



SOCIETY OF ACTUARIES

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BOOK REVIEW

Necessary Endings by Dr. Henry Cloud

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We put a lot of thought and energy into the things we need or want to be doing. In fact, we often take on more than we have the time to realistically handle. Here is something to think about: Have you considered what you should stop doing? In other words, are there endings that you need make in order to achieve what you want in life and business?

- Are there relationships that are not adding value to you anymore?
- Are there products in your company's portfolio that are average, but not performing well enough to keep around?
- Do you have an employee that isn't meeting your expectations and yet, you somehow believe that if you try one more trick, he'll "get it"?

Endings are a necessary part of life, but we often avoid them or mess them up. That's what this book is all about.

In this review, I want to highlight two of the models presented in this book.

PRUNING

Great landscapers know that rose bushes produce many flower buds. Left untouched, the bush will produce a few great flowers, a lot of mediocre ones, and even end up with some dead branches.

Landscapers perform what is called pruning - removing buds, flowers and branches in order for the plant to flourish. Our businesses and personal lives are no different. In order to get the results we want, we have to strategically prune - remove whatever it is in our business or life whose reach is unwanted or superfluous.

In order for you and your resources to reach their full potential, you should prune:

1. Things that are taking resources away from something with more promise.
2. Things that are "sick" and are not getting better.
3. Things that are "dying".

The book illustrates the practices of GE under Jack Welch's leadership as good examples of pruning the above in business.

I believe that the concept of pruning is a good model for actuaries to think about and practice. This fits nicely into the "Strategic Insights and Integration" competency of the SOA Competency Framework, which calls for actuaries to "anticipate trends and strategically align actuarial practice with broader organizational business goals." If actuaries are to do this effectively, pruning will be necessary.

THE WISE, FOOLISH AND THE EVIL

This section of the book discusses the difficult subject of how to deal with people. Do you engage with people, assuming they are just like you? Do you engage with people exactly the same way? As this model explains, not everyone is like you and you cannot deal with all people the same way.

• **Wise People** – They take feedback well and learn from their experience, using it to make adjustments and improve. They take responsibility for their performance, avoiding excuses and the blaming of others. The great thing about wise people is that talking to them helps, allowing you to justifiably invest your time to help them improve.

• **Foolish People** – They don't take feedback well. They adjust the truth so that they don't have to adjust. It does not make sense to keep trying to change this type of person's behavior. You must set clear expectations and hold them accountable to change.

• **Evil People** – You may have a situation in which someone is out to hurt you. They are not reasonable, and you should avoid them.

I believe this is a useful framework for dealing with people. Actuaries have a reputation for not being great at dealing with people. But to succeed in our jobs, particularly if you are in management, you need to develop your skills here. If actuaries are going to compete with other risk management professions, we must show leadership. And since leadership is influence, actuaries need to be able to demonstrate to senior management that they are capable of making the right and tough calls in more than just analytical matters.

I recommend this book to actuaries interested in growing their leadership skills. The book presents sound, easy-to-understand models that can be applied to both business and personal situations. ●



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