

The Stepping Stone

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SECTION



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CHAIRPERSON'S CORNER

You're the (Leadership) Inspiration

By Kelly Hennigan

Welcome to the first 2016 issue of *The Stepping Stone*!

As many of you are likely aware, the Board of Directors of the Society of Actuaries approved a name change for this section effective September 2015—moving from the Management & Personal Development (MPD) Section to the Leadership & Development (L&D) Section. The rationale for this rebranding included:

- Replacing “Management” with “Leadership” encourages participation from both managers and non-managers. In the past, some (incorrectly) believed that the MPD Section was only accessible to those who were managers. We intend to address all leaders, not just those in a managerial role.
- Utilizing the stand-alone term “Development,” rather than “Personal Development,” reinforces our intent to offer resources supporting both personal and professional development.

- Shortening the name of the section avoids the use of the not-widely-recognized “MPD” acronym.

The L&D Section will continue to plan, implement and actively promote management and business skill development using a variety of channels. The new name truly aligns with the section's mission statement and reflects our future direction.

In anticipation of the name change, during summer 2015 the L&D Section held a Leadership Inspiration Contest. Entrants were asked to tell us in 250–500 words what inspired them to be a better actuarial leader based around five different categories: an inspiring leadership quote, book/song, admirable leader/personal mentor, defining moment/event in their career, or any other leadership inspiration.

The L&D Section Council discovered that our section members are inspired via different channels, as we received a number of submissions for each of the categories. Selected entries will be published throughout 2016 issues of *The Stepping Stone*. We hope you enjoy reading these articles written by your colleagues as much as we did.

We would like to congratulate the winners of the Leadership Inspiration Contest, as follows:

- Best Overall Submission—\$250 Amazon gift card
 - o Jeffrey Stock



- Category Winners—\$50 Amazon gift card
 - o Leadership Quote—Brian Hinkle
 - o Book/Song—Tim Paris
 - o Admirable Leader/Personal Mentor—John Schumacher
 - o Defining Moment/Event—Joanne Ryan
 - o Other Leadership Inspiration—Alan Gard
- First qualifying submissions (eight awarded due to eligibility)—\$25 Amazon gift card
 - o Carlos Arocha, Juan Arroyo, Ed Bonach, Stephanie Calandro, Mary Pat Campbell, Gregory Fann, Tamar Miller and Fraser Smart

Thank you to all who participated!

As we enter 2016, I encourage our section members to consider their leadership and developmental aspirations for the new year—both personally and professionally. While in actuality we can set these targets at any point during the calendar year, the start of a brand new year traditionally seems to be an appropriate time to reflect and reset. By the time many of you read this article in February, it is very possible that your New Year's resolutions have already been broken!

In order to effectively commit to your resolutions and aspire to attaining your goals in 2016, it can be helpful to focus on a single goal at a time. While doing so, ask yourself the following questions to appropriately frame the situation you are in and the future state you are targeting:

1. Have you specifically defined your goal?
2. Why do you wish to achieve this goal?
3. What is the result of accomplishing (or not accomplishing) your goal?
4. How do you measure success along the way to achieving your goal? What are possible obstacles to overcome?
5. What is exciting about accomplishing your goal, or, alternatively, frightening about not being able to?
6. Who is aware of (or needs to buy into) your goal? Similarly, who (or what) might hinder you from accomplishing your goal?
7. What resources will help you to attain your goal?
8. Do you have a set deadline within which you want to accomplish your goal?

“Also keep in mind the possibility of a role reversal—as there are times when you’re the (leadership) inspiration that another is seeking!”

In considering these questions, and in reading through the Leadership Inspiration Contest entries, perhaps you will begin to discover unexpected conduits of leadership inspiration to propel you toward reaching your aspirations. Also keep in mind the possibility of a role reversal—as there are times when you’re the (leadership) inspiration that another is seeking! It is mutually beneficial to invest the time into fostering mentor/mentee relationships with those in similar career tracks, within your companies, and within your broader communities. In the words of Robin S. Sharma, writer, speaker and leadership expert:

Leadership is not about a title or a designation. It's about impact, influence and inspiration. Impact involves getting results, influence is about spreading the passion you have for your work, and you have to inspire teammates and customers.

In conclusion, I would like to welcome our newly elected L&D Section Council members: Carlos Arocha, Anne Katcher and Joanne Ryan. And, I want to thank those who recently finished their three-year terms with the section in 2015: Sophia Dao, our prior chairperson; Karin Swenson-Moore, our prior secretary/treasurer; and Sarah Osborne. We have benefited from and very much appreciated their leadership inspiration to the L&D Section over the last three years. ■



Kelly Hennigan, FSA, CFA, is chairperson of the Leadership & Development Section Council. She can be reached at kellymhennigan@aol.com.

Leadership Inspiration: Positive Psychology

By Jeffrey Stock

Editor's Note: In the Leadership & Development Section's Leadership Inspiration Contest, entrants were asked to tell us what inspired them to be a better actuarial leader. Here is the winning entry.

Most of my career-defining moments were recognitions for contributions, as I'm sure is true for most actuaries. But one defining moment that stands out from the rest was my introduction to positive psychology.

It started in 2010, when we had a "Lunch Actuarial & Finance Learning Series" and listened to the American Management Association's recording¹ of *The Happiness Advantage* by Shawn Achor.

"My vision is to kick-start a positivity course offered to all employees through my employer and demonstrate medical cost savings and productivity improvements."

By coincidence, Achor was a keynote speaker² at the 2011 Health Spring Meeting in Boston. He spoke about the evidence-based research around what makes people happier and more productive, and that's when I decided to really listen to the message, which I will summarize here.

Research shows job success is only predicted 25 percent by intelligence and technical skills. The remaining 75 percent is predicted by other variables. Optimism, defined as "belief that your behavior matters," our social support network at work and at home, and how we cope with stress all matter as much as intelligence.

Positive employees have been shown to be better at securing and keeping jobs, and are more productive, more resilient, have less

burnout, less turnover and greater sales. They also take fewer sick days and are perceived as having more charisma.

And because of the concept of mirror neurons, one person's happiness or unhappiness can spread across a room. There are many ways to boost happiness and positivity. Achor highlights five and explains the evidence behind them!

1. Write down three things we are grateful for when we come into work. This changes the brain to scan for good things. When managers start to do this, it affects their entire team.
2. Journaling—Journal about one positive experience you've had over the past 24 hours and savor these moments of meaning. This increases the meaning you see at work, and the brain can't differentiate between real and imagined experience.
3. Exercise.
4. Meditate by watching your breath go in and out for two minutes. This prevents multitasking.
5. Acts of kindness (bucket filling)—Writing a two-sentence email praising someone every day for 21 days increases social support and activates 21 people.

Personally, I've challenged myself to these five exercises every day and built them into my daily habits using outlook reminders, an accessible journal, and having a regular exercise partner. I also am taking a positive psychology course through the Wholebeing Institute (which I recommend).

My vision is to kick-start a positivity course offered to all employees through my employer and demonstrate medical cost savings and productivity improvements. I envision this to be a springboard to spread positive psychology as a wellness offering and possibly a product to offer alongside other insurance products. And to conclude, I am grateful for recognizing positive psychology as a defining moment and the opportunity to share this information with the Leadership & Development Section. ■



Jeffrey Stock, FSA, MAAA, is working toward his certificate of positive psychology at the Wholebeing Institute. He enjoys roller hockey, running, bridge and tennis. Stock can be reached at 860-502-0725 or Jeffstock79@gmail.com.

ENDNOTES

¹ The recording is free at the following link: http://www.amanet.org/training/media_files/2010/Happiness/index.htm.

² Achor was also a keynote speaker at the 2015 Society of Actuaries Annual Meeting & Exhibit.

WHAT WOULD YOU DO? Changing Horses

By John West Hadley

Here is our 12th entry in the “*What Would You Do?*” series.¹ Write to me at SteppingStone@JHACareers.com to tell me what you would do. In the May issue, I’ll compile the responses received (preserving your anonymity, of course), along with what actually happened in the real-life situation.

Help me craft future case studies. Write to me about your own challenging, surprising or nightmarish situations involving business, leadership, management, or any of the topic areas covered by *The Stepping Stone*, and what lessons you learned from them. I’ll collaborate with you on turning your situation into a simple case study, being careful to ensure no one is identifiable. And share your own thoughts (pro and con) on the series as a whole at SteppingStone@JHACareers.com.

CHANGING HORSES

After many years at one company, Jim finds himself working for much younger actuary who seems not to respect his contributions. After one too many run-ins, he decides to take early retirement and seek a new role elsewhere.

Jim has a number of good networking meetings, including one with Louis, the chief actuary of a large, local company of great interest to him. They hit it off, but there is no current opening.

He receives an offer from a strong insurer in another city, but the job level isn’t quite what he wants, and he discusses that with his prospective boss. She is sympathetic, but there is no room for negotiation. He respects her for being open to the conversation, and also up front with him about the possibilities. Everything else about the job is exactly what he wants, so he accepts. Relocation is included, and the process will start in a week.

A few days later, Jim receives a call from Louis, indicating that his valuation actuary has just turned in his resignation, and they both agree that Jim is the person they want to fill the role. Jim is worried that entertaining such an offer will burn bridges with the other company and prospective boss, perhaps damaging his professional reputation.

What would you do? ■



John Hadley is a career counselor who works with job seekers frustrated with their search and with professionals struggling to increase visibility and influence. Reach him at John@JHACareers.com or 908.725.2437. Find *Career Tips* and other free resources at www.JHACareers.com.

ENDNOTE

¹ Past issues in the series have considered whether to demote or fire a difficult employee, performance reviews and their aftermath, interview challenges from both sides of the desk, evaluating job offers, a difficult product decision, how to build connections with the home office, and career decisions. To catch up on the entire series, which started in May 2013, check out back issues of *The Stepping Stone* on the Leadership & Development Section website at www.soa.org/LD.



WHAT WOULD YOU DO?

Responses to “Opportunity Knocks?”

By John West Hadley

In the November issue of *The Stepping Stone*, I posed the question “*What would you do?*” to the following career situation. Below are selected responses, edited for space and clarity. At the end is the real-life conclusion of the situation. Send your own ideas for situations to pose in upcoming issues to SteppingStone@JHACareers.com.

OPPORTUNITY KNOCKS?

Michael built and runs the actuarial department, reporting to the chief actuary, Harvey. For several years, he has been Harvey’s only direct report, and their previously strong relationship has eroded. Then Harvey announces that Michael is moving into a newly created corporate development role, reporting to the president (Harvey’s boss), with no staff, and that Michael’s prior direct reports will now report to Harvey.

Michael is compensated well, really enjoys working for his current company, and it is only 10 miles from home. However, he is concerned that he had no input into or warning of the reorganization, and while corporate development sounds interesting, he wonders whether it is simply a makeshift role with an uncertain future.

What would you do?

One actuary synthesized the situation this way:

At one extreme, maybe this reorganization means that Harvey wants Michael out of the company and this is a way of keeping Michael around during a transition period. At another extreme, maybe Michael is being seen as someone who is more Harvey’s peer than underling. This is just step one of a plan to eliminate Harvey’s role at the company.

At either extreme, the president of the company is not likely to tell Michael the whole truth about the reasons for the reorganization. It is up to Michael to decide what to do now. He has the opportunity to report to senior management and prove his value to the company—or not. If he wants to stay at the company, it is his call.

My personal assumption would be that if the president wants me reporting to him, that is a good thing. Play it for all it is worth.



Getting stabbed in the back by your manager more likely results in losing your job, not in getting what appears to be a promotion.

This response interpreted the move as negative:

Without a convincing explanation from Harvey that the new position is aligned with my professional interests, I would look for another job. I would not like to become a pawn in a game of chess.

While this suggested it was a positive development:

While Michael was unaware of the pending reorganization, and it is uncertain how the new role could play out, it does report directly to the president.

Such a position is likely a critical and influential role, despite having no direct reports. This reporting relationship, along with continued success in the new role, has the ability to further Michael’s career at the company and beyond.

Michael should allow a minimum of 12 to 18 months to let the new role develop, and be active in shaping the role to best fit the corporation’s developmental needs, before deciding if it is truly a “makeshift” role. Additionally, Michael should ask Harvey why he was not privy to the reorganization before it was announced, as perhaps it was necessary to keep it confidential for reasons unbeknownst to Michael.

And two others had these positive takes on the situation:

The new role could be a maneuver toward the door or it could be the genesis of a new department. And even if initially structured as a setup to fail, the role can morph into a real promotion. It could also be the start of a test for Harvey, especially if the existing well-oiled machine suddenly throws a rod.

“A new and untested role can be a high-risk move for anyone’s career, especially if some hostility is to be expected from peers.”

It is possible that the president drove this decision with little input from Harvey, seeking Michael as a person he wanted on his team. It could be a great opportunity for Michael to work closely with the president and directly influence the company at the highest level.

While a third urged caution:

This seems like a political move by Harvey, as their combination might not be working for him. Michael really needs to think on his feet and carefully judge the situation. His first move should be to understand the role and how much trouble it means for him. A new and untested role can be a high-risk move for anyone’s career, especially if some hostility is to be expected from peers.

Michael should really assess if he is willing to take this risk and then embrace what situation might await him.

Two respondents noted a potential career trap of which we should all be careful:

This case study shows how important it is to plan for career-related contingencies. They can cause disruption in living expenses, environment (living and working), and demonstrate how being too inflexible and comfortable in your current role can hurt you.

Sometimes a working relationship gets stale because it is too long in a static mode, no matter how comfortable the work may be.

Others emphasized the need for clarity:

Actuary 1

Strong communication is important. The fact that Harvey did not communicate to Michael about an event as important as a reorganization sends a signal that something is up, and he should confirm by checking

1. His annual performance reviews up to this point, and
2. Current roles and responsibilities.

If Michael is convinced that something is up, then he should consider legal advice or seek employment elsewhere.

Actuary 2

I would seek clarity on the new role and what that long-term career development path looks like. I would reiterate that I was very interested and excited about the new opportunity, and that I am prepared to handle the changes.

That conversation would be with the president, and depending on our relationship and level of trust, I might also address feeling a bit blindsided by the reorganization. That conversation would also depend on the reason why my relationship with Harvey eroded, and what Harvey’s relationship with the president is like.

And finally, a road map for moving forward:

Michael should schedule a meeting with both Harvey and the president, and come prepared with his questions regarding expectations and objectives for the role. Separately, Michael should schedule time with Harvey to get feedback on his performance leading the actuarial department, as well as to ensure Harvey has what he needs regarding the actuarial team.

It sounds like regular and effective communication with Harvey has broken down. Michael should fix that, since he will still work with Harvey as a colleague in his new role, and will need him as supporter and advocate. It’s possible the president’s decision contributed to Harvey pulling back from the relationship. This also provides an opportunity to get Harvey’s views on the new role and potential challenges of reporting directly to the president.

Finally, Michael should make sure his résumé is up-to-date, in case this new situation is some sort of power play or attempt to move him out of the company. If so, Michael also should ensure he has reviewed his actions that may have contributed to the bad situation, and he should consider coaching to help him avoid similar situations in the future.

WHAT REALLY HAPPENED?

Michael dove into his new role, meeting frequently with the president on expectations. Several months later, he had his answer: The corporate development initiative was dropped, Harvey was let go, and Michael was promoted to chief actuary. ■



John Hadley is a career counselor who works with job seekers frustrated with their search and with professionals struggling to increase visibility and influence. Reach him at John@JHACareers.com or 908.725.2437. Find *Career Tips* and other free resources at www.JHACareers.com.



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BUSINESS MANAGEMENT

A Road Map to Team Clarity

By Brian Pauley

A key responsibility of a leader is providing clarity to the team. This may seem obvious, but it is frequently overlooked. When the team members are clear on items like purpose, strategy, priorities and roles, they are in a strong position to perform.

A key barrier for leaders in tackling these items is the busy trap. Creating clarity is a time-intensive exercise for leaders. But, if you make the necessary investment to do this, you arm your team with critical information it needs to execute. The result is getting more of the right things done in both the short and long term, and this can actually save you time in the long term.

Another barrier for some is that visionary and strategic thinking isn't a strength. Some leaders are just more suited for tactical execution. Unfortunately, the higher you rise in leadership, the more visionary and strategic thinking is required of you. You will need to close this gap and/or partner with someone to provide assistance. Regardless of how it gets done, the key is to recognize the need and importance for clarity and ensure it happens.

My focus here is on *teams*, small and large, that roll up within organizations. I emphasize this point of view because most readers are not members of their organizations' executive teams, which seems to be the emphasis of most business books. Executive teams have the responsibility of setting clarity for the *organization*.

With some groundwork set, let's go through several questions that, if answered and aligned around, provide the foundation for team clarity. Depending on your situation, you may think of other questions that need to be answered on your team. But, if you tackle these, it will take your team performance to the next level.

WHY DOES OUR TEAM EXIST?

Some teams call this a purpose or vision statement. This is where you, as the leader, make it clear where your team fits into the bigger picture of the enterprise. Team members want and need to know how they align to the overall organization. For an actuarial pricing team in a life insurance company, it could be as simple as "*to price financially sound annuities that enable our company to grow profitably.*" Simple and clarifying.

If this alignment is not established, then you risk leaving the team members un-energized around their work. Resist the temptation to use buzzwords and platitudes here. Remember the goal here is *clarity*, not winning a literary award.

WHAT DOES SUCCESS LOOK LIKE?

Teams need clarity around what you consider to be success. Without definition, team members might:

1. Guess what success is. *They could be wrong.*
2. Have varying views of success. *This creates confusion.*
3. Never think about team success. *This creates stagnation.*

All of these erode performance.

Defining what success looks like is linked to the following question around the team scorecard.

WHAT IS THE SCORECARD?

Have you ever heard the phrase "what gets measured gets done"? This is why every team needs a scorecard. By having this, the team is clear on where it stands relative to where it needs to be.

There is no magic number of items to measure for a team scorecard. However, it needs to be simple and clear. An additional thing I encourage here is to make sure the scorecard reflects the things over which you have control. For example, a basketball team's scorecard may be turnovers, deflections and free-throw percentage—clear, tangible things that the team controls and can work to improve over time.

Notice that I didn't put "wins" on the scorecard. A team does not necessarily have direct control over wins and losses. Using the basketball analogy, a referee may make a bad call or the opposing team may make every shot that night. Wins and losses are perhaps important, but your scorecard should be set up to give your team the best *chance* of winning.

WHAT BEHAVIORS WILL MAKE US SUCCESSFUL?

Some teams call these values. At the team level, I prefer to call them behaviors because your organization probably already has stated values. The need here is twofold.

1. It is important to clarify how team members should act and treat one another.
2. When considering adding people to the team, these are attributes that need to be demonstrated in order to determine fit. If you source your team purely on skill set, you risk infesting your team with cultural misfits—and this deteriorates performance.

Critical here is accountability. In order for this to work, every associate on the team must not only model the behaviors, but also



hold others accountable to them. This is every person’s job—not just the leader’s.

WHAT IS MOST IMPORTANT RIGHT NOW?

Most teams are not overstaffed and able to work on anything and everything. Reducing operating costs is an initiative at most companies. Thus, your team needs to know what is most important for the coming three to six months. You probably cannot afford to have the team working on whatever it feels like or whatever is clamoring for its attention. With laser-like focus, your team needs to be aligned around the most critical initiatives.

As a leader, you must be very careful about large lists of things that are most important. One of my favorite quotes is “*if everything is important, then nothing is.*” Delivering clarity to your team means distilling everything down to perhaps the top one to three things. If a prioritization issue emerges, then the team will have the information and empowerment to act accordingly.

WHAT ARE OUR ROLES AND RESPONSIBILITIES?

Last, but not least, is bringing clarity around the roles and responsibilities of team members. This might appear on the surface like something for high school kids working in fast food, but it needs to be done. A frequently used excuse of leaders here is: “*They are professionals; they should know what their job is!*” You should not utilize such clarity-sabotaging excuses. Left to their own devices, yourself included, team members

1. Gravitate to what they *want* to do, instead of what they *need* to do.

2. Misunderstand how their job differs from superiors, peers and direct reports.
3. Have dangerous leverage in the event of performance issues.

Be wary that defining roles and responsibilities should not be limited to executing technical functions of the job. Behavioral and “good citizen” responsibilities are important too.

For additional resources on this topic, I recommend books written by Patrick Lencioni, who has been very influential to me on the subject of team clarity. ■



Brian Pauley, FSA, MAAA, is an actuary with a passion for leadership and personal development. He can be reached at bepauley@gmail.com.

Leadership Inspiration: Stand and Deliver

By John Schumacher

Editor's Note: In the Leadership & Development Section's Leadership Inspiration Contest, entrants were asked to tell us what inspired them to be a better actuarial leader. Here is the winning entry from the "Admirable Leader/Personal Mentor" category.

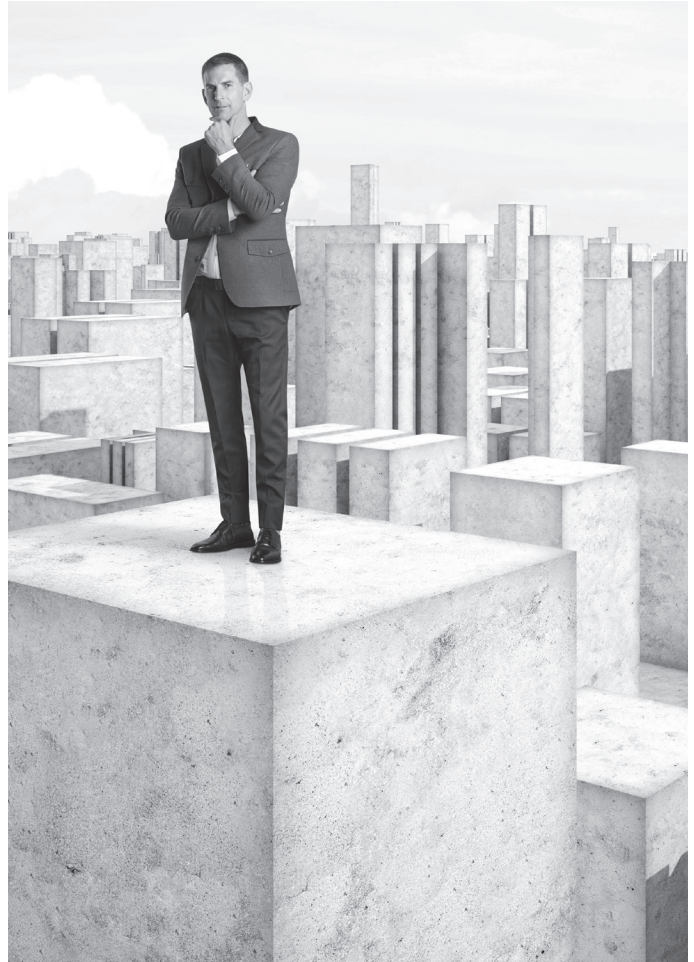
Before every actuarial exam I sat for, I would watch the inspirational movie called *Stand and Deliver*. This movie was produced by Warner Brothers and based on the true story about a high school math teacher in California. Sounds like a thriller, right? Actually the story is true drama in the sense that the students he taught had no leader to motivate them until Jaime Escalante came into their lives.

In the 1970s Escalante was working odd jobs before he was hired to teach computers at Garfield High School in Los Angeles. On his first day at Garfield, he is told that the school can't purchase the computers due to budget constraints. He is, therefore, forced to teach lower-level math.

He finds his consumer mathematics classroom is primarily populated with gang members and troublemakers who believe they have no reason to learn any math. Escalante thinks otherwise. He lets the classroom know that it was their ancestors who invented the concept of "zero" and that they have the roots of mathematical knowledge in their blood. He therefore abandons the consumer mathematics curriculum and teaches them algebra. Through clever demonstrations he pushes the kids to learn.

After a few years of teaching, Escalante informs the principal and his department chair that he wants to teach his kids calculus. The department chair scoffs at this, saying "You cannot teach logarithms to illiterates." The principal is initially reluctant but asks Escalante what he needs to accomplish this goal. He replies "*ganas*" (desire).

Escalante then informs his kids that if they sign a contract with him to work hard and bring *ganas* to the classroom over the next two years that they could each earn AP Mathematics credit. Kids being kids, they have a few moments of not following all of Escalante's rules, but he is an expert in inspiring them to excel. Before the AP test he tells the kids that "they are the true dreamers and that dreams can accomplish wonderful things. ..."



Despite all odds against these poor barrio kids, 18 of them pass the AP Math exam. Doubt steps in and the AP board believes that the kids cheated. The kids are forced to retake the AP Math exam and their passing results are confirmed. They passed.

How does this story apply to actuarial science? Math and actuarial science are difficult subjects to conquer. Both have a stigma about them that students shy away from. However, with the right leader, such as Jaime Escalante, the subjects can be mastered. With the right amount of *ganas* anything is possible with a true leader, whether passing AP Calculus exams or actuarial exams or inspiring a group of actuaries to solve difficult problems. All you have to do is stand and deliver. ■



John Schumacher, FSA, MAAA, is an actuary.

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CAREER DEVELOPMENT

The Five Key Principles of Influence¹—Part 2

By David C. Miller

No matter what you do, you are in sales in some way. The words “sales” or “selling” bring up negative connotations for many people. It may be helpful to think of it as “influence.” Whether you’re a sales professional, coach, consultant or executive, there are key stakeholders in your world you need to influence.

To persuade successfully and non-manipulatively, it’s important to understand **five key principles of influence**. We covered the first two principles in the November 2015 issue of *The Stepping Stone*.² Let’s look at Principle #3 now.

PRINCIPLE #3 IMMEDIATE PAIN/PLEASURE IS A STRONGER MOTIVATIONAL FORCE THAN FUTURE PAIN/ PLEASURE

This principle is why so many fail at dieting. The delight of having chocolate cake now outweighs the consequences that show

“From the client’s perspective, it’s easier to keep things the way they are, even if they aren’t perfect.”

up on the scale later. Alternatively, the pain of giving up that cake now is a stronger force than the satisfaction of sticking with the diet and dropping unwanted pounds.

The vast majority of smokers stop smoking only after a serious heart attack or cancer diagnosis. Few stop for the promise of better health. Even though the health hazards of smoking are well-documented, the pleasure of taking another drag overrules.

So what does all this mean to you? This principle is important because **the solutions we offer our clients will involve future benefits and require some immediate pain in order to achieve them.**

For example, it may be desirable for your client to engage your product, service or idea. However, even though the future benefits are undoubtedly valuable, the cost (in terms of money, time and resources) to make these changes is *immediately painful*. Any change will involve pain, because it represents movement from the status quo. From the client’s perspective, it’s easier to keep things the way they are, even if they aren’t perfect.

Even the distraction of having to consider your proposal is painful. Your prospect already has too much to do. You’re competing for your prospect’s time and attention. So unless your idea provides instant benefits without having to change (or think) much, the odds of getting buy-in are stacked against you.

HOW DO YOU COUNTERACT THESE OBSTACLES?

One way is to bring the future pain into the present moment.

For example, Roger, a financial planner, lamented about how the lead time to get a client was *more than nine months from the first meeting*. Why did it take so long to get prospects to pull the trigger and start building their retirement assets?

It isn’t because Roger wasn’t excellent at what he did. His investment philosophies and strategies were rock-solid.

It also isn’t because Roger doesn’t have an engaging personality. He has excellent rapport skills, so he comes across as very likable.

LET’S LOOK AT THE PAIN–PLEASURE DYNAMICS

1. Roger was asking clients to part with their dollars. Even though they’re not spending the money, but rather investing it, they are still giving up immediate access to the cash. (*Immediate Pain*)
2. As a result of having less disposable income to spend now, the client can’t make certain purchases that are near and dear to his or her heart—like that 60-inch plasma TV. (*Immediate Pain*)
3. But Roger explains to his client about the accumulated wealth that will result from the compounding interest, dividends and fund growth. As good as it sounds, this wealth won’t be enjoyed for 25 years. (*Future Pleasure*)



answer. I became very present to the pain of how awful it would be if I outlived my savings—what would my wife and I do? I immediately increased my monthly funding level.

Influencers are skilled at helping people get associated with the pain of the status quo. Look at the pain–pleasure dynamics of what you are selling. Is there too much immediate pain and not enough future pleasure? How can you help your clients make better decisions by bringing the future pain of the status quo into the present moment?

In the next issue, we'll explore the fourth principle of influence.

If you want to learn more about strategies, skills and models actuaries can utilize to become more influential, you may want to read *The Influential Actuary* (<http://www.theinfluentialactuary.com>). ■



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4. In addition, for Roger to design and implement the financial plan, his potential client must fill out myriad paperwork consisting of risk profile surveys, applications and agreements. The client must also hunt for mounds of detailed personal and financial information to supply to Roger. You may think, “Shouldn’t they have this at their fingertips?” Maybe—but most do not. (*Immediate Pain*)

So it’s not hard to see why Roger feels he’s swimming upstream. For Roger’s client, the **pain** of implementing a plan was more immediate and, thus, *felt greater* than the pleasure of taking this step.

BRING FUTURE PAIN INTO THE PRESENT

One way to counteract this dynamic is to bring the future pain into the present. The human imagination is a powerful thing. When we imagine something vividly, the associated feelings occur in the present moment (even if the event we are dreaming about occurs far into the future). So as an influencer we need to become skilled at helping people future-pace the status quo. In other words, we need to *get them associated with what will happen in the future if the proposed action is not taken*.

My financial planner, George, applied these techniques with me. Although I was funding my financial plan better than the average person (which I know is not saying much), I was uncertain if it was enough.

George showed me a projection that illustrated the probability of me running out of money before age 90. I didn’t like that

ENDNOTES

- ¹ Excerpts in the article are taken from *The Influential Actuary*, copyright 2010 by ACTEX Publications Inc. Reproduced with permission.
- ² Available online at www.SOA.org/LD.

Leadership Inspiration: Feelin' Groovy

By Mary Simmons

Editor's Note: In the Leadership & Development Section's Leadership Inspiration Contest, entrants were asked to tell us what inspired them to be a better actuarial leader. Here is an entry from the "Book/Song" category.

When I was in the seventh grade, my school choir sang the Simon and Garfunkel classic "59th Street Bridge Song." The song has stuck with me throughout my life since then and is the mantra that I try to live by. While "Feelin' Groovy" hardly sounds like an inspiration for leadership, it helps me keep my life in perspective. With a job that focuses on mortality, this matters to me.

"Slow down, you move too fast" is the first line that comes to mind when I start getting stressed out. Good leaders have to slow down so that they can fully evaluate and process what is going on. Yes, sometimes we have to move fast—but not "too fast." We should take the time for whatever intelligence gathering we can, whatever introspection we need, and whatever thoughtful planning is called for. Sometimes, slowing down allows us and those around us to work more intelligently so that the right work gets done rather than just busy work. Good leaders care about results—not just work.

"Looking for fun and feelin' groovy" is the next line that always comes to mind. The "feeling groovy" part makes me smile—but I do think it is important to look for fun in the work that we do. Sometimes honest-to-goodness fun can be had—which makes everyone a little happier and makes people pleased to do their part. However, sometimes the best we can hope for is to get into a groove so that the work is not quite as painful as it might otherwise be. In either case, the leader has to look for ways to make that happen. Sometimes it is as simple as setting people up to do what they most enjoy doing. The best leaders make people want to follow them, and they do that by inspiring others.

"Hello lamppost, what'cha knowing" is a silly line, but it reminds me of an important point. Asking questions is critical to being a good leader. Open-ended questions require people to think before they answer. Listening to those answers is very important. Sometimes the most important insights come from the



most surprising places. Leaders have to ask questions and listen to the answers to get to those insights.

"I've come to watch your flowers growin'" reminds me to slow down again. I need that reminder a lot. In this case, I have to slow down to monitor progress—watching the flowers growing, if you will. If things are going according to plan, then I need to know it and react. Hard to do if I don't slow down and pay attention. (See "slow down, you move too fast.")

"I got no deeds to do, no promises to keep" is pure fantasy, but it reminds me to delegate. Even when we manage to delegate, there is always something to do. Still, the best leaders delegate. A leader with too many to-dos spends too much time doing and not enough time leading. Our job is not to do all the work, but to make sure that the work gets done. There is an important distinction.

"Life, I love you, all is groovy."

I remember studying for actuarial exams, using all sorts of memory aids to help me get through the burden of studying. As such, I suppose that it is not really weird that I use a song to remind me to slow down, celebrate accomplishments, ask for feedback, observe and delegate. Plus, the song is easier to remember than most of the mnemonics that I came up with on exams!

Leadership is not supposed to be a chore, although it is sometimes a burden. However, poor leadership can be a serious burden for those who work with us. Embrace the leadership role, get into the groove, and make things happen! ■



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PEOPLE MANAGEMENT

Managing: It's Your Ship

By Joy McDonald

A little more than a year ago I had the privilege of participating in a group discussion of Capt. D. Michael Abrashoff's book, *It's Your Ship: Management Techniques from the Best Damn Ship in the Navy*. I heard the author speak at a Society of Actuaries meeting, and I was looking forward to hearing what my co-workers thought of his approach to management. Would there be lively debate? How could we apply principles of running a Navy ship to our small division in corporate America? As it turned out, many of the ideas were applicable to our division and are helping us along in our effort to become "the Best Damn Division in the Company."

We are a small support division of about 30 colleagues providing actuarial, compliance and product management expertise to the company. We were already on a path of improving both our internal culture and our value to our customers inside the company, and the book discussion group was one more step on our journey. It was led by our division's president, Alex Bagby, ASA.

Participation was voluntary, and our group met over lunch. We usually read and discussed one or two chapters each week. Participants included new colleagues who had been with the company only a few months and tenured colleagues with 25 or more years at the company. Some were supervisors, while others were in non-supervisory roles.

Abrashoff's approach to running a ship is bottom-up. In the very first chapter, "Take Command," he states, "... there is always a better way to do things, and ... the crew's insights might be more profound than even the captain's."

Alex took this to heart right away in the way he led the discussions. Although he developed detailed summaries of each chapter, he started

every meeting by going around the room asking everyone else what they thought.

After the first few weeks, Alex began asking for volunteers to lead some of the discussions. I volunteered to lead a discussion one week and carefully prepared. Unfortunately I made a mistake on my calendar and missed the meeting with no explanation. I felt terrible, but Alex asked if I would like to lead the discussion the next week. I asked if he was sure he could trust me; the next chapter was titled "Creating a Climate of Trust." I appreciated Alex's quick forgiveness of my screw-up, and I take seriously his trust in me. Abrashoff says, "You earn trust by giving it," and I learned that lesson firsthand.

As we continued to work through the book, Alex began formulating an idea that he shared with our group as it came to a close. He would put together an "advisory committee" of non-supervising colleagues to tackle some of the cultural issues that might keep us from being the best we could be. Alex presented this idea to the division and asked for volunteers from each team. Within a week, several people had volunteered to serve on this team. One of the volunteers was fresh out of college and had been with the company only four months. He was excited to work directly with our division president at such an early time in his career.

This committee does exactly what Abrashoff discussed in his very first chapter. It gives our "crew" a chance to provide direct feedback about what works and what doesn't. This feedback goes directly to our "captain." It also gives these young colleagues a chance to come up with "repairs" that can affect the well-being of the entire organization.

Over the last year, this committee has focused on issues such as fairness, respect, pride and camaraderie. In each area they dis-



cuss what we do well and where we need improvement. They interview other colleagues and supervisors outside the committee. They have made recommendations for improvements that have been vetted through our division management team and implemented. And they have set in motion a system that can continue for years to come.

One finding was a critical deficit in certain product knowledge. This was easily corrected by holding classes taught by the division's expert in that product. The classes were well attended and provided useful information. Incidentally, this knowledge deficit might not have been discovered by interviewing managers. The "crew" had a unique perspective that brought this issue to the forefront.

Another recommendation was to develop written expectations for every job in the division. This goes beyond job descriptions, which we already had. It even goes beyond annual performance reviews, since those tend to focus on past performance and not what is expected going forward.

Abrashoff discusses the fact that the purpose of his vessel, the USS Benfold, was to be combat ready. They had to be ready to take out moving targets and they had to prove their readiness in training exercises. In order to do this they had to learn about the behavior of their targets and they had to practice.

Our written expectations are designed to give every colleague a clear understanding of his or her target. Regular communica-

tion about how these expectations apply to a given work project are akin to Benfold's rehearsals of their training exercises. When critical tasks come our way, our crew will be ready to meet those demands head-on.

This advisory committee is already looking to the future and to the long-term success of our division. Its goals include continuing to develop an environment of trust, as well as keeping the door of communication open at all levels. In order to be successful, every colleague on every team will need to focus on the same goals. To that end, our department managers are meeting with each colleague one-on-one in the next few weeks to solicit feedback on how we can continually improve our processes, results and culture.

The morale of the division is very high even amid the intense pressure and tight deadlines that we all face in our industry. I believe this is a direct result of our leadership continually communicating in word and action that they are willing to listen to any and all ideas for improvement. It's our ship. ■



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How Great Leaders Value People

By Marcel Schwantes

Editor's Note: In the November 2015 edition of The Stepping Stone¹, executive coach Marcel Schwantes outlined how great leaders display authenticity—one of the foundations of effective servant leadership. Here Schwantes returns for Part 2 of a six-part series that delves into the best practices of how a servant leader values people.

Organizations of all sizes and industries are reimagining work cultures in this relationship economy. It's all about the people. Consequently, servant leadership quickly is becoming the preferred practice for some of the biggest and best companies in the world.

Before we dive in and explore how great leaders value their people, let's review the six foundational behaviors of great leaders based on the extensive research work of Dr. Jim Laub. Professor Laub is a scholar who developed the Organizational Leadership Assessment (OLA)—arguably the best and most accurate tool in the market to assess organizational health based on the foundation of effective servant leadership.

1. They display authenticity.
2. They value people.
3. They develop people.
4. They build community.
5. They provide leadership.
6. They share leadership.

Here are three profound ways great leaders go about valuing their people.

GREAT LEADERS TRUST AND BELIEVE IN THE PEOPLE THEY LEAD

In his book *The Speed of Trust*, Stephen M.R. Covey says that a team with high trust will produce results faster and at lower cost. And most thought leaders are agreeing that sustaining trust among team members starts with leaders who demonstrate a combination of these factors:

- A commitment to purpose or vision that inspires others to follow



- A strong character that does not compromise values
- A strong inclination to serve the needs of others before their own
- Keeping their word and delivering what they promise
- Genuine caring and compassion for their people—looking after their best interests, being receptive and engaging in non-judgmental listening
- Competence and expertise in their chosen field

Not surprisingly, insurers and other companies in financial and professional services sectors that made *Fortune* magazine's "100 Best Companies to Work For" list this year are characterized by high levels of trust and transparency—especially employees' belief in the credibility of their leaders. The research² behind what makes those companies get on that list is conducted by the folks at Great Place to Work, who report that 92 percent of employees surveyed at these companies believe that management is transparent in its business practices.

And as new confirmation for servant leadership, the study found that the "Best Companies to Work For" have leaders who, to ensure success, do several things year in, year out that correlate well with leadership trust behaviors:

- They keep the lines of communication open.
- They share their vision for the future with employees.
- They take the pulse of the organization by constantly listening and responding to what they hear so they can serve the needs of their people. Whether it's sharing quarterly financials or making strategic decisions, they make sure to listen.

- They offer employees ample opportunities for training and development.

GREAT LEADERS SHOW RESPECT FOR THEIR EMPLOYEES

Cheryl Bachelder, CEO of Popeyes Louisiana Kitchen, wrote a book called *Dare to Serve: How to Drive Superior Results by Serving Others*, in which she tells the story of her leadership journey. When she was named CEO in 2007, profit was in the negative, and the company stock price had taken a nosedive from \$34 in 2002 to \$13. The brand suffered, and franchise owners were running around with their hair on fire.

By 2014, Popeyes did a 180-degree turn. Sales were up 25 percent, and profits were up 40 percent. Market share had grown from 14 percent to 21 percent, and the stock price was over \$40. The franchisees were giddy with the turnaround and began reinvesting

Insurers that made *Fortune* magazine's "100 Best Companies to Work For" list in 2015 include ACUITY at No. 3, USAA at No. 33, Aflac at 49, Allianz at 68 and Nationwide Mutual, joining the list for the first time at No. 95.

in the brand, many remodeling their restaurants and building new ones around the world.

The difference?

Bachelder says that it was a conscious decision to create a new workplace (with rigorous measures in place) where people were treated with *respect* and dignity, yet were challenged to perform at the highest level. Silos were broken, managers began to listen, and self-serving leaders went bye-bye as collaboration increased. Workers were valued.

GREAT LEADERS ARE AWARE OF, AND RESPONSIVE TO, THE NEEDS OF THEIR EMPLOYEES

Great leaders show an interest in their people's jobs and career aspirations. They look into the future to create learning and development opportunities. They find out what motivates their best people by getting to know what desires will drive each tribe member. This is about emotional engagement.

Let's suppose you manage the Web development function of your insurance carrier. Take three developers on your project team:

- One comes to work every day just to fill a financial need for the family.
- Another fulfills a deep need to design software to serve the needs of her carrier community.
- The third eats, drinks and sleeps user design interface to understand how it will work holistically for both end users and stakeholders.

Knowing what makes each one of them get up in the morning can help you develop tasks and provide incentives they will actually care about—and make sure that it plays to their individual strengths to keep them engaged and learning on the job.

Let's end with a question to think about:

In what meaningful and sustainable ways do you value your people at work?

Editor's Note: Watch for Part 3 of this series—"How Great Leaders Develop Their People"—in the May 2016 edition of The Stepping Stone. And check out these additional articles published online in Carrier Management by Schwantes that provide background and introduce his premise that the best way to engage workers to perform at a high level is by applying daily practices of servant leadership:

- Making a Case for Servant Leadership, <http://www.carriermanagement.com/features/2015/04/14/138109.htm>
- Five Reality Checks True Leaders Must Give Themselves, <http://www.carriermanagement.com/features/2015/01/02/133749.htm> ■



Marcel Schwantes is principal and co-founder of Leadership from the Core. His company's biggest calling is to help leaders build high-trust cultures and achieve optimal organizational health through servant leadership. Reach him at info@coachmarcel.com or sign up for free teleseminars at www.leadershipfromthecore.com.

ENDNOTES

- ¹ You can access the November 2015 issue of *The Stepping Stone* online at www.SOA.org/LD.
- ² Source: White paper titled "Industry-Specific Strategies of Winning Companies: An Analysis by Great Place to Work," page 7, available for download on the Great Place to Work website.

Leadership Inspiration: Recognizing Potential

By Jamie Shallow



Editor's Note: In the Leadership & Development Section's Leadership Inspiration Contest, entrants were asked to tell us what inspired them to be a better actuarial leader. Here is an entry from the "Leadership Quote" category.

"Too many managers fail to recognize their people's full potential."

—Art Williams, *Pushing Up People*

It was 1995, shortly before my wife and I got married, that I was introduced to a company called Primerica. I was about five years into my actuarial career, and wasn't really thinking too much about management just yet. Having fairly recently studied *Actuarial Mathematics*, I was intrigued by the chance to learn the sales side of life insurance and teach people how it worked, along with such things as the rule of 72 and compound interest theory. I thought it was a great chance to really help make a difference in people's futures.

In the process of trying to take an actuarial mindset and transform it into a salesperson mindset, I was also introduced to the message of Primerica's founder, Art Williams. There were a lot of components, but in a nutshell it was servant leadership.

Growing up, especially with a father who struggled with alcoholism, I never really had the opportunity to witness strong leadership in action. I guess on one hand, I did really admire the character of Charles Ingalls on *Little House on the Prairie* as a family and community leader. However, real-life leadership was not something I was very familiar with. Then I began to read Art's classic book, *Pushing Up People*, in which he discusses in simple terms some of the most profound concepts of leadership:

- Everybody wants to be somebody
- Treat people good
- Build personal relationships
- The secret—praise and recognition
- Stand for something
- Become a crusader
- Develop a positive attitude
- Don't be afraid to fail
- You've got to pay the price
- Remember the giving principle
- Never give up
- And numerous others ...

This was a life-changing event for me! I have never been the same since. The journey begun back then has inspired me to not only seek to make the world a better place through the actuarial work we do in helping build social and economic security, but also to remember the value of servant leadership in our profession. It has led me to a place in the Leadership & Development Section, where I am thankful to serve and help instill this value in others.

In recent years, I actually wrote a letter to Art thanking him for all he's done in my life, even though he doesn't know me. I did receive a short personalized letter from him in response, which is something I treasure very much and keep posted in my office for continued inspiration! ■



Jamie Shallow, ASA, MAAA, MBA, is an associate director in actuarial services at UnitedHealthcare in Green Bay, Wis., who has a passion for transformational leadership and empowering people. He can be reached at jamie_shallow@uhc.com.



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PERSONAL DEVELOPMENT

Are You Waiting for Permission to Grow?

By Darcy Eikenberg

“We’ve cut back on our training—nothing I can do about that.”

“Our conference budgets have been cut, so it’ll be hard for me to stay current.”

“My manager doesn’t know any more than I do—how am I going to grow?”

Head those comments in your workplace lately? If so, you’re not alone. One of the biggest laments uncovered in survey after survey is that the current lack of learning and development programs is a strong contributor to disengagement.

Makes sense, right? After all, you’re human. You want to learn, grow and increase your professional contribution—not sit there like a lump. You want to feel you’re making a difference, using

all of your abilities and talents. You want to be prepared for the future world of work—whatever that will be.

SO WHY ARE YOU WAITING FOR PERMISSION TO GROW?

It’s a losing game to wait for your boss/your CEO/your organization to change in order to accelerate your own learning and development. Sure, it would be great if all leaders recognized that coaching, teaching and training are investments, not expenses, but until then, it’s time for you to take control.

Here are three simple actions you can take right now. Try one and create dramatic changes in your career and your overall growth.

LEARN FROM YOUR COLLEAGUES

The richest source of fresh information and insights is often the one most overlooked—your co-workers.

What does someone else know or do well that you want to do, too? An expertise exchange is an easy way to put that person’s knowledge into your toolbox—and build working relationships too.

Think about what you’re ready to learn. Then pay attention to who comes to mind as a great example of that talent, and invite them to connect:



- “Amy, I’d like to strengthen my negotiation skills, and you do this really well. Would you be open to having lunch with me and letting me pick your brain about your thought processes and preparation steps?”
- “Greg, your presentations are always impressive, and I’d love to improve my own. Could we schedule a call and talk more about what you do behind the scenes to make these work so well?”

In addition, you might notice broader topics just ripe for group learning. Do yourself and others a favor—organize a lunch, Google video hangout, or conference call on the subject.

- “Here in marketing, we keep wondering about the real, everyday challenges of our colleagues in the customer service department. Let’s have lunch with a couple of CS people and hear their perspectives. I’ll invite Sarah—who do you want to include?”
- “Looks like we’re not having the all-hands meeting this year. Let’s do a mini-version with a few of us over a brown-bag lunch and hear what’s hot in each group.”

Remember, people are typically flattered to be asked to offer their expertise or ideas. A specific invitation makes it easy for them to share and for you to learn. Your colleagues have loads to share with each other—and you may learn something, too.

LEARN FROM THE FREEBIES

When budgets are tight, the tight get creative. We live in a unique time when there are millions of ways to accelerate our knowledge, all for free.

- **Books.** Remember them? It’s a myth to say that no one reads books anymore. Smart people still do. One undervalued resource is your public library. Many libraries today have online catalogs where you search for the book you want, request it online, and have it delivered to your local branch or download the e-book directly to your reader. It’s a free way to access different ideas—without the financial investment and the bedside clutter.
- **Trade magazines.** What periodicals cover your industry or profession? Many offer free subscriptions just for signing up and providing your demographic information. This helps the magazine show higher value to advertisers, and gets you access to the publication at no charge.
- **Online tools.** iTunes U has university-level courses on almost any topic, and YouTube continues to be a broad source for learning how to do almost anything. (Just consider the source carefully as you evaluate its advice.)

Finally, don’t overlook the free resources within your own company. What online learning tools are hanging out in a learning

management system (LMS), database or corporate intranet? What tuition reimbursement or corporate memberships to professional groups are already in place? Self-driven learning tools may already exist but often lack promotion to let you know they’re out there. Ask your HR resource to point you to the right place. (And if you discover something great, tell others!)

LEARN TO INVEST IN YOURSELF

Not getting enough growth from these sources? Need to make a giant leap? It’s time to invest in the hottest asset around—you.

Now is the time to invest in your own knowledge, your confidence, your talents and your character. Now is the time to change your expectations about who is responsible for your growth and learning (and psst—it’s not your boss, your department or your company).

It’s no longer smart to be penny-wise and pound-foolish when it comes to building your own professional assets. Do you spend \$80 a month on cable TV; yet balk at paying \$37 to attend a professional luncheon that yields valuable contacts and up-to-date insights? Maybe you work with a personal trainer at the gym to strengthen your muscles—why not work with a personal coach to strengthen your career?

Avoid the mindset that your career development should happen organically and that you can figure out all the answers yourself. Your house and car need experts to keep them running smoothly; your professional self demands the same.

Those who invest in themselves will find it pays off not only now, but throughout their lives. No matter what lies ahead for our economy and our world, **no one can take your growth away from you.** The investments you make in yourself create returns much larger than any spreadsheet can ever hold. ■



Darcy Eikenberg, PCC, executive coach, leadership speaker and consultant, author, and founder of Red Cape Revolution can be reached via her website www.RedCapeRevolution.com or via email at Darcy@RedCapeRevolution.com.

Leadership Inspiration: Humility and the Power of Actions

By Tamar Miller

Editor's Note: In the Leadership & Development Section's Leadership Inspiration Contest, entrants were asked to tell us what inspired them to be a better actuarial leader. Here is an entry from the "Leadership Quote" category.

An April 30, 2014, article in *The Wall Street Journal* titled "Is This the Hardest Job in America? Actuaries Struggle to Cope with the U.S. Health Law as Guidelines Change" described the challenges insurers face under the new health law and the subsequent burden placed on actuaries in particular to try and predict medical costs and set premiums without sufficient data on enrollment, member behavior and new tax laws. There is no doubt that while regulators, insurers and the general population attempted to navigate the labyrinth of new policies and procedures of the Affordable Care Act, it was, and continues to be, actuaries who stand out as leaders.

I believe, though, that it is not the difficult or puzzling environment encompassing our work that possibly awards actuaries the hardest job in the country. Rather, it is the role of serving as a leader.

"A leader understands that he or she is no better than the people that they lead. They are a person with no greater value or weight than anyone else that they lead. They also have to understand that even though they are not more important than the people that they lead, their actions are more important. People are watching them and taking a cue from the way they act."

—Patrick Lencioni, best-selling author of books on business management

This quote reminds me that it is not a title, associateship, or even fellowship that distinguishes us: it is our actions. How we, as actuaries, respond to challenging situations and how we build an infrastructure for a successful future are some of the important actions that professionals around us see and on which they look to us for guidance. It inspires me to be a better leader. It inspires me to be a better actuary. ■



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