SOCIETY OF ACTUARIES

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Get Emotional

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... the daily tasks required of an actuary can create walls that separate us from our customers.

As someone who is continually looking at numbers, specifications, contracts and prospectuses, it is easy to lose sight of the people who buy our products.

My company sells life insurance and retirement products that help millions of customers protect their futures. In 2012, life insurers paid out over $534 billion in life, annuity and health benefits. To put the sheer size of this figure in perspective, consider that the Social Security Administration paid out approximately $670 billion of benefits in 2012. Given the enormity of the social good done by the insurance industry, why would one ever lose sight of our customers?

My hypothesis is that the daily tasks required of an actuary can create walls that separate us from our customers. As actuaries, we can sometimes focus singularly on the technical aspects of our job, creating a clinical environment. Somewhere in the discussion of "ROI," "pattern of cash flows," "interest rate sensitivity" and "asset/liability matching," we lost touch with our emotions.

I believe it's important to be "emotional," even when—no—especially when you work in a technical field. However, being "emotional" has a negative connotation. We all have stories of someone at work becoming overly emotional. *"I remember that day when Bill blew up and stormed out of the office. He was an emotional guy."* This is not what I am referring to when I charge us to "get emotional." I am pushing myself and others in the industry to create deep emotional connections to the customers we serve.

I believe being an "emotional" employee will help you to become more engaged and innovative. Your customers' problems will become your problems. You'll be able to see the world from your customers' perspective—with the emotions that they themselves have. For example, do your customers become frustrated with having to understand a complicated and confusing policy

form? Then you should be frustrated as well.

Peter Drucker, revered as the father of modern management, once said *"the purpose of a business is to create and keep a customer."* According to Drucker, your company exists because of its customers. In fact, customers are the reason that any business exists. Drucker understood the importance of customers, yet many of the instruments we use as managers—spreadsheets, contracts, processes, key performance indicator (KPI) targets—serve as a buffer from the messiness of people's lives.

Why is it that we create, or allow this separation? I believe this separation mindset was made popular during the industrial revolution, where management believed that employees were interchangeable parts. Managers only cared about the workforce being as efficient as possible, and most workers were happy to have a job that paid them much more than they could have made from farming or continuing the family craft. Empathizing with the customers didn't seem necessary.

But as we have moved from an industrial society to a post-industrial economy, empathy and connections matter. I don't know a single person who doesn't care if their work has impact.

Isn't it time to change how we view our work?

Part of my personal journey involves a transformation of a worker who lacked empathy into one who saw the life-changing impact of knowing the customer intimately. Here are a couple of huge benefits of being closely connected to your customers:

1. Better engagement—Most workers' net worth does not increase $1 million for every $1 increase in a company's stock price. Your record quarter doesn't mean much to 95 percent of the company. What matters are the lives that you are able to impact through your work.
2. Innovation—The magic of innovative thinking depends upon empathy. When I truly feel what

it is like to have a particular problem (empathy), I see the real needs of the customer, their real problems, and I will develop more innovative solutions.

If the benefits of having intimate knowledge of customers are known, why aren't more workers connected to customers? I think the language we use plays a large part in removing the emotion from work. Here is an example from the actuarial field:

$$_{20}q_{33}$$

This symbol stands for "the probability that a life aged 33 will not be living at the end of 20 years." In other words, what are the chances that a guy aged 33 would die before 53? We would run a model, and I could tell you that out of 1,000 lives, 8.397 people are not alive at the end of the 20 years.

While this may be statistically accurate, it misses all of the emotion. What if you thought of this symbol standing for:

- A father not being there to walk his daughter down the aisle on her wedding day

- A mother not being there to see her son graduate high school

- A middle school girl who isn't sure who will take her to a father-daughter dance.

How much more motivating and rich would your work become if you felt more connected to the impact your business had on your customers? Start by imagining the people's lives that are represented by the spreadsheet.

Your customers are more than just points in a model or a series of cash flows. They are real people.

There's nothing wrong with using technical language to describe a calculation or spending time in a spreadsheet.

But don't lose sight of your customers. Literally. Place their pictures on your walls, know their stories, and go and talk to them. You'll find yourself more engaged and thinking more creatively about solving their problems. ●

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