you—be positive and personable in all your interactions. By the way, that's good advice for almost all situations. The key is remembering it; especially when dealing with more difficult colleagues. One day you may need their help or their vote or whatever, and you want to make sure you've done everything possible in advance for it to be easy to be on your side. That does not mean a peer is always going to agree with you no matter what, but the point is to give yourself the best chance possible of winning them over.

Second, ***always say yes to helping out a peer***. Yes, always—well, as much as humanly possible. Why? Because when you need someone's support, it's much easier to get it if they are indebted to you. Hopefully you won't have to remind them of that, but, generally speaking, most people appreciate being helped and that usually translates into helping out when the time comes. By the way, I understand that it's not always easy to help out while your own workload is probably high as well. But, you must think of this as an investment in your future influence. Providing help today allows you to influence others more successfully tomorrow.

Third, ***make it easy for a peer to help you***. What I mean here is that you need to be very clear, concise and limited in the help you are looking for. If you are, it will be easier to secure the support you need. Think about starting your request like this: "All I need from you is …." Don't ask for the world when you don't need it.

Fourth and finally, ***meet your peers in person as much as possible … avoid emailing like the plague!!*** This is my favorite one to discuss because those who have worked with me in the past know I have a pet peeve about getting too

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Raymond E. DiDonna, FSA, is currently senior vice president and chief operating officer of mL3 Global Life, a joint venture company that provides consulting services and technology solutions to the North American life reinsurance market. He can be reached at *ray.didonna@ml3global.com*.

I've seen too many professionals show a lot of bravery when typing an email only to crumble later when facing a difficult situation in person.

many email messages. Don't get me wrong—there are a lot of great uses for email, but developing personal relationships is not one of them.

In these days of heavy electronic communication (emailing, texting, tweeting, blogging, etc.), I worry that we are losing important interpersonal skills and this negatively affects our ability to influence others. Remember, you can't look someone in the eye in an email, and it's too easy for him or her to say "no" in a quick response back. I've seen too many professionals show a lot of bravery when typing an email only to crumble later when facing a difficult situation in person. So here's my advice … get up from your desk, walk over to the person you need to influence (call if you are not in the same location), talk to them directly, and develop your relationship with them. You'll have a much better chance of getting the outcome you are looking for.

***Editor's Note: Watch for the concluding Part 3 of this series, Influencing Management, in the February 2014 issue of* The Stepping Stone.**

ENDNOTE

[1] Published in the August 2013 issue of *The Stepping Stone.*

Leadership Interview Series:
James Glickman

By Sophia Dao

Interviewer's notes: This article features Jim Glickman, who has one of the most impressive résumés I have ever seen! He has a long list of accomplishments, and below are just some of the highlights:

- *Founded LifeCare, a market-leading reinsurer and administrator of long-term care insurance (LTCI) products in 1988. Jim is the creative force behind LifeCare's innovative approach to LTCI product design.*
- *Led the effort to form the Society of Actuaries' Long Term Care Insurance (LTCI) Section and was its chairperson for its inaugural year in 2000, as well as his final year on the council in 2004.*
- *Led the effort to develop the annual Intercompany Long-Term Care Insurance (ILTCI) Conference, serving as chairperson for the first four conferences, and as president/board member for the non-profit association that runs the conference. He was presented with a "Lifetime Achievement Award" at the Fifth Annual ILTCI Conference.*
- *Member of the Society of Actuaries' board of directors from 2005 to 2010 (serving as vice president of the board from 2008 to 2010).*

I am honored to interview Jim, who, despite his busy schedule, has been very generous with his time. I hope you enjoy this interview as much as I did.

James M. Glickman
FSA, CLU, FLMI

Jim Glickman is president and CEO of LifeCare Assurance Company. He can be reached at *Jim.Glickman@LifeCareAssurance.com*.

WHAT IS YOUR GREATEST ACCOMPLISHMENT?

Guiding LifeCare Assurance Company from a startup with $3 million of borrowed funds into a company with over 200 dedicated employees, nearly $2 billion in assets and $375 million of annual revenue. LifeCare has been profitable for 20 consecutive years, operating exclusively in the LTCI industry, an industry that has faced many challenges over the years, including carriers exiting the business.

WHAT IS THE MOST DIFFICULT THING THAT YOU HAVE HAD TO DEAL WITH IN YOUR CAREER? WHAT HAVE YOU LEARNED FROM THAT EXPERIENCE?

Building a company from scratch, no matter how strong a business plan, is a series of ups and downs that need to be navigated. In 1991, about three years after the company started, we had burned through $2 million of the original $3 million of capital. After three years of losses, it was necessary to change our fee structure with one of our partner companies. We discussed what minimum amount of business they needed to produce, and by having them guarantee that production, we made their program more successful for both sides.

The basic lesson from this experience, one that is often repeated in all aspects of life, is that working (or negotiating) with others is not a zero-sum game. It is a mutual evaluation of what each party needs and values, in order to maximize both sides' positions.

HOW HAS YOUR VOLUNTEER EXPERIENCE HELPED YOU DEVELOP AS A LEADER?

In 1998, I attended the SOA annual meeting in NYC, and, much to my disappointment, there were no educational sessions regarding LTCI. It was at this point that I realized there was a need for an SOA long-term care (LTC) section, and set about recruiting other LTC actuaries to assist in forming it and getting the SOA board's approval.

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Sophia Dao, FSA, MAAA, is a director and actuary in the Financial Management Group of MetLife. She can be reached at *sophia.dao@alico.com.*

Building a company from scratch, no matter how strong a business plan, is a series of ups and downs that need to be navigated.

> The mistake I see most often in leaders is living by a different standard than they espouse for the rest of the organization.

Once formed, the LTCI Section set about developing a national conference that would provide networking and education for the LTCI industry. The LTCI Section became the first section to promote widespread non-actuarial participation, and then successfully convinced the SOA board to empower those non-actuarial participants by allowing non-actuarial council members. Both the LTCI Section activities and the LTCI annual conferences were accomplished with volunteers dedicated to making the LTCI Section and the LTCI industry better every year.

I found that to get and keep volunteers engaged, you need to organize activity around the strengths and the interests of those volunteers, and perhaps most importantly, lead by example, as well as continually strive to develop the next generation of volunteer leaders. I am convinced that in private business, these same leadership qualities are just as important. A leader must provide the vision and find the best people to execute that vision, keeping employees engaged and developing the next generation of leaders.

WHAT ADVICE DO YOU WISH SOMEONE HAD GIVEN YOU EARLY IN YOUR CAREER?

In stressful situations, it is extremely important to remain calm and controlled, gather all of the available information, and reason out the best solution. Inevitably, an emotional response will not succeed.

DO YOU HAVE ANY TIPS THAT YOU WOULD LIKE TO SHARE ON HOW TO CONTROL YOUR EMOTIONS IN STRESSFUL SITUATIONS?

When you sense yourself getting angry or annoyed, develop a habit of detaching yourself from the situation. When successful, which is not always the case, this gives you the time to calmly consider the situation, gather more information, and then respond in a logical manner.

WHAT ARE SOME OF THE THINGS YOU HAVE LOW TOLERANCE FOR IN YOUR ORGANIZATION?

I have a very low tolerance for wasteful spending, especially under the guise of it won't matter much, or it is not worth the effort. Throughout our organization and starting at the top, everyone embraces and is rewarded for maximizing value and minimizing cost. When we first started our company, this approach was a necessity, but now it is just part of the company culture. Surprisingly, it takes only a small amount of effort from each person, in each situation, to have saved millions of dollars over the years.

WHAT QUALITIES DO YOU THINK A SUCCESSFUL LEADER SHOULD HAVE?

a. A leader needs to have a vision of where the organization is headed and successfully communicate that vision throughout the organization.
b. A leader needs to empower those in the organization to succeed in executing that vision.
c. A leader needs to provide those within the organization the opportunity to shine and advance.

WHAT IS ONE MISTAKE THAT YOU WITNESS LEADERS MAKING MORE FREQUENTLY THAN OTHERS?

The mistake I see most often in leaders is living by a different standard than they espouse for the rest of the organization. This breeds contempt, and encourages others to carve out their own silos with special rules that only apply to them.

CAN YOU EXPAND ON THE ABOVE?

To me this represents the concept of leading by example, and not having different sets of rules for the leaders, versus the rest of the organization. Often, an objective analysis can readily reveal when a leader operates under a different set of rules than the rest of the organization. Yet, this will only work if the leader wants to be objective. It is far too easy for leaders to rationalize that the different rules are worth the "extra cost" since the leader's "time" is so much more valuable.

WHAT ARE A FEW RESOURCES YOU WOULD RECOMMEND

TO SOMEONE LOOKING TO BECOME A GOOD LEADER?

Perhaps the most important resource is to develop a mentor relationship with a leader you currently know. This type of relationship is often as satisfying for the mentor as the mentee. It only takes the effort, willingness and bravery to make that contact.

WHAT PARTICULAR CHALLENGES, FROM YOUR PERSPECTIVE, DO ACTUARIES USUALLY FACE AS THEY TRY TO BE SEEN AS LEADERS?

As technical specialists, often with skills that those in other parts of the organization do not possess, actuaries can become boxed into their specialty, since they are not necessarily required to network or to communicate with non-actuaries. Because of this reality, actuaries must make an effort to seek out these opportunities for interaction and communication, both to broaden their perspectives and to become visible as leaders outside of their technical actuarial roles.

IN YOUR OPINION, WHAT ARE THE BIGGEST OPPORTUNITIES AND THE BIGGEST RISKS IN OUR INDUSTRY?

The insurance and pension industries are exposed to risks that were never envisioned prior to the financial crisis, mostly due to the low interest rate environment, and its indefinite continuation by the government.

Perhaps one of the biggest industry opportunities exists in those product lines where the interest rate environment now makes them seem the most precarious. Currently, LTCI has just gone through that type of perfect storm, where originally unanticipated low lapse rates together with low interest rates have created what in property and casualty (P&C) terms is called a "hard market." This phenomenon, which occurs regularly in the P&C industry after its catastrophic events, causes new business premiums to skyrocket as companies seek to replenish their surplus, while other carriers just choose to exit.

For the LTCI industry, this same phenomenon has occurred recently, with LTCI new business pricing now being about double what prices were in the late 1990s, for products with the same benefits. When new carriers choose to go against this tide of negative sentiment and enter during a "hard market," they often find themselves making outsized profits. In particular, for carriers who lack any legacy issues associated with having previously been in the LTCI market, the opportunity to achieve both better-than-expected profits together with substantial growth makes this one of the biggest opportunities in the insurance industry today.

WHAT SHOULD ACTUARIES DO TO STAY COMPETITIVE AND RELEVANT?

I believe that actuaries need to make a concerted effort to reach out to non-actuarial constituencies in their area of practice, both to learn from them, as well as using their actuarial expertise to become an unbiased teacher. This is especially important in situations where political motives may encourage the non-actuaries to believe what they want to be true, rather than looking for the objective solutions.

If you would like to recommend someone to be interviewed for this series, please contact Sophia Dao at sophia.dao@alico.com.

Perhaps one of the biggest industry opportunities exists in those product lines where the interest rate environment now makes them seem the most precarious.

Becoming a Quiet (Actuarial) Leader

By Brian Pauley

Brian Pauley, FSA, MAAA, is an actuary with a passion for leadership development and personal growth. He can be reached at *bepauley@gmail.com*. Follow him on Twitter using *@BrianEPauley*.

I was invited to participate in an executive coaching group this year. By the way, if you are serious about your leadership growth, always take advantage of these opportunities. The curriculum involved reading, studying and practicing the concepts from the book *Quiet Leadership* by David Rock. This book is a deep dive into a frequently overlooked, but extremely important, leadership competency: improving *others'* performance.

Transforming performance is not a new topic. However, as Rock argues, traditional approaches are ineffective. Those include giving advice, solving the problem, and prescribing how to think about something. Quiet Leaders distinguish themselves by becoming *"masters of helping others think for themselves."*

Actuaries are high-powered thinkers and problems solvers. Actuarial leaders, however, have the additional responsibility of transforming the performance of other actuaries. Imagine the implications to your organization and profession of truly transforming their performance. In this article, I share five of my key learning points from the book. There are many other lessons, but my focus here is on the components that readers can quickly put into place and see immediate results.

1. TRANSFORMING PERFORMANCE ISN'T ROCKET SCIENCE; IT'S BRAIN SCIENCE.

Our leadership stands to make a huge improvement if we lead in a way consistent with people's brains. Consider a few facts about thinking and the brain:

- Brains operate by making connections and forming maps within the framework of their current wiring.
- Old wiring is nearly impossible to deconstruct, whereas new wiring is easy to construct.
- Every person's brain is very different.

Telling people how to think, directly or subtly, is ineffective. People must solve problems in such a way that their brain processes information and forms connections. Then, the real value to transforming performance comes when the newly formed connections are used to solve future problems.

This leads to great results. Henry Cloud, in his book *Boundaries for Leaders,* gives additional support for the power of leading in ways that people's brains work. He states, *"From making the coffee to making computers, people have what it takes to get it done, if the right ingredients are present and the wrong ones are not. The leader's job is to lead in ways such that people can do what they are best at doing: using their gifts and their brains to get great results."*

2. START BY CAPTURING THE ESSENCE OF THE DILEMMA.

One benefit of Quiet Leadership principles is to solve problems more efficiently (in addition to more effectively). What would otherwise take hours to solve, may take a matter of minutes. To do this, capture the essence of the dilemma by determining what the person really, really wants and what is getting in the way.

A dilemma may look something like this: "I really, really want to get my FSA, but I can't seem to find time to study." From there, you would ask thinking questions to get the person you are coaching to develop their own insights for how they can find more study time. If, instead, you jump straight into versions of what you did to pass exams, manuals they should read, and courses they should take, the coachee is likely to walk away and not do anything. Without capturing the essence of the dilemma, you also risk getting hung up in the details and drama of the situation—facets of the dilemma that may be very interesting, but not useful for developing insights and hardwiring habits.

Because of their problem-solving ability and penchant for details, actuarial leaders are at high risk for getting caught up in unnecessary details when coaching people. It is easy to get lost in such details, which can result in taking a very long time to get to a useful insight (if at all) and frustration for the person with the dilemma. This is not to say that the details in such situations are unimportant. The leader just has to remember that the goal of a coaching conversation is for the coachees to develop their own insights and to hardwire new thinking.

3. END THE MADNESS OF THINKING FOR OTHERS.

Leaders must stop doing the thinking for people. While this may seem obvious, it is far too common in the organizations we all work in. Rock encourages leaders to get out of the advice and answers business and, instead, get into the "helping others think better" business. Rock states, *"Many of us believe we can think for people, yet when it comes to the way we process information, our brains are all dramatically different. What we think another person should be doing is just what* our *brain might want to do, which is very unlikely to be the right idea for them."*

The key to improving others' thinking is to ask thinking questions. Here is an illustration. Imagine you (John) have an actuarial student (Katie) who is struggling to find time to study at work for her upcoming exam. She has approached you for help.

A common set of questions coming from you might look something like this:

- Are the other students having this problem?
- Have you tried tracking your hours in the spreadsheet I sent out?
- Why don't you get to the office earlier so you aren't distracted by activity?
- How many weeks is it until the exam?

The Quiet Leadership approach is very different. Consider asking alternative questions meant to help Katie think about her dilemma and how she might solve it:

- How long has this been bothering you?
- On a scale from 1 to 10, how much of a priority is resolving this?
- How can I best help you think this through?
- What can we do together to make this work?

See the difference? John (a Quiet Leader) doesn't jump straight into making assumptions, giving advice, making suggestions, or doing any thinking for Katie. Through disciplined dialogue, he is committed to helping Katie solve the problem in a way that her brain works—and helping and supporting her along the way.

Actuaries, like other problem-solving professionals, are particularly susceptible to thinking for others. Rock states, *"People with MBA's, engineering, or accounting degrees are often (though not always!) logical and analytical thinkers who enjoy delving into problems. When analyzing and trying to change processes, an analytical and problem-focused approach is very useful. But when trying to change people, something else is needed."* And this "something else" is improved thinking.

I'm only scratching the surface here. More details and practices can be found in the book. But, by changing the questions you ask and appropriately structuring the conversation when approached with dilemmas, leaders can have an instant impact. And this is a major step toward positively and efficiently transforming performance.

4. BE *SSG*—SPECIFIC, SUCCINCT AND GENEROUS.

For actuarial leaders, right up there with becoming an ASA or an FSA is becoming *SSG*.

- **Succinct** because conversations that stay focused allow mental energy to be spent helping people develop their own insights.
- **Specific** so people understand exactly what you mean.
- **Generous** because people think better when they are excited and motivated.

Let's revisit Katie's study time dilemma and consider two alternative responses from John.

A Non-*SSG* Approach:

> "Oh, been there done that! When I was an actuarial student, I didn't get much study time either. I was working on annual statements,

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The key to improving others' thinking is to ask thinking questions.

> rate filings and valuation work. In fact, those were also the days when the exams were harder, and we had to pass more of them [ouch!]. So what's going on here? Are you not focused enough? Are you not making studying a priority? Have you talked to the student program manager about this?"

The *SSG* Approach:

> "I appreciate you taking the time to let me know you are struggling with getting your study time at work. Passing actuarial exams is important to our work, and I'd like the opportunity to help you explore some insights to help you solve this. Are you open to that?"

See the difference? Being *SSG* is something that is very useful both inside and outside of coaching conversations. Practice this in your interactions with others, and I believe you will immediately see people respond positively.

When you engage with others, using permission is useful no matter the circumstance. It is easy to implement and takes very little effort.

5. ESTABLISH PERMISSION IN YOUR CONVERSATIONS.

In the prior example, an important concept was illustrated: establishing permission. Permission is very useful in several types of frequently encountered situations: someone is (or may be) busy, the conversation is personal, or a conversation shifts gears.

In the regular flow of business, leaders are quick to assume that others have the same boundaries as they do (i.e., that their brains operate the same as theirs!). By establishing permission, we set this aside and open the door for welcomed and effective dialogue.

Our study time example is useful for further illustrating this.

> John: "*Katie, I'm really concerned about your study time. What's going on?"*

> Katie: "*I'm really busy trying to work on the project you gave me. I wish this conversation could wait, but since you are so concerned, I don't want it hanging over my head so let's get it over with."*

John's approach doesn't respect Katie's boundaries and puts her on the defensive. Establishing permission can change the game as the following alternative scenario shows.

> John: "*Katie, I know you are busy with that project right now. But, I was reviewing your study hours, and I have some concerns I would like to discuss for a few minutes. Is now a good time"?*

> Katie: *"I'm busy right now, but since it will only take a few minutes, sure, why not."*

In the second exchange, John is effective at establishing permission. He respects Katie's boundaries, gives her the *option* to talk to him now, and sets the conversation up to transpire positively and effectively. When you engage with others, using permission is useful no matter the circumstance. It is easy to implement and takes very little effort.

By putting Quiet Leadership principles into practice, I believe you will improve your effectiveness as a leader. The five lessons detailed in this article can be put into place immediately, allowing you to take important steps to becoming a leader who transforms performance. Drop me an email letting me know about your progress on your journey to become a Quiet (actuarial) Leader.

Froot Loops Leadership

By Meg Weber

Until recently I viewed Froot Loops as one of the cereals my son keeps in the cabinet that I personally would never eat. But just lately, they gave me unexpected management insights. Here's how.

For the past five years, members of our staff have had an annual service day. We go to the Northern Illinois Food Bank to volunteer. The food bank is a distributor to soup kitchens and other programs in the Chicago area. In the 13 counties it serves, many people are not covered by any government program. The majority of the recipients of the food are children and the elderly. It is a volunteer experience that makes us all feel good.

Each year we have had different assignments at the food bank. This year it was repackaging Froot Loops. Kellogg donates 700-pound bags that need to be put into people-sized bags. That's a lot of loops! An employee of the food bank assigned us to different stations in a clean room, turned on the rock and roll music, and mainly left us to our own work. The jobs were: bin fillers (from the 700-pound bags to smaller flat bins), bag scoopers (from bin to cereal box size bag), sealers, and one crate loader with the finished product.

It was a "three-hour tour," meaning no matter how fast, slow or productive we were, we'd be on assignment in the clean room. Any contribution we made would be good for the community. There was no performance evaluation—no rewards, punishments or metrics—to show how well we repackaged Froot Loops versus prior volunteer groups. There was no reason to do anything other than plug away as instructed.

That is not what happened.

Almost immediately there were grassroots process improvements.

- The bin fillers realized waiting until the bins were nearly empty made it hard for the people scooping to fill bags. They kept the bins overflowing with loops.

- Two scoopers calibrated their scoop amounts and number of scoops to closer approximate the designated weight for the bag.

- Two scoopers used teamwork. One started bags with a larger scoop and the other finished with a small scoop.

- One scooper used a fast and furious sideways scooping method.

- And the sealers recommended less weighty bags. Less full bags were much easier to seal.

- Why bother to improve in a situation that lacked rewards?

At first I was reminded of this story from *The Ancestor's Tale* by Richard Dawkins:

> … I have seen a remarkable film of captive beavers imprisoned in a bare, unfurnished cage, with no water and no wood. The beavers enacted, "in a vacuum," all the stereotyped movements normally seen in natural building behaviour when there is real wood and real water. They seem to be placing virtual wood into a virtual dam wall, pathetically trying to build a ghost wall with ghost sticks, all on the hard, dry, flat floor of their prison. One feels sorry for them: it is as if they are desperate to exercise their frustrated dam-building clockwork.

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Almost immediately there were grassroots process improvements.

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It was a supportive environment for experimenting. While there was no reward for doing better, there was no punishment for doing worse.

Was it that? Our room conditions were pretty similar to the beavers' (though the beavers did not have to wear gloves and hair nets). Did we come up with improvements because we're hard wired to do so?

Perhaps, but with all seriousness, I propose the following reasons:

- Everyone understood our overall mission (feeding people). We bought in, even though we had no control over what our specific assignment might be.
- Everyone was treated as valuable. There was no hierarchy for the people or the tasks.
- Froot Loops are amusing. The large bags were funny to look at. It was Costco on steroids. In hair nets, we were also amusing and funny looking.
- It was a supportive environment for experimenting. While there was no reward for doing better, there was no punishment for doing worse. A couple of small bags got dumped on the floor, and the "consequence" was to clean up and move on.
- We were treated with trust and encouragement. The food bank employee often left the room with all of us stuffing away. In the end we packed close to 1,000 pounds of Froot Loops.

So what can I use from this experience as a manager? No, as tempting as the thought is, it can't be used as a new job applicant test for initiative. But it can help me set up an environment for certain tasks. If I want my team (and myself) to generate creative ideas, I will:

- Provide sufficient space with few distractions. (Did I mention, no cell phones in the clean room?)
- Provide enough time to digest concepts and think. Some of the time needs to be unfocused, fun and relaxing, yet active and engaged. Move closer to the problem versus diving in the deep end.
- Treat everyone as trustworthy sources of ideas. Not all ideas will get adopted as the "best practice," but they all have merit.

And, finally, I will try to remember that Froot Loops are supposed to be a great source of fiber, although I am no more likely to eat them than before this trip to the food bank!

Work/Life Balance in Exactly Seven Words

By J. Patrick Kinney

One of the important aspects of management and personal development for busy actuaries is the balance between work and the rest of our lives. The most effective leaders are those who are able to develop a personal leadership foundation centered on their own self-understanding. What is it that we want out of our jobs? Our careers? Our lives? Many people may never have taken an opportunity to put their own thoughts into words.

Over the course of my life and career so far, I've developed an approach to work/life balance that I thought would be fun to share with Management & Personal Development (MPD) Section members in this article. If you find it entertaining, there's even a way you can participate for a future article in *The Stepping Stone*!

My basic idea is that the principles of balance are summarized in seven-word phrases. Why seven words? No particular reason, other than that seven is a traditional "magic number" that has been used very successfully by other authors! It also happens that my first principle has seven words, and as time went on I just built on that. The seven-word phrases may be literal and/or metaphorical. In this article, I will share with you my own seven-word guideposts, in the order I adopted them, with a little explanation of each.

"READ THE COMICS AND LAUGH OUT LOUD."

This one developed early on. I still remember spreading the newspaper out on the floor as a little kid, poring over the comics pages. It didn't happen every day, but how satisfying it was when something struck my funny bone! This way I learned at a young age to find enjoyment in humor. I also used to enjoy the *Reader's Digest* feature called "Laughter is the Best Medicine." There's a lot to be said for that idea; according to the Mayo Clinic website, "Whether you're guiltily guffawing at an episode of *South Park* or quietly giggling at the latest *New Yorker* cartoon, laughing does you good. Laughter is a great form of stress relief, and that's no joke."[1]

Unfortunately, as we "grow up" in school and work environments, we tend to inhibit our natural response to humor. Sure, it can sometimes be embarrassing to burst into guffaws or giggles in front of others—but sharing our reaction to the foibles of work and life can also result in better relationships with friends and colleagues. In fact, the CEO of my company is a big fan of "Dilbert"

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The places and people we encounter off the beaten path can expand our historical perspective, our cultural awareness, and our emotional intelligence.

and makes a point of including a comic strip in his company-wide leadership presentations. It's a great icebreaker; collectively enjoying the humor in familiar business situations helps people work together to overcome the daily problems confronting us on the job.

"TAKE THE SCENIC ROUTE WHENEVER YOU CAN."

I mean this quite literally. Especially these days, with mobile devices and split-second online mapping tools that tell us the fastest way to drive from point A to point B, we risk bypassing much beauty and history that can enrich our lives and understanding. I have always enjoyed the traditional fold-out maps that highlight scenic routes and points of interest. Next time you can create even a little extra time for yourself, I suggest following the proverbial road less traveled, and keeping your eyes and mind open as you go. Some of my best thinking is done on country roads, rather than the interstate. Read historical markers in towns along the way. Stop at scenic overlooks. Look around. Discover something. (For a super special treat, look straight up on a clear dark night.) The places and people we encounter off the beaten path can expand our historical perspective, our cultural awareness, and our emotional intelligence. Embrace serendipity. You'll find the trip more relaxing as well, and you can arrive at your destination less stressed.

The metaphorical application of this principle to our careers I will leave to the experts.

"LIFE'S TOO SHORT TO WORK FOR A******S [JERKS]."

Okay, I had to clean this one up a little. And purists may quibble about that apostrophe. I can't even claim originality. But this may be the most important idea on this list. While I believe that most people in the business world are reasonable, and with a little effort you can get along with almost anyone, there may come a point in your career where you find yourself stuck with a boss who's just a total [jerk]. Luckily for me, this happened only once in 30 years. In such a situation, you'll find your stress levels rising, your work/life balance deteriorating, and your happiness—and work effectiveness—diminishing. Unless you can see a light at the end of the tunnel, and can adapt to this person's behavior as only a temporary bump in the road, in this situation I recommend that you take charge of your own life and career, and find a way to move on in another job.

"MY FAVORITE ENGLISH LANGUAGE WORD IS DADDY."

For me, this realization came later in life than most. When my first son was born I was almost 39. My wife correctly pointed out that having a child is the most irrevocable thing we'd ever done. My sons are now 14, 12 and 9. Hardly a day has gone by that I don't think about how my family is the most important aspect of my life. Applying this principle means putting a high priority on school concerts, soccer games and teacher meetings, driving the kids to summer camp … many of you know the drill. I've been fortunate to be able to navigate my career to places that allow this type of balance to be maintained.

Not every reader of this article is a parent, so to adapt this principle to your own circumstances, just substitute your own favorite word. Hint: It's probably not "employee," "executive" or even "actuary." Whatever it is for you, make sure you take the time to feed and support your favorite word throughout your career.

NOW IT'S YOUR TURN.

I realize, of course, that my personal seven-word philosophies may not work for everyone, at all stages of our lives and careers. I encourage you to come up with your own. The crucial thing is to give some thought to what principles of balance will contribute to your own personal growth and leadership foundation.

For those of you who choose to share your thoughts with other MPD Section members, I have volunteered to produce a follow-up article for this newsletter. Send me your own seven-word phrases, with or without a sentence or two of explanation, and I will compile the responses for a future issue—subject to editorial judgment and space limitations, of course. Only phrases of exactly seven words will be considered. Aficionados of other magic numbers will have to write their own articles!

ENDNOTE

[1] http://www.mayoclinic.com/health/stress-relief/SR00034, accessed Aug. 29, 2013.

The Zen Actuary
Installment 1: "Balancing the Two Efforts"

By Rich Lauria

Author's Note: *This starts a series adapted from the book* Awake at Work *by Michael Carroll, covering the application of Buddhist teachings to situations encountered in a modern corporate workplace setting. This series addresses challenges frequently encountered by practicing actuaries.*

Application of significant effort ranks high on the list of requirements to be a successful actuary. The word effort itself means "exertion of physical or mental power." We certainly wouldn't associate effort with laziness or carelessness. Rather success is almost always correlated with high energy and focus. Typically this is expressed in terms of hours worked and measures of achievement, both in terms of quality and quantity.

Early on in an actuarial career, more effort almost always produces the desired result: put in more focused hours studying material and one improves the odds of passing an actuarial examination. In the workplace, increased actuarial effort typically results in more data analysis, more sophisticated and robust modeling, and more communication of actuarial analysis in terms of memos and charts. Presumably, this all results in better product designs, which provide an attractive value proposition to customers at superior risk-adjusted rates of return to capital providers.

This all sounds good and logical, and maps well to the actuary's ordinal way of ranking alternatives. More is better; and the more effort one can exert, the better the results will be as measured by individual productivity and corporate financial performance. As my high school track coach used to say, "No pain. No gain." So just keep going. Run some more scenarios. Slice the data into a few more cross-sections. Include financial data from the late 19th century in parameterizing that economic scenario generator. Make sure that risk memo to the board covers at least 100 risks and takes up twice as many pages. After all, who needs a life?

Some reflection on the above gives pause to this way of thinking. When preparing for exams, the mind needs some rest and recreation, even (and especially) in the days leading up to the moment of truth in order to be performing optimally. How many times have we run into analysis paralysis when assessing a particular risk or product design? And how many lengthy memos get seriously read by executives and board members? Better make sure those have an executive summary which contains the key points!

There is something intuitively appealing to the concept of "non-doing," or not rushing to fill our workspace up with thoughts and analysis. Taking some time out of one's day to just let go of the to-do list and the continual worrying about what to make of our various modeling efforts can help the actuary re-charge the batteries and develop some fresh perspective to the problems at hand. Allowing a brief amount of time to just be in the office or meeting and notice the colors of the graphs, the font on the memo, and the style of the tie worn by a co-worker, can give the actuary's mind the space it needs to consider perhaps a different design to a new product, or a creative approximation to a previously intractable modeling problem.

As I have advanced in my career, the concept of "more is better" has been increasingly replaced with "more is less" or "less is more." A similar sentiment is expressed by the "80/20 rule," where it is assumed that 80 percent of the benefits of an exercise can be achieved by applying 20 percent of the potential effort in the right places. Or, put simply, "work smarter, not harder."

This does not imply that we can always take shortcuts or not put in the necessary brain power. We live in the age of the sound bite and text message—forms of communication that frequently leave the reader begging for more context and detail. Does it really make sense for an Appointed Actuary to perform cash flow testing using only the level interest rate scenario? Should an enterprise risk management report only comment on low-severity, high-frequency risks that generate earnings volatility and remain silent on low-frequency, high-severity tail risks? Should sensitivity testing a new cash value life product design leave out testing higher-than-assumed lapse rates? There are many times when "going the extra mile" produces dividends in terms of valuable information.

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There are many times when "going the extra mile" produces dividends in terms of valuable information.

The idea of pausing periodically and sometimes doing less flies in the face of the breakneck pace of today's corporate world.

Clearly neither extreme works. Too much effort and we end up with too much data, reports and analysis and not enough sleep. Too little effort, and we may lack the information illuminating one or more critical insights needed to make an optimal decision. How much effort, data, analysis and coffee is enough? When does one let go?

The unsatisfying answer is that it depends. This is where the actuary must use professional judgment and call upon experience in deciding how much effort to put into a given project. There are no hard and fast rules of thumb, but there are some things to consider in coming up with an acceptable range of effort.

- **What is the purpose of the task at hand?** If the task is an M&A assignment that will materially affect the strategic direction of the company or client, then erring on the side of additional information (within reason) probably makes sense. A routine pricing exercise involving a few tweaks to an established product should lead to a focus on analytical efficiency.

- **Who is the target audience?** While rank and status is a reality that must be dealt with, knowing the expectations and management style of the audience is far more important. Not all executives have the same set of information expectations. Some executives cannot get enough information while others start drowning after the third bar chart. The real challenge is when there are multiple audiences with different agendas and styles.

- **What resources are available?** More resources allow for more options in developing a more robust work product. However, one must take care in such a situation to not use available resource simply because it's there.

- **What are the deadlines and how firm are they?** Financial reporting has its own schedule with firm deadlines and potential consequences for missing them. Product development and risk management tend to have softer deadlines, but that should not be mistaken for lack of urgency. Not getting a new product concept to market before a key competitor does can result in a lost or diminished business opportunity. Delays in risk modeling may lead to losses due to unintended risk taking.

- **What competing priorities are you and your team dealing with?** There is no substitute for maintaining a sufficiently detailed project status report and using that to guide resource allocation and personal time commitment.

The demands of today's competitive landscape are challenging companies and employees from industries across the spectrum. Actuaries and their employers and clients are no exception to this trend. The actuarial tendency is to do more and do it faster and with more detail. The idea of pausing periodically and sometimes doing less flies in the face of the breakneck pace of today's corporate world.

Having the discipline to occasionally stop and be present, and applying only the necessary amount of effort to each situation will go a long way toward improving efficiency, reducing stress and anxiety, and increasing the influence and impact of the actuarial function. There are tools and techniques such as prayer and meditation that help to develop the discipline, and they have at their core the building of mindful awareness to remain present and objectively assess reality. Fortunately, the nature of actuarial training requires the mental focus that is a key ingredient for building the mindfulness needed to successfully find the saddle point of effort.

Book Review:
Your Life … Well Spent by Russ Crosson[1]

Review by Tim Martin

One of the first principles we learn in our actuarial training is the *time value of money*. In the book *Your Life … Well Spent*, Russ Crosson writes about the *money value of time*, and explores questions like:

- Why do we work?
- What is the point of earning money?
- What should we do with the money we earn?

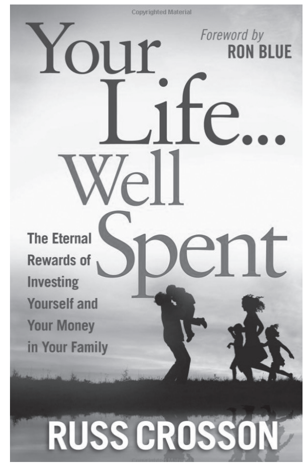
Why would I pick this book among the huge numbers of volumes about personal finance and investing? I've found many that are educational or entertaining; but, regrettably, many are also actuarially unsound. Unlike those, I found this to be both engaging and a great resource to integrate our technical/financial acumen into life decisions.

Crosson's book is based on lessons learned over more than 30 years at Ron Blue & Co, a wealth management firm, where he is president and CEO. This 2012 edition of *Your Life … Well Spent* is an update to the book originally published in 1994. The topics apply to today's era just as much as they did 20 years ago.

Part 1 is called "A Life Well Spent." Here Crosson offers his perspective on money and family. He touches on a few key topics:

1. Debt—The book of Proverbs tells us that "the borrower is servant to the lender." (Proverbs 22:7 NKJV). But "the world tells us we're smart to get a loan." (Crosson, p. 22) I expect most actuaries stay away from so-called "bad debt," like credit card balances, but what about a home mortgage? Are you in the camp that says, "Why would I pay off a 4 percent mortgage when I expect a higher return in the stock market?" Or do you have a goal to pay off your mortgage to attain the security of not having that monthly payment? As Dave Ramsey often says on his radio show: "A study has been done and the results are in: 100 percent of foreclosures occur on homes with mortgages."

2. Timing of life and work—Many people have a goal of retiring early. To work toward that they put their career in high gear at the time when children need the most attention and care. And let's be honest—that's not just the first few years of a child's life, as parents of teens will readily testify. So how do you balance that? Can you be content with less career growth during that time, after contemplating the trade-offs between time invested in family versus career?



3. Lifestyle—Reining in one's lifestyle will keep expenses low and help avoid debt. This will reduce the pressure to try to earn more and more money, and should free up time for family and other priorities.

After laying that groundwork, Crosson proceeds to Part 2: "How to Get a Higher Return on Life." He introduces a concept called the Life-Overview Balance Sheet. The idea is that the balance sheet of life is about more than dollars and cents. We have different areas of life that must be balanced, and financial planning is one tool to help keep in balance. Related to this, he lays out three challenges that many of us face (p. 59, Crosson's italics):

1. *Balance life* while earning your money.
2. Use money wisely and make good financial decisions to *free up time* to invest in your posterity.
3. *Strategically invest* the time you've freed up.

In discussing these challenges, he introduces the principle of time replacement. "Each day we all have the same amount of time to allocate among the various issues of life—work, family, church and the world. We also have the opportunities to buy time for investment in our posterity." (pp. 62–63).

An example of buying time would be hiring someone to cut the lawn or clean the house. This frees up time in one's schedule. And now the question is: What do you do with that time? If the answer is Facebook or ESPN, then maybe that

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Trying to make up for failed investments is another way to lock oneself into a need to generate additional income.

wasn't a wise investment. But if you use that time to go on a date with your spouse, or to read stories to kids and tuck them in at night, I'd say that's a great return on your investment. Summing up this topic, Crosson lays out a few "Obstacles that Steal Time" (pp. 65-74):

1. Our Inability to Say No
2. Our Inability to Slow Down
3. Our Inability to Turn Off the TV (and I would also throw in other screens such as smartphones and PCs)
4. Our Inability to Control Our Desire for Possessions.

The key chapter in Part 2 is "A New Understanding of Work." To help support his points, Crosson includes quotes from both sides of the political spectrum.

Jane Fonda (quoted in *World Magazine*): "The few things I regret in my life are … not having put enough time into mothering, wiving, taking care of the inner life."

Billy Graham (quoted in *Atlanta Journal and Constitution*): "The greatest mistake was taking too many speaking engagements and not spending enough time with my family."

And yes, even actuaries feel the tension between family and work. It is a challenge to allocate time between the two and to meet responsibilities in both.

Crosson describes what he calls "Variable-Time vs. Fixed-Time Vocations" (p. 85). By Fixed-Time, he means a job with set hours. By Variable-Time, he means a job where "More can always be done! The question is, Where do we stop?" (p. 86). Many actuaries fall into the latter category in various ways: studying for exams, reaching billable hours requirements, or trying to keep up with health care reform. Main points in this chapter are (pp. 88–94):

1. Find a vocation you enjoy and are equipped for, and then live within the income it provides.
2. If you are in a fixed-time job that has limited income, don't think you would be better off in a vocation that paid more money.
3. Be aware of the different time demands at your family's different stages.
4. Don't be in a big hurry to retire and quit working. Extend your work horizon.
5. Only change vocations to better fulfill your purpose and maximize your time flexibility—not to make more money.
6. If you are in a variable-time job, set your time parameters and do what you can do. Then trust God to do what you cannot do.
7. If you're in a vocation that is currently generating sufficient income, be careful to evaluate additional time spent to earn more income, especially if your children are young.

After considering the work and income side of the ledger, Crosson returns to the expenditure side and reiterates the need to wisely consider what you do with money you've earned. Pay attention to how much you spend on a house, cars and lifestyle in general, as those decisions may lock you into needing to generate a certain level of income in order to keep up with spending. He also cautions against making investments with inordinate risk. Trying to make up for failed investments is another way to lock oneself into a need to generate additional income.

The final part of the book, "How to Use Your Money More Effectively," sums up Crosson's perspective. One key part of that is "Posterity: what we pass on to others." At work, we can pass on actuarial and business knowledge, but what do you want to pass on to your children or others whose lives you can influence personally? Crosson points out that we can pass on financial resources—for example, donating to charities that help others. But also we should pass on what wisdom we have accumulated in our lives, a good work ethic, and good values.

I recommend this book to actuaries and non-actuaries too. Read it and ask yourself some serious questions, and discuss them with family and colleagues:

- As you map out your career path, have you considered how it will impact family and other priorities?
- If you are in a job where there is always more to do, how will you decide what time parameters to follow for your job?
- Picture yourself at the end of your career, even at the end of your life. What will it take for you to be able to say, “My life was well spent”?

I would be glad to hear your thoughts on this review or the book itself. Send comments to *timactuary@gmail.com*.

ENDNOTE

[1] Harvest House Publishers, 2012, 208 pages.

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