



Article from

## **The Stepping Stone**

August 2016

Issue 63

# WHAT WOULD YOU DO?

## Responses to “To Consult or Not to Consult”

By John West Hadley

In the May issue of *The Stepping Stone*, I posed the question “*What would you do?*” to the following career situation. Here are selected responses and excerpts, edited for space and clarity, followed by the real-life conclusion. Send your own ideas for situations to pose in upcoming issues to [SteppingStone@JHACareers.com](mailto:SteppingStone@JHACareers.com).

### TO CONSULT OR NOT TO CONSULT

West headed up an actuarial operation, but realized that his heart was no longer in it. His company went through a merger, and this was his chance to try something new. He had always loved the many large systems projects with which he had been involved or led, so he took his severance package and decided to strike out in a new career direction.

West had always seen himself as a corporate guy, very comfortable working in teams and enjoying the security of an “employer.” He briefly considered starting a consulting practice, but found the idea of needing to market himself to survive intimidating.

After searching for a number of months, a large insurer offered West a financially lucrative consulting assignment doing exactly the sort of systems work he loved to do. The chief actuary offered him a guaranteed two-month assignment, and told him there was possibility of a six-month renewal after that.

Three weeks into the assignment, an old friend offered him a corporate role at a large reinsurer. Financially, it was equivalent to the consulting assignment, after taking benefits, etc., into account. The role was still systems-oriented, but more “traditional” and less interesting to West than the consulting work. And to his surprise, he found that:

- In the consulting role, he felt like a weight had lifted from his shoulders that he never realized had been there, and
- His mindset around self-marketing had taken a 180-degree turn and no longer seemed like something to fear.

Still, he had kids who would be going to college in a few years, and the corporate role did offer stability ...

### WHAT WOULD YOU DO?

*Many thanks to the 14 respondents to this issue’s case study! The vast majority felt that West should follow his gut and stick with consulting. I always find it instructive to look at what the outliers have to say, so here’s one response that took the contrarian role:*

Things are too uncertain today, and the only way I would give up the security of a job is not with a contract that *may* be renewed.

*Another who leaned against, but with these caveats:*

Self-fulfillment versus security for family is a no brainer—family first. There is an additional dilemma though—he accepted a two-month assignment. Can he finish this before he takes the corporate role? Backing out halfway into the job seems like a bad idea.

However:

1. “Family first” doesn’t mean he has to accept a boring corporate job. He should be able to hold out for a more interesting job. He is obviously marketable and more so than ever, since he stopped being afraid of marketing himself. Jumping at the first job that comes along is not necessary when you are marketable.
2. He might be more comfortable in the corporate job than before, now that he’s comfortable with marketing himself. He might well find that the real burden wasn’t the boring job, but the lack of self-confidence.

So he should:

- Turn down the job if he can’t finish the commitment he already made.
- Consider the job if he can finish the commitment he already made.
- Turn down the job unless he thinks he will be happy there.

*A long-time consultant gave this summary of how West should approach this decision:*

Running your own business as an independent consultant and working for a large organization as an employee are two very different things. There are three key issues:

1. Will West be happiest working for himself consulting on a variety of assignments but with no direct ownership over the long-term success of any client, or as part of a corporate team that drives ahead to long-term success of the organization that employs him?
2. Starting your own business can be stressful in the early years when you don’t know where you will get your next assign-

ment, and then in later years as you try to balance workload and staffing. This is different from the stress of deadlines and quality that comes in a salaried role where your income and workload are closer to guaranteed. What stress can West tolerate and for which type of stress is he best suited?

3. I have yet to see someone start a consulting practice and ramp up immediately to full income and “normal” hours. Long, unpaid hours are the norm in the early years as you build your network, your pipeline of prospective clients, and your systems and templates. These are investments that must be made to build any business and can be paid for by investors who will own future profits, or by the principal through “sweat equity.” Can West ride out the uncertain and uneven income he can expect in the early years?

There is a middle ground: Is there a small consulting firm that West could consider joining as a partner? Somewhere he can take on a partial role in building a business but where risks and responsibilities are shared?

*And another who made this transition himself in recent years gave this risk-reward analysis:*

Being an employee of a big corporation versus a sole proprietor can be gauged via a risk-reward approach, akin to traditional portfolio analysis. Each actuary will doubtless have his or her own risk-remuneration sweet-spot. No need to rehash the optimizing trade-offs here except to note something that most good actuaries know, but sometimes forget: Risk never truly disappears. It may be transformed or displaced or hidden, but it always finds a resting place in somebody’s pockets. No question that there is significant risk setting out in a small skin-covered vessel on dark northern seas. Yet, there also is significant risk toiling away in the sweaty boiler room of the Titanic. Risk can be much more difficult to measure and assess than simply comparing paychecks.

A couple of additional thoughts:

- Why is it that West’s “heart is not in it”? Is he heart-sick or somehow afflicted with actuarial ennui? Clearly, he hasn’t found a new love. Without heartfelt passion—the belief that the service one renders to one’s clients is worthy—there’s the risk (that word again!) that West will be just going through the motions, despite the material advantages of the several options open to him.
- The grounding of economic efficiency in the division of labor can be traced back to Adam Smith. Specialization accounts for the relative narrowness of some actuarial roles and the existence of much-decried “silo walls” that are more prevalent in larger organizations. One of the key advantages of being an itinerant consulting actuary is the opportunity to keep one’s



diverse skills sharp—and acquire new and complementary skills too.

*The question of passion was echoed in several concise responses:*

Over the years, I’ve come to realize that the most important aspect of a job is happiness. Stability is nice, but there’s never a guarantee that it will be there for the long run.

West, stick with consulting. It sounds like you have found your “True North” and are moving in the right direction, so don’t stop now! There is always comfort in going back to the familiar, but now that you have tried consulting and appear to be more engaged, energized and progressing nicely in your new career, you should continue to market and grow your business.

Although job security is definitely nice, working on something that I am passionate about means so much more to me. I am actually enjoying going to work again. Having had some experience now in creating a name for myself and marketing myself successfully, I am confident I can find another assignment or job fairly quickly if it ends up only being a short-term assignment; and besides, who knows where this experience will take me next?

I don’t think choosing stability or the safe route when your heart is not in the work is the right move. When people are energized by their work, they will work harder, be more productive, and ultimately more successful. While it is easy to fear the unknown of future consulting assignments, when someone is hard-working, solution-oriented and successful in past assignments, more than enough work opportunities will always be available.

We must always strive to work on what we enjoy and what we have passion for. When you settle, your career may simply become a job, and it will be difficult to stay motivated. We all spend a lot of time at work during our lifetime. Doing something you love makes all the sacrifices worth it.

*And one respondent addressed an oft-overlooked aspect of the family issue:*

West has two kids whom he is concerned about providing for, which is a good concern to have. However, as a father, his role goes far beyond providing. When you are in a job that you don't

Seeking clients is as demanding and excruciating as searching for a job.

like, that can permeate your attitude at home and your relationships with your family. Also, by not being afraid to try something new, he is teaching his kids to pursue their passions, take risks and not settle.

*Finally, a thoughtful response from one of my personal mentors:*

It's important for West to listen to his own feelings: “he felt like a weight had lifted from his shoulders that he never realized had been there.” That's a common reaction that many actuaries and others feel after leaving the corporate world of structured hierarchy. But, it's important for an actuary contemplating independent consulting to know her or his abilities as well.

An employed person in a professional role acts as an analytical and advisory resource for a boss and, ultimately, for the corporate employer. Analysis and advice are what a consulting actuary offers as well. The primary difference is that the employed actuary has but a single client. A consulting actuary may work on a project and never be employed again by that client. That can create insecurity. There is an implication of permanence in employment.

Before taking the plunge, West should have some notion of the quality of his work and the pace of his analyses. Quality, pace, presentation and price are central to independent practice. Clients retaining consulting actuaries expect a top-quality product completed in a timely manner for a fair price. Seeking clients is as demanding and excruciating as searching for a job. That means that West must be personable with many friends since his network of contacts will be central to his consulting work.

If West is personable, produces quality work and works efficiently, then the independence of consulting may well be his best

choice. It's worth giving it a fair chance to succeed. Of course, West is unlikely to ever get the handsome financial rewards that top officers of major corporations receive. And he'll be responsible for arranging his own benefits package. But the freedom to think for himself without the constraint of a boss can liberate him to achieve more than he might otherwise have thought possible. That can be very fulfilling.

Moreover, once West has attracted a cadre of loyal clients, he will enjoy a level of job security that is impossible in the corporate world. In a corporation, hard times can bring layoffs. It can be devastating to go from a paycheck one day to nothing the next. The same dynamic affects the consulting world as well but the loss of a single client from a portfolio of eight or 10 is far less devastating than the loss of job. Beyond that, it's easier to look for a replacement client while you still have a solid client base to keep you busy and earning, than it is to look for a new job while sitting at home with nothing else to do.

West seems like a well-qualified, highly employable actuary who enjoys the freedom and visibility of independence. He won't miss the seeming security and stability of corporate life once he has built his consulting practice. Who knows, he may even discover new modes of practice beyond narrowly actuarial work, and that innovative activity may bring him more satisfaction than what he might have enjoyed as a workaday actuary buried deep in the hierarchical anonymity of a large corporation.

On the other hand, if you love the life of lunch in the cafeteria and half days before Christmas, by all means stay with the corporate option. It's all a matter of personal preference.

#### WHAT REALLY HAPPENED?

West went to his client and explained that he had a dilemma. He really enjoyed the assignment, and felt he had been adding a lot of value. However, while he had every intention of completing the two-month assignment, he had been offered a job and would need to decide whether to continue beyond that. West said that if they would guarantee his assignment for another six months, he would turn the other job offer down.

They did, and he did. By the end of the six months, they had found his contributions indispensable, and offered him the second of a long series of contract extensions. West continued to thoroughly enjoy his new career direction, and never returned to a corporate role. ■



John Hadley is a career counselor working with job seekers frustrated by their search and professionals struggling to increase their visibility and influence. He can be reached at [John@JHACareers.com](mailto:John@JHACareers.com) or 908-725-2437. Find his free *Career Tips* newsletter and other resources at [www.JHACareers.com](http://www.JHACareers.com).