



# stone the stepping

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## What Would You Do? New Case: Can You Go Back?

By John West Hadley

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

Also, to help me in crafting future situations, write to me about your own most challenging, surprising or nightmarish situation involving business, leadership, management, or any of the topic areas covered by *The Stepping Stone*, and what lessons you learned from them.

### 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? ●

John Hadley is a career counselor who works with job seekers frustrated with their search, and professionals struggling to increase their visibility and influence at work. He can be reached at [John@JHACareers.com](mailto:John@JHACareers.com) or 908.725.2437. His free *Career Tips* newsletter and other career resources are available at [www.JHACareers.com](http://www.JHACareers.com).

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**Publication Month:**  
November 2013

**Articles Due:**  
Aug. 30, 2013

# What Would You Do?

## Responses to “Demote or Not Demote?”

By John West Hadley

In the May issue of *The Stepping Stone*, I posed the question “What would you do?” to a business situation. Below is a brief summary of the situation, the thoughtful (and lightly edited) responses I received, and the real-life conclusion of the situation. And of course, given the actuarial audience, one of the responses presents a mathematical approach to solving the problem!

For the full unedited business situation, see the May issue of *The Stepping Stone*. Feel free to submit additional thoughts on this case, and your own ideas for situations to pose in upcoming issues, to [SteppingStone@JHACareers.com](mailto:SteppingStone@JHACareers.com).

### DEMOTE OR NOT DEMOTE?

Jim received his first assignment that included indirect reports. His boss confided that he might have issues with the unit’s manager, Bruce, although Jim found that his boss had consistently rated Bruce as “meets all expectations.”

Jim interviewed every analyst, and quickly found a consistent theme: Everyone felt frustrated with Bruce, feeling that he resisted any suggested changes and did not pull his weight. Over the course of the next year, Jim made substantial improvements, but was unable to make much headway in correcting Bruce’s behavior. A couple of senior analysts confided that they were considering leaving.

Coincidentally, a manager Jim knew and respected became available. However, Bruce also had a great deal of compliance and institutional knowledge that was extremely valuable to the operation, particularly in a time of such rapid growth, and Jim didn’t think he could afford to lose that.

Should Jim fire Bruce? Demote him? Find some other option to retain his expertise?

### WHAT WOULD YOU DO?

#### Actuary #1

It looks like no one set expectations with Bruce:

Jim’s boss had problems with Bruce but there’s no indication that any negative feedback was given.

Jim interviewed everyone on the team but didn’t give any feedback to Bruce even though everyone was frustrated with him.

Without any specific feedback, there’s no reason for Bruce to think he is doing a bad job.

Jim’s boss got away from the problem by using Jim as the intermediary. The plan fails because Jim is also avoiding the situation.

#### *What would I do?*

I don’t have explicit grounds for firing Bruce. Expectations weren’t set and explicitly described. I haven’t given any feedback to Bruce. Before replacing Bruce or bringing in someone new, I need to have a one-on-one conversation with Bruce to get his side of the story:

- How does he think everything is going?
- What are his thoughts on team trust?
- Are there any barriers he is encountering?
- What are his thoughts on goals, role description, etc.?

After getting Bruce’s perspective, I will tell him my story and how some of his behavior is affecting team performance. Based on his reactions, I will then look for a way to set clear goals and behavioral expectations and maybe give him a second chance. If Bruce responds defensively or denies everything, I will then be explicit about how his behaviors need to change, set some goals, and let him decide if he wants to join my bus or not.

#### Actuary #2

From a purely managerial perspective, the options are limited due to Bruce’s prior performance reviews. Although Jim may not agree with that assessment, up until this point, Bruce’s performance was considered OK. Without significant cause,



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**Firing someone can be really rough on the manager as well as the employee.**

Jim’s option is to communicate to Bruce the expectations of the role (based on job description and general company expectations).

Jim and Bruce should work together to create a development plan for the coming months, and Bruce should be made aware his next performance review will be based on the communicated expectations and development plan. If both prior managers and Jim were unwilling to take a firm stand on expected behavior, Jim is now challenged with “performance grade” inflation, where the review does not mirror actual performance. After Jim takes a firm stand on the expected performance, he can then take stronger steps with Bruce, after Bruce has had a chance to modify his behavior.

Given the lack of coaching that appears to be present in Bruce’s past, Jim now needs to play a little catch-up on Bruce’s development.

Actuary #3

The basic issue is that Bruce is a subject matter expert, but not a good manager. It is a no-brainer that Jim should try to put in a good manager, but also keep Bruce’s expertise if he can. However,

Jim’s manager was not supportive in this.

Jim has given this time (over the course of a year) and has tried to work with Bruce (unable to correct Bruce’s behavior), but Jim is still an inexperienced manager.

My first recommendation is to consult with HR or a mentor. Jim’s boss is not the one to play mentor (he gave Bruce “meets expectations” ratings). Jim needs someone he respects to help him think through this. Some HR people are really knowledgeable and insightful about how to deal with challenges like this. Also, a manager who has been through a similar situation—or at least a manager who has reluctantly fired someone—might have some good insights.

I say “reluctantly fired,” because I do think that someone who has struggled with the decision, but made it anyway, gains insights from that. It changes the way you approach things.

Reorganization might be an option. Moving the people to a new manager, but leaving Bruce with some level of visible responsibility, might be something that Bruce would actually prefer. This could be a win-win—seek some way that everyone wins. The problem is that there isn’t always the budget for that extra manager.

Firing someone can be really rough on the manager as well as the employee. If Jim hasn’t done this before, he doesn’t know what he is in for. Someone to coach him through it—or coach him through avoiding it—could be really helpful.

*OK ... what would I personally do?*

1. Talk to Bruce. What would be your ideal job? Do you like being a manager? Why do you say that? (There is a reason people pay big bucks to talk to shrinks ... open-ended questions can be revealing. Sometimes being a manager is like being a shrink. Ask questions and let people talk. Sometimes they answer your questions.)
2. If Bruce doesn’t really want to be a manager, look at the budget. Can I keep Bruce and bring in a real manager? Bruce could still be well paid as a subject matter expert, but let the good manager run the team.





3. If Bruce wants to be a manager, but doesn't know how, then I have to lay it on the line. Truth can hurt, but it is also powerful. Bruce needs it. If a conversation doesn't work, a documented conversation comes next: an off-cycle review or a talk with HR. Truth is, sometimes you are better off without someone.

#### Actuary #4

Jim should have a talk with Bruce—does he want to be a manager? Perhaps he doesn't like the extra responsibilities involved with managing and would be happier as an individual contributor.

If so, and if Jim has sufficient budget, he could move Bruce into an individual contributor role reporting directly to Jim, and hire the other manager to manage Bruce's staff.

If Bruce doesn't like that idea, or Jim has insufficient budget, he should begin Bruce on a performance management plan. This plan must clearly lay out expectations and check-in dates. If expectations aren't met within the stated time frame, Bruce should be fired.

Holding on to people who refuse to change is a great way to force out all the good employees.

#### Actuary #5

My first suggestion would be to bring in the new manager for the compliance unit, while keeping Bruce in an alternate role that allows the company to take advantage of his product and institutional knowledge.

Since Jim's boss consistently rated Bruce as "meets all expectations," firing Bruce will be long and painful, and lose access to the knowledge he has. Conversely, with the large number of new filings, Jim does not want to lose his experienced analysts if he keeps Bruce in his current position.

Bruce has good product knowledge and company experience, so there are easily explained reasons for wanting to take advantage of his availability. Given his past ratings, it will probably make sense to give him a parallel title (i.e., no demotion in title) and change his emphasis from a managerial to a technical or "consulting" type role.

Jim can push for Bruce's demotion if he thinks it is necessary, but from the narrative it sounds like Jim's boss will resist this, especially since Bruce can provide value to the company.

Certainly, I've seen several cases where managers were promoted from VP to senior VP while losing two-thirds of their direct reports and responsibility, or being "promoted" from CFO to chief accounting officer yet reporting to the new CFO.

#### Actuary #6

I would make Bruce a senior executive analyst, relieve him of his managerial responsibilities, and ask him to mentor the other analysts to help them to succeed. I would then tie his rewards to the success of the new manager and let Bruce know that his evaluation, his compensation, and his performance would be tied with the new manager, so that if the manager succeeded, Bruce would succeed and vice versa.

I would try to persuade Bruce that his new assignment was a better use of his talents and would effectively make him the intellectual leader of the unit. With the increased volume of work, Bruce would be critical to the timely completion of the workload and he could be encouraged to jump in to assist a junior analyst if that analyst was having trouble keeping up.

Bruce would be the educational catalyst who would make the unit succeed and he could claim credit for the success of the new manager as well. This requires a delicate interpersonal dance to be sure that the stature of all is enhanced by the moves, so that they all feel that they are being recognized for the team success and that their own individual performance is both recognized and valued.

Bruce would be neither promoted nor demoted; he would be reassigned and motivated to make the best use of his abilities so that he could shine in the eyes of those he works with and could go home with pride concerning his position within the organization.

#### Actuary #7

Jim needs to man up—it's his department. Demote

**Holding on to people who refuse to change is a great way to force out all the good employees.**

CONTINUED ON PAGE 6

Do what companies always do with obsolete or useless executives: Create a new position that gets them out of the way but still allows access to their knowledge or history on the project.

Bruce to a non-supervisory role and bring in the other guy. As part of Bruce’s demotion, look for other opportunities to increase his non-managerial responsibilities to make use of his positive skills.

Actuary #8

Be explicit with Bruce as to what needs to be changed and give a time frame (approximately six weeks) in which those changes need to be demonstrated. Be clear that without demonstration of those changes, he will no longer be in his current role. Ascertain if he’s open to a more immediate change.

If those changes are not demonstrated, or if Bruce requests a more immediate change, have him transferred to another unit (non-managerial role) that could capitalize on his expertise. If no such unit exists—or it’s not feasible to do so—then “demote” him to a senior analyst type position, one where he can serve to help advise the new manager.

Actuary #9

First find out why Bruce has been working there for so long. Does he have some inside connection? Then find out how much it will cost (possible lawsuit?) and do a cost-benefit analysis. Then fire him.

Actuary #10

I would lean toward firing or transferring Bruce, but there is another point that should be considered: What are Jim’s options?

He has a terminal credential, a year of increased managerial responsibility under his belt in which he “has made substantial improvements,” and seems to be networking effectively enough that good people want to work for him. It sounds like his résumé and connections should look pretty good. What does the job market look like for Jim?

That’s not to say he should just avoid the hard decision, but in this case he happens to be presented with this particular hard decision—which has significant risks—at a time when his own stock might be at a local maximum. He should at least consider it.

Actuary #11

Do what companies always do with obsolete or

useless executives: Create a new position that gets them out of the way but still allows access to their knowledge or history on the project.

Actuary #12

Let  $x$  = Bruce’s knowledge  
Let  $y$  = New guy’s knowledge

Let  $f()$  = value of Bruce’s current position  
Let  $g()$  = value of Bruce’s new position  
Let  $h()$  = indirect value of Bruce’s presence

These values are net of expenses.

So,  $f(x)$  is the current value of what Bruce is contributing to the position. A proposed solution so far is to replace him with the other guy such that the value of the position is  $f(y)$ . It is believed that  $f(y) > f(x)$ .

It could even be possible that the optimal solution would be to both promote Bruce and replace his current role with the new guy:

**Solution 1:**

Current value =  $f(x) + h(x)$

Step 1: Replace Bruce with the other guy. The value of role  $f$  is now  $f(y)$ .

Step 2: Move Bruce to new position. The new position is now valued  $g(x)$ .

Now the current total value is  $f(y) + g(x) + h(x)$ .

**Solution 2:**

Maybe they should just get rid of Bruce altogether.

Current value =  $f(x) + h(x)$

Step 1: Replace Bruce with the other guy. The value of role  $f$  is now  $f(y)$ .

Step 2: Get rid of Bruce.

Now the current total value is  $f(y)$ .

Pick solution 1 if  $f(y) + g(x) + h(x) > f(y)$ .

Pick solution 2 if  $f(y) > f(y) + g(x) + h(x)$ .

If  $g(x) > f(x)$  AND  $g(x) > f(y)$ , Bruce deserves a promotion.

If  $g(x) > f(x)$  AND  $g(x) = f(y)$ , Bruce deserves a lateral motion.

If  $f(y) + g(x) + h(x) > f(y)$  AND  $g(x) < f(y)$ , Bruce deserves a demotion, but is still deemed valuable enough to the organization.

### WHAT DID JIM ACTUALLY DO?

Jim chose to demote Bruce to an analyst role in his former unit. Bruce immediately complained to the SVP over HR, who called Jim in to review his

handling of the situation. He disagreed with Jim's decision to demote instead of fire Bruce, stating that demotion almost always led to a disgruntled employee, but agreed that Jim had taken all of the steps necessary to make the demotion stick.

The new manager did a terrific job of rehabilitating Bruce, and within a couple of years was able to promote Bruce (but not as a manager) in recognition of his improved performance. ●

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# Leading with Two Left Brains?

By Jamie Shallow

*“Leadership’ is the snake oil of our day. Everybody is peddling it, it’s offered as a panacea for anything that ails us, and there’s no proof it has any benefit at all—or for that matter, even exists.”*

I’ve seen a few articles like this lately that seem to dismiss the significance of leadership, with some arguing that the best thing a leader can do is get out of the way. I’m not sure where this current line of thinking is coming from, but perhaps it’s stemming from the reality that leaders are imperfect people, as we all are, and that in the end leaders are only facilitators. You can lead a horse to water, but you can’t make it drink, right?

That said, the school of organizational behavior is filled with studies on leadership that affirm its value. Additionally, we can all, as students of life, look around us and observe leadership in action and its positive impact. For example, I recently met O’Neal Hampton, an inspiring contestant from season 9 of the TV show *The Biggest Loser*. Just being around him impacted my attitude for the day. But, what we can notice even more in watching *The Biggest Loser* is the impact that Bob and Jillian (and other coaches) have on the contestants. People who have been trapped in destructive patterns for years suddenly find motivation to sacrifice and work hard, believe in themselves again, and achieve success in reaching their potential and gaining their life back.

Clearly, having a leader believe in you can make all the difference in the world.

## TWO LEFT BRAINS?

OK, so we’ve heard it said that folks who can’t dance have the misfortune of having “two left feet.” Could there be a parallel for folks who are “leadership challenged”? Could it be said that some of us suffer from having “two left brains”? Leadership coach and actuary Jeanne Lebens has noted in previous *Stepping Stone* articles that oftentimes the skills and behaviors required for

effective leadership are not innate in folks drawn to the actuarial profession. As analyticals, we tend to be left-brain dominant.

Another issue that is common in our profession, that leaders in human capital acknowledge is rather common in many areas of corporations, is the method of promotion to leadership. Common practice is to promote someone who is a skilled technician to the role of leading other technicians. The assumption is made that being a skilled technician means aptitude at leading people performing the technical task. This is not always true, and oftentimes a company will lose a good technician and gain a poor leader. As many of us have realized, leadership requires a unique set of skills. Yet, as leaders we affect others’ lives either for good or for bad, so it’s important to consider how we are leading.

## GETTING IT RIGHT—OUTSIDE THE BOX

So what is the secret to the heart of leadership? How do we work on getting more balance? Well, the common buzzword in today’s culture is emotional intelligence, or EQ. There are many elements that make up EQ, but maybe we can narrow it down to a very singular focus.

In the book *Leadership and Self-Deception*,<sup>2</sup> the point of singular focus is presented—getting outside of the box. But what does that mean? The book defines it as a paradigm shift where we begin to see others as they are—people, as opposed to mere objects. It can be said that managers manage things, but leaders lead people.

As left-brained analyticals, there is probably an even stronger innate tendency to remain inside the box. But, legendary coach Vince Lombardi gave the secret away years ago when he stated, **“There are other coaches who know more about X’s and O’s.... But I’ve got an edge. I know more about football players than they do.”**



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In organizational behavior terms, the difference may be described as transactional leadership versus transformational leadership. Lombardi was a master at the transformational style. Transactional is more focused on duties and tasks, while transformational is more outside the box—involving vision, trust, empathy and compassion. It is more relational, and acknowledges that leadership moves beyond making sure duties and tasks are completed on time to recognizing that the duties are being assigned to people who have real needs, feelings, goals and dreams.

Another form of transformational leadership that is worth mentioning here is servant leadership. I have heard Art Williams, the founder of financial service giant Primerica, say on more than one occasion that as a leader your people are not working for you, rather you are working for your people. This is the basis of servant leadership—to see that in reality, as a leader, we are to serve our team and focus on helping them reach their potential. In doing this, we will help our companies achieve their maximum as well.

## GENUINELY RIGHT

In a recent book review for *The Stepping Stone*,

I noted that at the Zappos company they strive to deliver WOW to their customers, and that to do so it is important to be genuine.<sup>3</sup> To attempt to deliver a WOW experience only for the sake of profit and sales will not usually be successful. The same is true in leadership—leading people as people must be genuine. But how do we get there?

I was speaking with a co-worker recently and we were discussing the concept of how a person can gain compassion. It's a very intriguing subject to ponder. How do we grow in compassion? To gain insight, it is helpful to consider a few examples. If you are the type of person to always get A's, do you genuinely appreciate when someone does their best, works very hard, and delivers B work? How do you get to the place where you do? Should you? Yes, if your goal is to help get the maximum out of people. Remember, believing in people will help them achieve their potential!

Another way to look at it is that genuine is the difference in how you would feel if you had received news that *my* child had been injured in an accident versus how you'd feel if you heard the same about *your* child. I recently participated in a March of Dimes walk and as we finished there were posters of children and their stories along the path. It definitely stirred up tears for me, but it was still not the same as if it had been my child.

I've heard experience defined as "*something that happens to you that you wish to heck happened to someone else.*" It is through experience, trials, failures and sufferings that we gain genuine compassion, empathy and maturity.

In two executive interviews featured in *The New York Times* in recent years, some senior leaders revealed their recognition of this reality. Robin Domeniconi, senior vice president and chief brand officer for the Elle Group, responded to what she looks for in an interview by noting:

***"I don't look at resumes at all. Because they absolutely don't tell me how somebody's going to work for me.... I will try to find out what kind of life you've had, where you've come from, what challenges you've had to overcome. I really don't care about your***

*successes as much as I care about your failures, and what you've learned from them....”<sup>4</sup>*

Similarly, Mark B. Templeton, president and CEO of Citrix, noted:

*“The second thing I look for is scars. You can call it wisdom, you can call it experience, or the things that went wrong in your life. That’s where I think knowledge turns into wisdom.”<sup>5</sup>*

It seems the old saying is correct—no pain, no gain. ●

#### ENDNOTES

<sup>1</sup> Fleming, B. 2013. “Leadership” is the Military’s Snake Oil. May 23. Retrieved from [www.washingtonpost.com](http://www.washingtonpost.com).

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It is through experience, trials, failures and sufferings that we gain genuine compassion, empathy and maturity.



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# Ten Books to Boost Your Leadership Journey

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](mailto:bepauley@gmail.com). Follow him on Twitter using [@BrianEPauley](https://twitter.com/BrianEPauley).

I'm always looking to add good leadership and personal growth books to my collection. I've found the best place for new ones are others' recommendations. I'm also frequently approached by those looking for book recommendations as they begin their leadership growth journey. With those thoughts in mind, I wanted to share 10 personal book recommendations with *The Stepping Stone* readers. While leadership books have been written for centuries, the focus of this article is on more recent books.

## 1. GREAT LEADERS GROW BY MARK MILLER

Delivered in a fable format, this book lays the foundation for the importance of the growth process in your leadership. As an actuarial leader, consider putting intentional focus on growing both your actuarial and leadership skills. The GROW model presented in this book is a great way to accomplish that. The author also writes a great leadership blog several times a week that I highly recommend. See [www.GreatLeadersServe.org](http://www.GreatLeadersServe.org) for more information.

## 2. LEADERSHIP AND SELF-DECEPTION BY THE ARBINGER INSTITUTE

Leadership could have been left out of the title. Self-deception is enough. This is another fable-style book, but it is a deep one that shouldn't be read in one or two sittings. The encouragement of this book is to "get out of the box." It's a simple, yet complex topic with implications everywhere you go. Why? Because that's where you always are. If this book strikes a chord with you, check out the book's sister companion, *The Anatomy of Peace*, also by The Arbinger Institute.

## 3. NECESSARY ENDINGS<sup>1</sup> BY HENRY CLOUD

I lead a leadership development group where I work that entails reading quite a few books. Of all those we have read, this is the most popular one. I believe that is because it has far-reaching personal

and business implications. This book presents several models for creating the needed endings in your life that are holding you back, whether they be relationships that are going nowhere, projects that need to die, etc.

## 4. QUIET LEADERSHIP BY DAVID ROCK

I'm currently participating in an executive coaching group where I work, and this book is a part of our curriculum. I'm grateful because it is changing how I approach workplace conversations. Transforming the performance of those we lead is an underrated and overlooked skill. Doing so requires changing how we engage others and the questions we ask based on how the brain works. As actuaries, we are trained to solve problems. Many of them are very interesting, but we must resist the temptation to solve others' problems if we are to develop them, engage them, and transform their performance.

## 5. REBOUND RULES BY RICK PITINO WITH PAT FORDE

There is no question that Rick Pitino, who in April became the first men's basketball coach to win national titles at two different schools, knows how to rebound from adversity. In this book, Pitino shares the many stories of adversity in his life, how he bounced back from them, and how he's using them to shape the final chapter in his career as a basketball coach. Successful leaders must be willing to face adversity. How we deal with it makes or breaks us. This book gives the reader an appreciation for adversity in our journey and lays out the necessary principles for doing so. You do not have to be a basketball fan to enjoy and learn from this book.

## 6. SOUP: A RECIPE TO NOURISH YOUR TEAM AND CULTURE BY JON GORDON

For any soup recipe, 100 people can make it, and each soup will taste different. Why? Because the one stirring the pot makes all the difference.



Teams are the same way. This fable tells the story of Nancy, a new CEO who takes over a troubled company. A lunch trip to a soup shop unveils a recipe of lessons to help turn the company culture around. This book makes the list easy to read and then apply its principles for making the same type of improvements that Nancy did. In this book, you learn that as the leader of your team, you are the one stirring the pot—and in a position to make all the difference for improving the culture and results.

### 7. *THE 5 LEVELS OF LEADERSHIP* BY JOHN MAXWELL

A leadership book list isn't complete without a John Maxwell recommendation. With so many great books authored by him, I struggled to choose only one. I finally settled on this one because it has had a tremendous influence to me on what it *means* to be a leader. Maxwell walks readers through each of the five levels and covers upsides, downsides and best practices for each level, which make for good application exercises. For those of you new to the leadership journey, I think this is a great book with which to start. And like most of Maxwell's books, you will want to consume it as a leadership textbook over the course of several weeks or months.

### 8. *THE ADVANTAGE<sup>2</sup>* BY PATRICK LENCIONI

This is a great handbook for leading a team, department or organization. It is most applicable for seasoned leaders and/or those in segment-level leadership positions. Regardless, anyone with an interest in leadership will find great information in this book. Readers may be familiar with Lencioni for his series of executive fables (e.g., *The Five Temptations of a CEO*). A great thing about this book is that he compiles a lot of key information from those fables, tying them all together within this book.

### 9. *THE SPEED OF TRUST* BY M. STEPHEN COVEY

M. Stephen is the son of Stephen Covey, leadership guru and author of the famous book *The 7 Habits of Highly Effective People*. Stepping into some big shoes, M. Stephen created a great book that all leaders should read. From *The 4 Cores of Credibility* to the *13 Behaviors* necessary to build a "moment of trust" in each of our interactions, this book is

full of great information. Actuaries will appreciate Covey's equation that links trust to results:

$$(S \times E)T = R$$

[Strategy times Execution] multiplied by Trust equals Results.

### 10. *WOODEN ON LEADERSHIP* BY JOHN WOODEN WITH STEVE JAMISON

With 10 straight NCAA men's basketball titles in 12 years, former UCLA men's basketball coach John Wooden has plenty to teach about leadership. This book presents 12 of his key leadership lessons as well as many great nuggets from his personal notebooks. Don't like basketball? That's OK because this book is a leadership bible. At almost 300 pages, it is a bit of a behemoth. But, every page is worth consuming. Actuaries will appreciate Wooden's attention to detail.

I hope you add some (or all!) of these books to your collection. After reading them, let me know what you think. Also, let me know if you have additional ones to recommend. ●

A leadership book list isn't complete without a John Maxwell recommendation.

#### ENDNOTES

<sup>1</sup> See page 3 of the November 2012 issue of *The Stepping Stone* for a more detailed review of this book by this author.

<sup>2</sup> Discussed by this author in more detail in the February 2013 issue of *The Stepping Stone*.

# The Secret Lives of Actuaries

By Eugenia Kaneshige



Eugenia Kaneshige has a passion for helping professionals find jobs that feed not just their wallets, but also their souls. If you're ready for the next step up in your career, contact her at 704.817.9244 or [EKaneshige@norwood-advisors.com](mailto:EKaneshige@norwood-advisors.com).

*Editor's Note: Here is a light-hearted look at the high ranking of actuarial jobs, and what wisdom one might take from that in considering career choices.*

**T**he genie is out of the bottle! Ever since the job of actuary took the No. 1 position in *CareerCast.com*'s list of the top 10 jobs in the United States, actuaries have been taking bows amidst a frenzy of tweeting about their new status. Along with the kudos, people are debating the criteria used, the results, and the relevancy, all of which pleases this career coach, who believes career introspection is a good thing. The big question is:

## HOW HAS THIS KNOWLEDGE BEEN KEPT SECRET FOR SO LONG?

Conspiracy theorists suspect a plot by the 1 percent to keep others in the dark about these lucrative, no-stress jobs that are purportedly going begging.

The list garnered a great deal of curiosity about the profession from unexpected quarters. My brother-in-law, who owns a Maui-based whale watching, snorkeling and fishing trip company, asked if there were many salt-water opportunities for actuaries. My son-in-law in Cody, Wyo., who is a qualified hunting guide, steer roper, horse trainer and blacksmith (as well as the primary childcare provider in his family), asked if there is any seasonal demand for actuaries in between the hay harvesting and mountain lion hunting seasons.

## WHAT AM I, CHOPPED LIVER?

Thousands of people whose jobs didn't appear on CareerCast's list of 200 ranked jobs were decidedly miffed. An indignant employee of the Perdue company called foul, while an anonymous caller from an incandescent light bulb maker said that while prospects for his industry were admittedly dim, it hurt to be excluded.

## SO WHAT DO ACTUARIES THINK ABOUT BEING "NUMERO UNO"?

While many gracefully acknowledged what they saw as long-overdue recognition, not all waxed poetic about their jobs. Nor did all of them agree that the job of actuary deserves such a high rating, given the five ranking criteria: **low physical demands, good work environment, high income potential, generally low stress and positive hiring outlook.**

While one actuary thought the average pay was **underestimated**, protesting that no 30-year-old actuary he knows of makes less than six figures, another said that, in reality, competition had brought salaries down in recent years. In fact, the competition for jobs as an actuary is fierce. As for stress, one dissenter said, "If you're an actuary and you think your job is low stress, please tell me where you work." Yet another said, "I have been working 50- to 60-hour weeks for 25 years and it is very stressful—clients are demanding; travel is frustrating."

Others pointed out that the algorithm omitted the cost, time and effort required for even an entry-level position as an actuary, much less the effort required to obtain multiple certifications and to reach the top of the profession.

All of the above comments point to the importance of getting multiple opinions when it comes to life-changing decisions like choosing a career.

## SELECTION CRITERIA: HOW MANY AND WHICH ONES?

No consensus could be reached on the ideal criteria for ranking jobs, or even how **many** criteria were required. Conservatives insisted that **any** job, paid or unpaid, was a foot in the door and a hand up. Next in the easiest-to-please department were mercenaries, who failed to see the value of more than one criterion. A follower of Eckhart Tolle<sup>1</sup> submitted that any job that paid minimum wage and didn't require one to appear naked in public was a good job.

Speculation is running rampant as to the identity of the person who selected the criteria, with only a few clues to be sleuthed:

- S/he is not fond of the outdoors, because central air conditioning appeared to be an underlying, if not explicit, criterion.
- The mystery person may be physically frail or small in stature, since physically undemanding was another criterion.
- Said person may have a germ phobia, since any job that entailed getting one's hands dirty appeared to rank as a bad job.

*Chocoholics.com* emphatically declared that a job that didn't include chocolate couldn't possibly be among the top 10 in the United States. The local Charlotte restaurant critic sniffed at an ideal job that didn't include gustatory pleasures. One sour green grape whined that none of the leader board work environments included the great outdoors. Golfers and forest rangers everywhere concurred. No comments were heard from the ranks of America's more than 800,000 volunteer firefighters. Guess they were too busy saving lives.

The criteria were also perplexing to small business owners, many of whom choose to work 70 hours a week for themselves, in order to avoid working 40 hours for someone else.

## AN ALTERNATIVE METHODOLOGY

Rather than ranking jobs by an arbitrary set of job characteristics, life coaches like to focus on how a job makes a person **feel**. After a six-month job search and career change, one woman declared, "I feel like I died and went to heaven." Another question you might ask yourself when pondering your ideal job is what you would do if money were not a concern and no one else were watching—no family, no friends, no community to please or impress.

## ONE PERSON'S TRASH IS ANOTHER'S TREASURE

Perhaps the most interesting comments on CareerCast's site were from the other end of the spectrum—those who held the "worst jobs in

America." Many of these workers protested that salaries in their fields were grossly underestimated or that they had jobs "you can't beat." It seems that CareerCast's compensation figures were taken from the U.S. Bureau of Labor Statistics and don't include non-monetary benefits like 200 hours of vacation and 100 hours of sick leave (postal worker); six months on and six months off (oil rig worker); 30 days a year vacation, tax-free housing, subsidized shopping, special pay (enlisted military personnel); and extraordinary health and retirement benefits (all government workers). The lesson here is not to forget to include benefits when comparing job or career opportunities.

Notably, for every one of the 10 worst jobs (except news reporter, which ranked dead last) there was someone who challenged the ranking, believing their job deserved a significant upgrade.

## MAKING A LIST AND CHECKING IT TWICE

Finding a job you love is a lot like finding true love. It's best to have a clear idea of what constitutes "good, better, best" well **before** entering a relationship—preferably when you're not under duress. Stress is responsible for a lot of bad decision making in all areas of our lives. Ask yourself which qualities are must-haves and which would be icing on the cake and why. That's one way to end up with an intentional, rather than an accidental, career.

## LOOK BEFORE YOU LEAP

Those who complained about their jobs received little sympathy from others. One psychic detective remarked that the article about worst jobs was obviously a case of the writer feeling sorry for himself. Another commenter with crabby genes riffed on liberal arts majors who "followed their bliss" without adequately researching job opportunities.

If you make a mistake, my advice is to take the LIFO approach to jobs—last in, first out; start planning your exit strategy. The good thing is that it's a lot easier to leave a job, a company, an industry, or even a profession than it is to leave a significant other.

Rather than ranking jobs by an arbitrary set of job characteristics, life coaches like to focus on how a job makes a person feel.

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... it doesn't much matter how great other people think your job is.

## BEAUTY IS IN THE EYES OF THE BEHOLDER

CareerCast's list highlights the fact that there are no good jobs or bad jobs. There are only bad choices. As with a soul mate, the most important criteria are your personal values.

Make sure your values are shared by the company you work for, the partners you work with, and the employees who work for you. And while the value of face-to-face discussions can't be overestimated, there's a place for anonymous comments, as well; sometimes the truth burns brighter when the torch holder remains in the shadows.

## JOB SEARCH AND CAREER TAKEAWAYS

Whether you're considering a career change or studying for your first actuarial exam, speak to as many people as possible to get a comprehensive picture of what a job is really like and how it

relates to your personal likes, dislikes, talents, skills, experience, and most of all, values. While "meaningful" is different for each of us, and may change over time, without personal job satisfaction, it doesn't much matter how great **other** people think your job is. If you believe in what you're doing and the value of the product or service your company provides, then you're probably among those happy people like me, who believe they have one of the top 10 jobs in the world. ●

### ENDNOTES

<sup>1</sup> Author of *The Power of Now* and *A New Earth*, and listed by the *Watkins Review* in 2011 as the most spiritually influential person in the world.



# Critical Influencing Skills for Advancing Professionals (Part 1)

By Raymond E. DiDonna

**B**eyond technical skills, actuaries must be outstanding communicators and influencers in order to maintain the critical roles they play within insurance organizations. Early career development is focused on building a strong technical and industry foundation. Once this foundation is in place, however, actuaries must quickly adapt to being submerged in a fast-paced, results-oriented business environment that requires the ability to communicate effectively and, more importantly, influence those around you.

It's not enough to have the right answers; actuaries must be able to present compelling arguments to win over their audience. For the first time in your career you may be managing a staff that is looking for direction, recommending a course of action to senior leaders, or trying to persuade non-actuarial colleagues who may see the world differently. This series of articles is intended to educate young actuarial professionals on key business influencing skills that will be beneficial in the near term as well as throughout their careers.

The actuarial profession is made up of very bright individuals who pride themselves on accuracy—on being “right.” In business, however, being right isn't always enough ... it isn't always even possible. That can be hard for a young actuary to understand—“*I've shown you the right answer; why aren't you accepting it?*” The reason is because success finds those who are not just right, but those who can convince others which path to take.

Getting to the right answer or result is only the first step ... after that, you must go about influencing others that your right answer is also the best answer. The ability to influence is a very powerful tool, and we have the opportunity to influence all the time, in almost every business (and personal) interaction. So, you must understand the power of influencing, build influencing skills, and apply them to make the most of your careers.

Throughout a business career you will have the opportunity to influence many different constituents—your team, your peers, and your leaders. In this issue we will focus on influencing a team. In future issues we will focus on influencing peers and leaders.

## LEADING (INFLUENCING) A TEAM

Whether you are managing a team of 100 diverse employees or you have your first-ever direct report, in order to get the most out of your team you must influence them to perform at the highest level. Well-known leadership guru John Maxwell had the following to say in his book *The 21 Irrefutable Laws of Leadership* (1998 and 2007).

*“Leadership is influence—nothing more, nothing less.”*

*“...leadership is about influencing people to follow...”*

*“To move people in a new direction, you need to influence.”*

*“You're a leader only if you have followers, and that always requires the development of relationships...”*

Your goal as a team leader is to get your team to perform at the highest possible level. No longer an individual contributor, it is often difficult for any advancing professional to get comfortable with the idea of not actually doing all the work but, rather, getting the work done through others. This trips up a lot of rising technical stars. What's critical right from the start is to create a team vision to ensure everyone on the team understands precisely where you want the team to go.

You have to paint a picture of the ideal state—and it needs to be a vivid picture that they can really see. A vague idea, such as “*to be the best team possible*” gives your staff no idea of what they are shooting for and no idea of when or how they will achieve the vision. So, strive for details and precision. For example, a team of product development actuaries could have a vision that looks something like this:



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*“Our vision is to be the team the company relies upon to deliver profitable, market-competitive insurance products with ever-increasing speed to market.”* With that vision, you can further fill in the details of how you define profitable, market-competitive, and speed to market.

... you must focus on the most important role of a leader ... coaching and mentoring your staff.

With a strong, clear vision in place, you must begin to energize the team around what steps are needed to achieve the vision. Again, it's critical to make the path as clear as you can. So if you define your vision as I have above, you need to take stock of where you are currently in relation to the vision—how profitable are the products you have recently developed? How competitive are they? And how quickly did you develop them? Once you understand where you are and where you want to get to, be clear with the team about what you need from them in order to close the gaps—what they each need to do, how long it should take, etc.

Now that the vision is clear, and the path to achieve the vision has been laid out, you must focus on the most important role of a leader ... **coaching and mentoring your staff.**

This is another area where technical stars may struggle. Why? Because most stars who ascend to the management ranks quickly are accustomed to

getting feedback (usually positive), not giving it. In addition, it's often fairly straightforward to provide positive reinforcement in an annual or semi-annual review. The tough part, however, is providing critical feedback. It is essential to building the best team possible to provide feedback that is timely, candid and clear. The way to influence your team to perform at higher and higher levels over time is to make sure they understand how and when they are performing up to the standard you expect, and how and when they are not.

So, let's cover each component of good feedback individually. And remember, these concepts apply whether the feedback is positive or critical.

First, the best feedback is provided as close as possible to the observed behavior/performance. Waiting until the next review does not provide the right reinforcement. If a team member does something great, tell them immediately. If appropriate, recognize them publicly. On the flip side, having a critical discussion about performance that happened months ago will lead to surprise and disillusionment. Now they are left wondering what else you haven't told them yet. And I can assure you that providing critical feedback does not get easier if you wait longer.

Second, the feedback should be candid—honest and straightforward. It's much easier to deliver critical feedback that is simply an honest, objective assessment of someone's performance. Too much time spent trying to “sugar-coat” a tough message can often lead to misunderstanding. They're confused and you're confused, reducing the likelihood of improved performance.

Third, the feedback should be clear. Much like the team vision, you need to make sure the recipient understands exactly what the issue is. So, critical feedback such as: “*you're not doing a good job*” is not going to be helpful. However, something like: “*in the presentation you gave, you didn't pay attention to the audience's reaction and adapt*” is not only clear, but gives you more opportunity to discuss the situation, and together figure out what your employee should do to improve.

An implicit idea throughout the feedback section above was setting high standards. Without

continuing to challenge your team, they will not ascend to higher levels and you will not achieve your team vision. Remember, if the vision is aspirational in nature, then achieving it requires everyone to continue to improve his or her performance and capabilities over time. So, challenge your team members to do more than they've done before—certainly it's appropriate to raise the bar each year. If expectations don't rise, and quantifiable goals and objectives don't rise, then neither will performance. There's something in it for everyone here—your team continues to progress to higher levels of professionalism and you achieve your vision as the team leader.

With that in mind, I have one final thought on influencing your team. One thing you may have never thought about before if you are still in the early years of your career is the idea of what your *legacy* will be.

If you think a legacy is only for U.S. presidents and company CEOs, think again. Every leader (everyone for that matter) creates a legacy over time—both professionally and personally. All the people you work for, work with, and those who work for you, will ultimately draw a conclusion on what sort of legacy you have left behind once you have moved on. So I think it's critical that you think about your legacy before others do. As a leader, your legacy can be of someone who kept things going and didn't screw up something that wasn't broken. Or, your legacy can be of someone who brought your team to a level of performance that no one could have ever imagined. What do you want your legacy to be?

*Editor's Note: Watch for Part 2 of this series, **Influencing Your Peers**, in the November 2013 issue of **The Stepping Stone**. •*

**Without continuing to challenge your team, they will not ascend to higher levels and you will not achieve your team vision.**

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# Leadership Interview Series: Marilyn Carp

By Sophia Dao



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](mailto:sophia.dao@alico.com).

*Interviewer's notes: This is the second interview in our leadership interview series, which features inspiring leaders in the insurance industry. This article features Marilyn Carp, former president and CEO of AEGON Direct Marketing Services (ADMS). I had the pleasure of working at ADMS when it was under Marilyn's leadership. She was an exemplary leader who truly valued building good relationships and a strong culture. She made people feel valued by taking the time to meet with employee groups regularly and hold quarterly company-wide meetings to keep everyone informed and engaged. In this interview, Marilyn shares her story and her leadership philosophy.*



Marilyn Carp, FSA, MAAA, was president and CEO of AEGON Direct Marketing Services, a division of AEGON, from 1999 to 2010. She is currently enjoying her retirement in Baltimore, Md.

## WHAT IS YOUR GREATEST ACCOMPLISHMENT?

I am most proud of bringing two organizations together following an acquisition. The two organizations were about the same size and had complementary marketplace strengths that enabled us to create a strong organization. While we worked to develop our strategy, we also focused on how to implement that strategy.

However, for an organization to be successful the most important component is its people. We

recognized that the key to success is creating a culture that empowers people, holds them accountable, and treats them with respect. Each person can make a difference.

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

The most difficult thing is to handle people issues, whether on an individual basis or as a group in a downsizing. Usually when you need to make changes, you are dealing with someone who will be getting difficult news. No matter how often you need to do this, it is always painful. While the change needs to be made for business reasons, you are often dealing with a good person, someone you like.

What have I learned from that experience? I have learned to always treat people respectfully.

## WHAT DO YOU DO TO ENSURE THAT YOU CONTINUE TO DEVELOP AND GROW AS A LEADER?

The most important thing is to listen. As a leader you are often told what people think you want to hear. It is important to seek out people who will be honest with you and tell you what is really happening, even when it hurts. Also, in order to continue to grow it is important to attend outside meetings and gain new perspectives on what is happening outside of your organization. There you can learn from the sessions, but the networking is equally valuable. It is also valuable to have mentors and advisors to support you.

## IF YOU COULD CHANGE ONE THING ABOUT YOUR CAREER, WHAT WOULD THAT BE?

I feel very fortunate about my career. I was able



to balance my personal and business life. I had a wonderful career with many successes and there is not much I would change.

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

It is important to be your own advocate. Go after what you want. Let others know about your successes.

### HOW HAVE YOUR ACTUARIAL SKILLS AND TRAINING INFLUENCED YOUR LEADERSHIP STYLE?

My actuarial skills and training gave me a strong basic understanding of all aspects of the insurance business. It is important to understand the financial issues when you are in a leadership role and your training gives you a strong foundation.

### WHAT QUALITIES DO YOU THINK A SUCCESSFUL LEADER SHOULD HAVE?

There is generally a strong focus on good business knowledge and strong analytical skills. However, it is equally as important to have good people skills, and recognize that you cannot do it alone. You should look for strong people who bring complementary skills and empower them. Be sincere, approachable and care. It is such a strong motivator when people see you care. They can actually handle the “bad news” when it is given honestly and sincerely.

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

Not valuing people enough and not treating everyone with respect.

### WHAT SHOULD LEADERS DO TO DEVELOP MORALE?

Make a strong commitment to culture. Develop a strategy to create a culture that instills the values you want your people to have. Then develop a plan to share those values with all your people. It is important to roll this out to the entire organization

and then give them the tools to understand, implement and support those values. Everyone in leadership roles needs to “walk the talk.”

### WHAT ARE A FEW RESOURCES YOU WOULD RECOMMEND TO SOMEONE LOOKING TO BECOME A GOOD LEADER?

There are several books I really liked and incorporated: *Good to Great* by Jim Collins, *Execution: The Discipline of Getting Things Done* by Larry Bossidy and Ram Charan, and *What Got You Here Won't Get You There* by Marshall Goldsmith. Always look around you at other leaders: learn what to do from the good ones and also learn what not to do from the less successful ones. Find mentors and develop a team of “advisors.”

### WHAT DO YOU THINK IS THE MOST IMPORTANT SKILL SET FOR NEW ACTUARIES TO WORK ON IF THEY WANT TO BECOME LEADERS?

They need to develop their people skills to be able to talk to non-actuaries in a non-technical way so the concepts can be better understood. Companies are made up of people who have different skills and personalities. It is important to be able to interact and work with all types of people. If you can do that you can really become a valuable contributor who has the technical skills and can apply the knowledge to analyze different business issues and work with others.

### WHAT ADVICE WOULD YOU GIVE SPECIFICALLY TO WOMEN WHO ASPIRE TO BECOME LEADERS?

Often women feel they need to work hard and then others will recognize them for their hard work. Actually, women should be assertive, advocate for themselves, show initiative to take on tasks and share their successes with others. They need to network more and look for and seek out mentors.

A good book is *You Just Don't Understand* by Deborah Tannen. It is helpful in understanding different styles between men and women.

You should look for strong people who bring complementary skills and empower them.

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**We need to make sure we are not just viewed as technicians but also as good analytical thinkers who can explain technical details to non-actuaries.**

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

The opportunity is to use the knowledge we have about evaluating risks to develop products people need. Our competition is really the disposable dollars a person has and how they want to spend it. Do they want immediate gratification from a tangible object or to buy a product they may use in the future?

We have not done a good job of developing what people want or helping them understand the importance of these products. The insurance industry is not viewed well by the public because

our products are complicated. If we can find a way to make products more understandable, we may become more successful.

**WHAT SHOULD ACTUARIES DO TO STAY COMPETITIVE AND RELEVANT?**

Our skills in risk management are really important in the environment today. We need to make sure we are not just viewed as technicians but also as good analytical thinkers who can explain technical details to non-actuaries.

*If you would like to recommend someone to be interviewed for this series, please contact Sophia Dao at [sophia.dao@alico.com](mailto:sophia.dao@alico.com). ●*

# Substituting Facts for Impressions— A Tool for an Actuarial Manager

By Sharon Giffen and Caroline Rendall

**H**ave you been on either end of a conversation like this at performance review time?

*Employee: I think I did a really great job on the cash flow project. I completed the projections for all products by the deadline.*

*Boss: Yes, but you didn't provide the pricing actuaries with the information they needed.*

*Employee: Well, yes, but that wasn't part of the original project definition—how was I to know what they wanted?*

*Boss: You should have been in touch with them anyway, just to let them know what you were doing. I have had to do that on your behalf all year.*

And later:

*Employee: I have been working at my current level for three years now, and I think I am ready for a promotion.*

*Boss: Well, I think there are still some skills you need to develop before you'll be ready for the next level.*

*Employee: What skills are those?*

*Boss: Business skills, really—I'll know it when I see it.*

Now, both the employee and the boss walk away from the review feeling less than satisfied. The employee thinks that all work has been completed according to the definitions agreed, and feels like the bar is not only high, but somewhat invisible. How can you build a development plan to address, “I'll know it when I see it”? The boss is frustrated that the employee doesn't seem to see where they need to grow, and as a result the boss has to continue to be too involved in the work of the employee.

What is missing? How can that gap be filled?

As a manager, it's critical to be able to coach and direct staff development, both for their success and

your own. The question applies just as much to your own development plans as to those of your staff. Do you really know what is expected of you in order to be ready for the next level?

In the actuarial field, technical knowledge is table stakes. It fits into the category of necessary but not sufficient. What sets a candidate apart when a promotional opportunity arises goes well beyond technical skills. The SOA has invested thought and energy into developing the competency framework,<sup>1</sup> and it's worth a read.

In addition to that, many companies have defined corporate competencies that are also necessary to move ahead to the next level. At our organization, those competencies are rated annually as part of the performance appraisal process. By translating those competencies into practical descriptions at various levels of student and actuary, you can develop an excellent tool for coaching staff about how to progress in those “softer skills.”

To illustrate, consider this example developed for our Corporate Actuarial department, for the business competency described as “Passion.” According to the organizational definition, the role model is someone who:

- Continually develops an understanding of the “business” at an enterprise-wide level.
- Maintains an intense and deliberate focus.
- Effectively determines, defines and advances the organization's most important priorities.
- Sets standards with an understanding of the industry and competitors.
- Invests time and energy on the right issues to drive success of the organization.
- Challenges conventional thinking—critical thinking.

While the bullets make sense conceptually, how does this translate into the life of an actuarial student or even a newly minted FSA or FCIA?



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Certainly it means different things for the signing actuary (Appointed Actuary) than it does for new graduates with one actuarial exam to their credit. Note that, in Canada, signing responsibility is limited to fellows of the Canadian Institute of Actuaries (FCIAs). The progression below for “passion” is designed for those students who are actively working to achieve the FCIA designation, through completion of FSA requirements and Canadian work experience.

<p><b>Pre-ASA to new ASA/ACIA</b></p>	<ul style="list-style-type: none"> <li>- Learn about the products offered, how they work, how their cash flows are modeled.</li> <li>- Understand reserve methodology (potentially for multiple jurisdictions and/or multiple accounting bases).</li> <li>- Learn about experience studies, and how they impact cash flow projections (used for reserving in Canada and cash flow testing in the United States).</li> <li>- Start to learn about the requirements and users of the various reports produced by the Corporate Actuarial department.</li> <li>- Focus on doing work efficiently.</li> <li>- Question utility and application of work—to improve overall value.</li> </ul>
<p><b>ASA/ACIA to new FSA/FCIA</b></p>	<ul style="list-style-type: none"> <li>- Make connections between exam material and work requirements.</li> <li>- Begin to understand financial statements, beyond the reserve number.</li> <li>- Industry knowledge increases through exam material; connecting theory to work, and asking questions.</li> <li>- Start to be involved in discussions to enable understanding of trade-offs between department priorities and the organization’s priorities.</li> <li>- Ensure clear understanding of utility and application of work—implement improvements to efficiency.</li> </ul>
<p><b>Manager (typically one to five years post FSA/FCIA)</b></p>	<ul style="list-style-type: none"> <li>- Clear understanding of financial statements and relevant actuarial analysis; able to explain results to other actuaries, accountants.</li> <li>- Basic understanding of the work of other departments and the linkages to actuarial work.</li> <li>- Develop healthy working relationships with peers in other financial areas.</li> <li>- Knowledge of industry broadened and made practical by attendance at conferences and webcasts, reading industry materials and interaction with others.</li> <li>- Understand how industry trends impact this organization.</li> <li>- Focus on effective delivery of internal priorities, with a clear understanding about how they support the organization as a whole, and their expectations (both fulfilled and unfulfilled).</li> <li>- Recommend new or changes to processes, based on updated utility and application of tasks.</li> <li>- Recommend approximations for specific work, as appropriate; know what other analysis may assist in validation.</li> </ul>
<p><b>Director (typically five-plus years post FSA/FCIA)</b></p>	<ul style="list-style-type: none"> <li>- Deep understanding of financial statements and actuarial analysis.</li> <li>- Able to draw connections between various analyses, and explain to others.</li> <li>- Able to draw conclusions about possible future outcomes, based on changing circumstances (economic, market-driven).</li> <li>- Good understanding of other functions in organization; how these connect to and interact with Corporate Actuarial.</li> <li>- Build and deepen working relationships with financial and non-financial peers across the organization.</li> <li>- Given solid knowledge of industry developments, contribute to planning and prioritizing work for next one to two years.</li> <li>- Find ways to estimate impact of work.</li> <li>- Clear understanding of all organizational priorities.</li> <li>- Planning and prioritization recognize organization needs.</li> <li>- Determine where to eliminate work—to improve effectiveness.</li> <li>- Know when approximations are appropriate—broad understanding of sources of validating data and analysis.</li> </ul>



<b>Assistant vice president</b>	<ul style="list-style-type: none"> <li>- Full and deep understanding of all departmental outputs.</li> <li>- Ongoing relationships with peers across the organization, both financial and non-financial.</li> <li>- Leads planning and prioritizing of work for next two years to best fulfill the needs of the organization.</li> <li>- Influences organization priorities based on knowledge of expected future state—two-year-plus horizon.</li> <li>- Comfortably switches between approximation and analysis as appropriate.</li> </ul>
<b>Appointed Actuary—VP</b>	<ul style="list-style-type: none"> <li>- Full understanding of how departmental outputs affect all areas of the organization.</li> <li>- Fully mature, advisory relationships across the organization.</li> <li>- Leads planning and prioritization of work for next five years to best fulfill the needs of the organization.</li> <li>- Ensures that organization’s leaders understand the expected impacts of the work over the planning horizon.</li> <li>- Makes choices about where to spend departmental time.</li> <li>- Influences organizational priorities to optimize financial performance against organizational goals.</li> <li>- Speaks with confidence about all actuarial matters—seamlessly and invisibly using knowledge and approximation as appropriate.</li> </ul>

Working with managers at all levels, we developed this sort of breakdown for each of the competencies against which we rate staff as part of the annual performance review, including “focus on results,” innovation, collaboration, decisiveness, customer focus and sharing knowledge. The further detail is extremely valuable in framing and providing context for development and promotion discussions. It assists the staff member in understanding exactly what else is needed to demonstrate competence and what will be expected at the next level when it is achieved. Across the spectrum of competencies, it provides the opportunity for the manager to give credit where credit is due—highlighting existing strengths—while also pointing out the gaps and sharing constructive ideas about how to eliminate them.

Note that unless you are the only actuarial manager in your company, you should not develop this in a vacuum. Take the time to consider the expectations of actuaries at your company at all levels and document your thoughts. It will lead you to have some great conversations with other actuarial managers, identifying inconsistencies in expectations between departments (or even within a department). And if all levels of actuarial managers buy into this you get a side benefit—it gives you the chance to find out exactly how

they see the evolution of your role—very useful information to have!

This articulation of expectations and value added by each job level is not a small undertaking. But in the same way that an exam grading outline simplifies the process of marking exams, the up-front effort to develop this framework shortens the prep time required going into performance appraisals.

You might even sleep better knowing you are ready for your next management test—when you are asked, “*What will it take?*” ●

**Take the time to consider the expectations of actuaries at your company at all levels and document your thoughts.**

#### ENDNOTES

<sup>1</sup> Check it out at <http://www.soa.org/competency-framework/>.

# SOA 2013

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### **Women's Leadership Forum and Luncheon**

Session 28 Open Forum  
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10:00 a.m. – 1:30 p.m.

This is a unique opportunity to hear from three successful women leaders in our actuarial community. Come learn about their career paths, get some advice for your own career and network with other professional women.

[SOAAnnualMeeting.org](http://SOAAnnualMeeting.org)

# A Summary Look at GetAbstract

By Mary Pat Campbell

## WHAT?

GetAbstract is a service that summarizes business-related books in five pages. Each summary consists of a page of bulleted takeaways, a high-level description of the book, and three-and-a-half pages of summary of the content along with some quotes directly from the book in the margins. These summaries come in a variety of formats (PDF, e-book formats, mobile-friendly PDF) and even an audio version (MP3), which is less than 10 minutes for each summary.

## WHO?

All members of the Management & Personal Development Section currently get a free subscription to this service.

## HOW?

Go to the SOA website, and look for the “My Account” area of the front page. Follow the instructions to getAbstract!

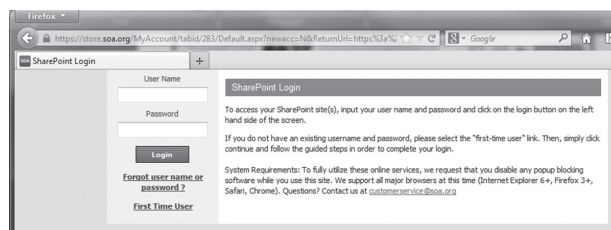


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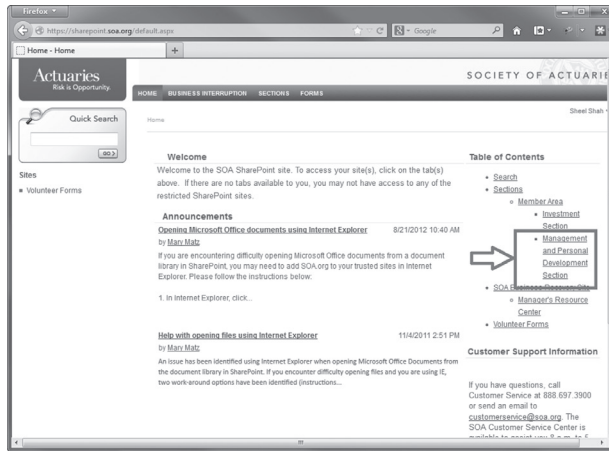
1. Navigate to <http://www.soa.org>. On the left side bar of the site, under “My Account” expand the drop-down list and select the option for “Access my SharePoint.” Click the “Go” button.



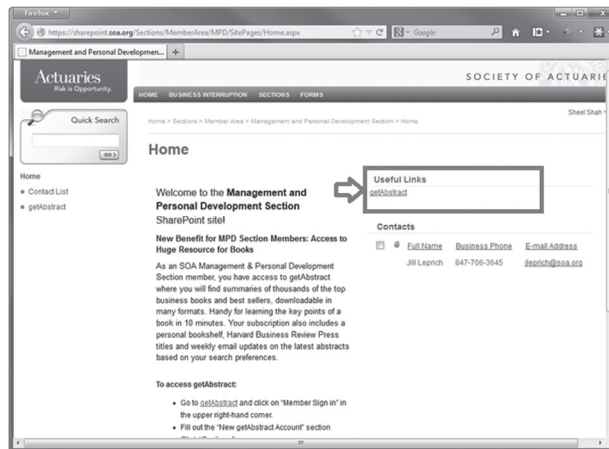
2. Once you click the “Go” button, you will be presented with the SharePoint Login screen. Here, you will log in with your SOA Online Services username and password. This account is the same username and password that is used to register for a meeting or exam, pay your dues, or update your address in the Online Directory of Actuarial Memberships. Click the “Login” button. If you do not remember your username and/or password, please click on the “Forgot username or password?” link under the login button.



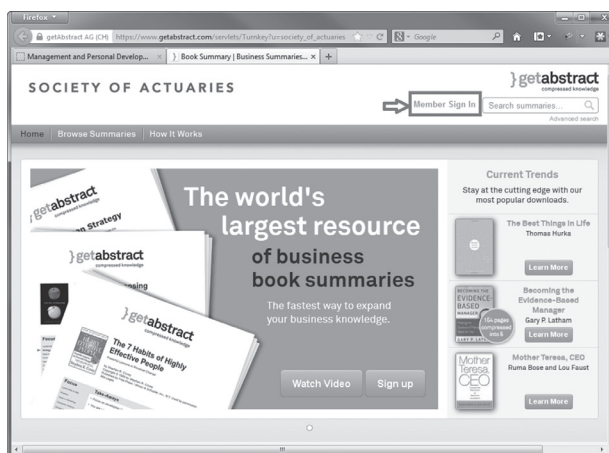
CONTINUED ON PAGE 28



3. Once logged in, you will see a screen similar to this. Under the “Table of Contents” heading, under the “Member Area,” click the link for the “Management and Personal Development Section.” Once clicking on the link, you will be presented with the following screen.



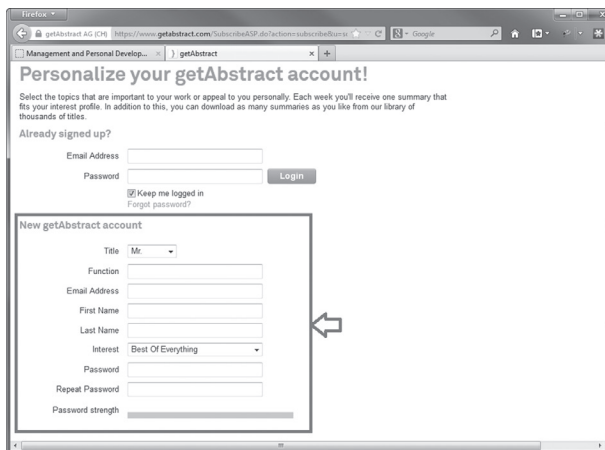
4. On the top right side of the screen, under “Useful Links,” click on the “getAbstract” link.



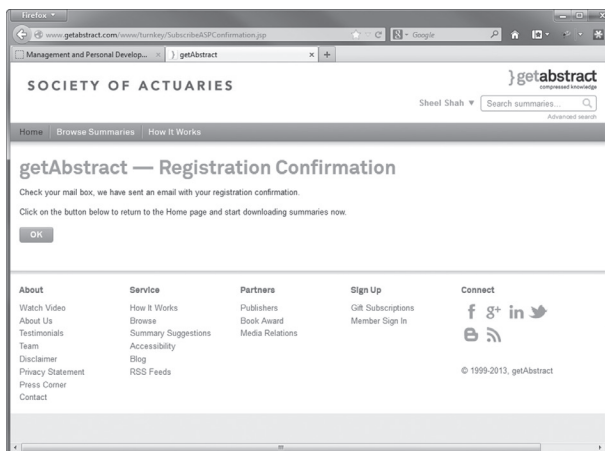
5. You will be sent to this screen. Click on the “Member Sign In” link.



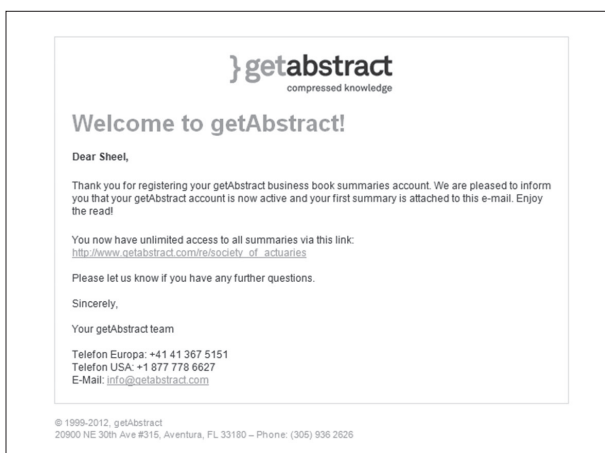
6. You will be presented with this screen. Fill out the “New getAbstract account” section, where you will create an account to access getAbstract.



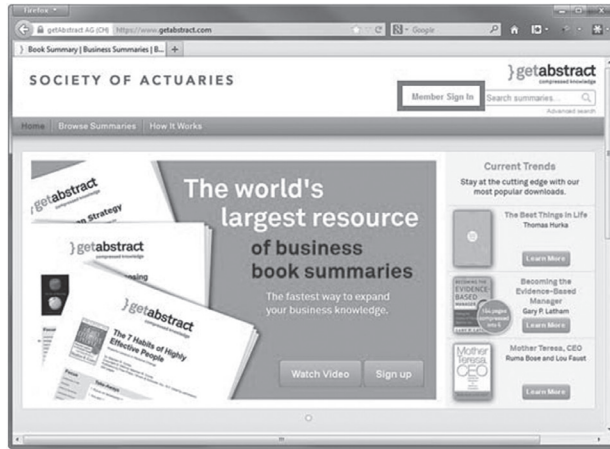
7. Once you create your account, you will see this confirmation screen.



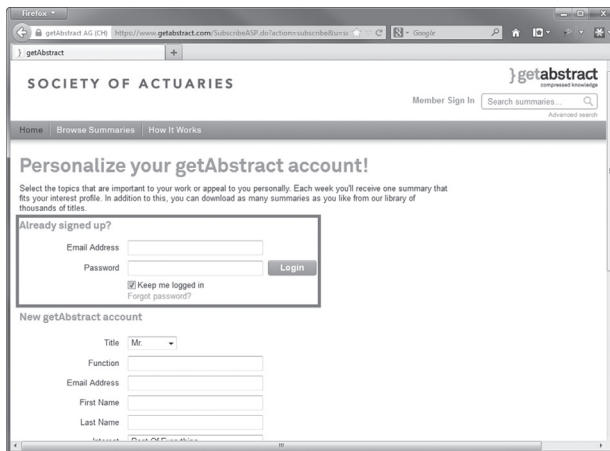
8. You will also receive an email at the address you specified in the form.



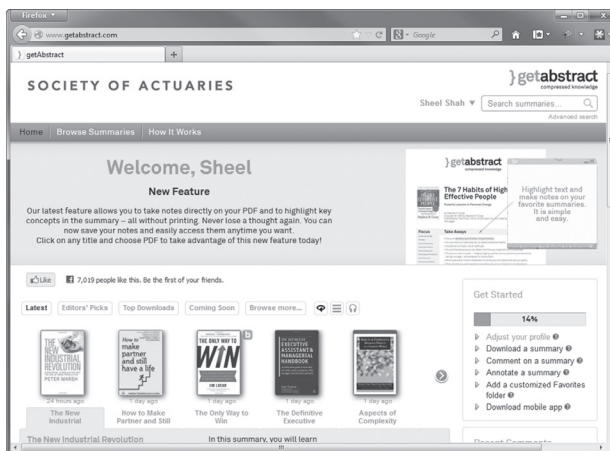
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9. Once you create an account, you can access getAbstract directly from their website. Go to <http://www.getabstract.com>, where you will be presented with this screen. Click the “Member Sign In” link at the top right side of the screen.



10. You will then see this screen. Fill out the “Already signed up?” section with the username and password you just created for getAbstract, and click “Login.”



11. Once logged in, the screen should look like the screen at left.

Once you've created your getAbstract account, you can have getAbstract email you once a week with a book summary tailored to your interests. Of course, you can also go to the site at any time and find summaries yourself, but it's nice to have a passive process as an option. Additionally, the weekly email doesn't require you to log in, as the summary is attached to it.

## WHY?

Primarily, because you don't have time to read everything.

One good use of getAbstract is to try to determine whether you want to devote your scarce time to reading a book more fully. Another use is to look up some hot topics, in case you are lacking on the buzz term front. The search function is very easy to use, and there is also a browse feature. The summaries are well organized such that you can decide to browse through finance-related books, and as a sub-topic, risk management. The books summarized cover a wide range of topics, from general leadership concerns to some very technical books.

GetAbstract can provide summaries only with the permission of the copyright owner. Some of the most popular business books are missing from getAbstract (for example, Jim Collins' *Good to Great* and Sheryl Sandberg's *Lean In*) because the copyright holders did not give permission. (Perhaps the publishers' theory was that if you read the summary, you wouldn't buy the book. Take that for what it's worth.) If you try searching for books that getAbstract tried to get permission but weren't able to, you will get a message from getAbstract notifying you of the situation, and it will recommend summaries of similar books.

Let me give some tips for getting the most out of getAbstract:

- Even though the five-page format has its limitations, you can get a lot of value from this style of presentation.

One of my favorite books, *The 48 Laws of Power*, is information dense. What does its getAbstract summary look like? Forty-eight numbered items with the title of each item and a one-sentence description. They basically gave a chapter listing as the summary. It's difficult to do better than that in five pages for a book with so much information.

On the other end is the standard business book, which is basically one point that can be articulated in a sentence, and would have been better treated as a magazine article. (To be fair, many of these started as magazine articles.) Most of the 200 pages of such books are fluff of anecdotes hammering home the one point. The content can barely fill five pages of substantive remarks, so you find that getAbstract summary repeating the anecdotes.

*That said, in each of these cases, I am given enough information to determine which is the book of thin content (as the summary will fully satisfy my need for information) and which is information dense and whether I want to look into it further. Given the paucity of information in some books, getAbstract can be a time-saver.*

- Ignore the marginal notes.

In fairness, most business books don't have any punchy lines to pull out. The marginal quotes do little to give you a feel for the book's writing style. They don't reflect the content or tone well. For example, none of the summaries for Nassim Nicholas Taleb's books reflect the constant self-promotion to be found in them.

**The books summarized cover a wide range of topics, from general leadership concerns to some very technical books.**

CONTINUED ON PAGE 32

*Just skip them.*

- Ignore the ratings except for “Level of Expertise.”

Let us not dispute the matter of taste—let us just consider the amount of information conveyed by the ratings. There is not enough variation in the ratings to discriminate between the books. The books have an overall rating out of 10, and the lowest-rated books I could find were rated 5. In browsing the current listing of summaries, they have 2,000 books rated 8 and higher. Now it may very well be that there are that many excellent business books out there, but this does not exactly help one decide what to look at and what to ignore.

There are three sub-scores that go into the overall rating: applicability, innovation and style. There is more variation in these sub-scores, but it is difficult to use them in trying to determine whether to take the further step to read the book. For example, the “Style” score seems to be a “How easy is it to read?” score, as opposed to a rating of how appropriate the style is to the material. (Can anyone spell Flesch Test?) The “Style” rating for Phillippe Jorion’s *Value at Risk* was 4 (Horrors! A score below 5! You know that means it’s awful!)—without taking into consideration that it is supposed to be a highly technical book and has an appropriate style to match.

*That said, there is one rating that is useful—the “Level of Expertise” rating.*

Jorion’s text rates a 9, as it’s indeed not for the uninitiated. While the “Level of Expertise” rating is not in the summaries themselves, you can use it to filter books in the Advanced Search function on the website. While sometimes these can also be somewhat off-the-mark in rating a higher requirement of expertise than it really might require, this can help you hone in on books more appropriate to your level of experience.

## WHEN?

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## Book Review:

# Getting Things Done: The Art of Stress-Free Productivity by David Allen<sup>1</sup>

Review by John Horvath



John Horvath, FSA, MAAA, is director and actuary at UnitedHealthcare in New York. He can be reached at [john\\_e\\_horvath@uhc.com](mailto:john_e_horvath@uhc.com).

**H**ave you ever felt overwhelmed in managing a never-ending project list, an inbox that never seems to be empty, a list of next steps that needs to be prioritized (and then re-prioritized), a vacation that needs to be planned, etc.? These are all examples of “stuff” that we are actively managing in some way on a daily basis that consume our energy and possibly increase stress.

The concept outlined in *Getting Things Done* is about reducing any open loops on your mind and capturing them in a trusted system. If you ever wondered what a life would be like knowing what to work on, and when, and not feeling buried by all the important projects that *must* be done, then *Getting Things Done* is highly recommended.

This book was recommended to me about five years ago and I just had the pleasure of reading it a second time during a team book review. The system is based on two key objectives: 1) capturing all the things that need to get done—now, later, someday, big, little, or in between—into a logical and trusted system outside of your head and off your mind; and 2) disciplining yourself to make front-end decisions about all of the “inputs” you let into your life so that you will always have a plan for “next actions” that you can implement or renegotiate at any moment. The end state is knowing which action/project should be tackled next based on: how much energy you have, the time you have to do it, priority, and context (can’t make a phone call if you don’t have a phone).

The book is divided into three sections. The first is where you learn the “2-minute” rule to effectively decide on 1) the next action and 2) what to do with it. Going through an example here really helps to illustrate the value of his “Decision Making flowchart.”

The second section is all about “doing.” This requires a bit of work and commitment, and the end results are worth it. Throughout this section, suggestions are provided on how to set up an

ideal workstation. You will be left with a system to process all the open ends and more importantly, have a clear mind. The book also suggests setting up a weekly review to keep your system current and process any new item “inputs.”

The final section offers best practices around managing agreements and other techniques to be efficient.

I was super excited to do this book review with my team recently and witness one of my teammates moving from an inbox of 2,000 emails to fewer than five. No matter what level you are with task management, this book can provide some helpful techniques for improvement. Enjoy the book, and if you are interested in more information, check out the blog: [www.gtdtimes.com](http://www.gtdtimes.com). ●

### ENDNOTES

<sup>1</sup> Penguin Group, 2001, 267 pages.

## Book Review:

# Thinking, Fast and Slow by Daniel Kahneman<sup>1</sup>

Review by Raj Johri

If ever there was a book that made the reader introspect after reading it, it is this. With *Thinking, Fast and Slow*, Nobel Prize winning economist Daniel Kahneman has written what is widely considered one of the best non-fiction works of 2011. Kahneman has contributed tremendously to the field of psychology, particularly behavioral decision making. This book is a culmination of his many years of research and experience. It forces its way into your mind, making you question the very basis of your choices, while simultaneously offering comforting explanations for the same.

The central theme is quite straightforward—basically, there are two paths, or systems, that govern the way we think about anything. System 1 is the fast one, which relies on basic instinct and emotion to make quick, if somewhat prejudiced, decisions. System 2 is the slow approach, the one that is more rational and deliberative. The problem, as pointed out by Kahneman, is that System 1 is often wrong, but since it is more easily engaged as compared to System 2, we tend to use it more often.

I never thought of myself as an impulsive person, until I read this book. Kahneman uses thought-provoking examples from everyday life to get his point across: how our biases often get in the way of what may appear to be perfectly rational decisions, and how the two systems (fast and slow) work together, making us who we are. The example of the pro golfer, the Linda survey and the “Law of Small Numbers,” in particular, expose the fallibility of our reckless, emotional side.

The book is delightfully interactive, as though you are having a face-to-face conversation with the author. Kahneman’s insight about what goes on in our heads is based on years of experience and meticulous research, and elucidated with the help of choice examples from daily life. However, the “eye-opener” is only one of the two hats donned by Kahneman. He also plays the role of “mentor,” telling readers when to trust their intuitive side, and when to disregard it. He teaches us to reduce our

tendency to have prejudicial thoughts, and offers some simple but effective techniques for helping us do so. The language is simple and jargon-free. I recommend the book to anyone who is even remotely fascinated by the human mind and its wonders. ●

### ENDNOTES

<sup>1</sup> Farrar, Straus and Giroux, 1st edition (Oct. 25, 2011), 512 pages.



**Raj Johri, FSA**, is an actuary focusing on innovative FIA designs at Genesis Financial Development in Toronto, Canada. He has a passion for productivity hacks and can be reached at [rj@gfpx.com](mailto:rj@gfpx.com).

# Think Like a Matador

By Doreen Stern, Ph.D.



Dr. Doreen Stern is a writer, motivational speaker and success coach in Hartford, Conn. Her goal is to become a best-selling author. She's currently writing a book in the memoir genre, tentatively titled *That's The Way I Like It*. She can be reached at [Docktor@DoreenStern.com](mailto:Docktor@DoreenStern.com).

Lupita López's great-grandfather, grandfather, father and brother were all bullfighters. But she has surpassed each of them: She's the only one who has attained full matador status.

Bullfighting is an unusual career choice for a woman in 2013, as it was in centuries past. López is one of just four active professional female bullfighters in the world. Now 34, López started waving her cape at bulls more than 20 years ago. She was a young girl of 11 in her native Yucatán when she faced her first bull.

*"It was exciting to see the calf watching me,"* she reveals. It was thrilling *"to see it stir up dust and pebbles from the ground and hear it snort. I felt like my life had acquired meaning."*

"Meaning?" you might ask, with a quizzical look on your face. What kind of meaning can a person find in staring down a 1,000-pound bull, as López regularly does, since she was awarded the title of matador in 2011? Especially considering she's been gored three times. Still, matadors and spectators both agree that the great physical danger inherent in bullfighting is part of its allure.

Finding financial support is a grueling sport of its own, since there's no organized system of grants for young bullfighters in Mexico. Also, the barriers for entry for women are higher than the church steeple.

*"Female matadors have experienced considerable resistance and public hostility from aficionados and other matadors, perhaps being seen as a less physically nimble gender than the established norm,"* reports Wikipedia. López adds: *"As women, we get treated better, but at the same time there is always someone who wants to take advantage of that situation, in all manners of speaking."*

All these reasons made López's attainment of matador status that much sweeter: *"I felt that if at that instant I would die, I would die feeling fulfilled,"* she said. *"This is no small task."*

How could a young girl whose aunts had wrung their hands in anguish when she entered the bullring realize such a momentous achievement?

## OUR BELIEFS SHAPE OUR REALITY

According to personality and motivation researcher Dr. Carol Dweck, our beliefs shape *every* part of our lives. *"Whether we believe we can do it or not, we're right,"* said Henry Ford at the beginning of the 20<sup>th</sup> century. Dweck's research over the past 20 years confirms his perspective.

In her book, *Mindset: The New Psychology of Success*, Dweck describes two different kinds of beliefs that frame the inner voice that's constantly whispering in our ears.

## FIXED MINDSET

Dweck calls one set of beliefs a *fixed mindset*, where being perfect is the definition of success. Thus we worry a great deal about failing because missteps demonstrate that we're not the person we believe we *should* be.



Source: [freeclipartnow.com](http://freeclipartnow.com).



With a fixed mindset we believe our qualities are set in stone; whatever talents and intelligence we were born with is what we have for life. If something in our lives is flawed, it's because we're imperfect.

Fearing failure, a woman with a fixed mindset might say: *"Nah, I can't play that game. I've never been good at hitting a ball."* Or a man might concede, *"I can't deliver that speech. I'm not a good public speaker."* And Lupita López would have thrown in the towel after she was gored by the first bull. Or maybe she might never have walked into a bullring because she wasn't perfect.

## GROWTH MINDSET

On the other hand, when we have a growth mindset we believe our qualities are malleable: we can change and grow to achieve our goals. If something in our lives is flawed, we consider what we can do to change the situation. Success is doing our best, learning and improving. Stumbling is a wake-up call to apply resources to get what we want.

Our inner voice frequently asks, *"What can I learn from this situation?"* and *"How can I improve?"* Instead of forgoing a golf game, we might sign up for lessons. Instead of declining the opportunity to deliver a presentation, we might decide to be coached or join Toastmasters, a public speaking club. Instead of seeing stumbles as a black mark, we see them as an opportunity to adopt different habits that will help us become more successful and happier.

## HOW CAN WE CHANGE OUR MINDSET?

We can change our beliefs any time, Dweck claims. It's about flipping the switch, so we hear a different voice inside our heads.

The best way to hear new answers is to ask ourselves different questions. Instead of asking: *"How do I measure up?"* start posing questions like these:

- What are the opportunities for learning and growth today?
- When, where, and how will I embark on a plan to get what I want?
- What will I do to maintain and continue my growth?

## EXAMINE YOUR BELIEFS

We learn by examining our personal beliefs, argues Dweck, and by choosing to take different actions, along with developing new habits that might better serve us. Hence, I invite you to consider:

- *In which parts of your life have you employed a fixed mindset, judging yourself for how you measure up?*
- *How has judging yourself impacted the results you've achieved, and how you felt?*
- *In which parts of your life have you employed a growth mindset, questioning how you can change and grow to attain the results you desire?*
- *In the past, how has considering ways to change and grow helped you achieve the results you wanted, and how you felt?*
- *In what part of your career might you consider applying a growth mindset? And in what part of your personal life?*

In closing, please remember that while neither you nor I might aspire to become a matador like Lupita López, adjusting our beliefs *can* help us to be more successful in the office and at home. And perhaps help us achieve our heart's desires. ●

**The best way to hear new answers is to ask ourselves different questions.**

# Increase Your Personal Capital

By Nicholas Jacobi



Nicholas Jacobi, FSA, CERA, is a council member of the Management and Personal Development Section. He can be reached at *nick.jacobi66@gmail.com*.

The word “capital” is the representation of what companies, countries and people have to work with in their endeavors. Part of our capital as actuaries is our knowledge and experience, but in addition, every businessperson’s capital includes the goals they have set for themselves. What you get by achieving your goals is not as important as the person you become by striving for them.

Studies vary, but it’s thought that about 80 percent of people never set goals for themselves, and those who do often fail to achieve them. As you read through this quarter’s issue I encourage you to think about the authors and their content. Each one of them learned something, did something, and is willing to write about it and share it with all of us. Each article is the culmination of the simple and resounding goal of contributing to an organization that the authors feel is worthwhile. Do you set goals for yourself? How often are you successful?

As a challenge I would encourage all of you reading this to set one or two goals that can be achieved between this publication and the next one that you feel would make you a better manager, leader or person. It can be something as simple as saying hello to one new person at work each week, responding to all of your emails within one day, or reading something for CE credit. I invite you to post your goals and their achievement on our new LinkedIn site for everyone to see—any members who do so will be recognized in our next issue. This is a great way to create some accountability for yourself, which is often what separates those who don’t from those who do achieve those goals!

The Management & Personal Development (MPD) Section itself has goals. So far this year our members now receive a free subscription to *getAbstract*,<sup>1</sup> as mentioned the section has a great LinkedIn group, and we have delivered on our goal of providing educational content for the SOA’s major meetings. Our goals for the remainder of the year include the expansion of section activities into webinars, the

continued high quality of *The Stepping Stone*, and a great section activity for members at the upcoming SOA annual meeting this October.

Tell me about your goals or drop me questions—*nick.jacobi66@gmail.com*. ●

## ENDNOTES

<sup>1</sup> See Mary Pat Campbell’s article in this issue for step-by-step instructions on how to access and make the best use of this new facility.



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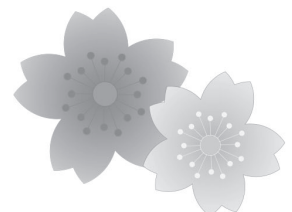
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# the stepping **stone**

