



Article from

The Stepping Stone

July 2017

Issue 66

CHAIRPERSON'S CORNER

Foolish Trades

By Scott Randles

As actuaries, we are hired by our employers in part for our ability to make good decisions and to negotiate very complex “trades.” We understand the trade-offs between risk and return, and can apply that knowledge to develop and price products, accurately calculate reserves, and solve complex financial problems.

How is it then that we often make “foolish trades” in our daily lives? These trades are often not very noticeable, but add up and impede our leadership and development more than we realize. These foolish trades may appear in both our professional and personal lives. We all make them.

Some examples might help. Here are a few of my own recent foolish trades.

1. Spending all my time arguing why I was “right” in a recent meeting, **instead of** accomplishing the shared goal of increasing sales
2. Complaining about how IT was not properly supporting actuaries, **instead of** partnering with them to find solutions to the problem
3. Becoming defensive when a reserve methodology was questioned, **instead of** challenging myself and my team to adapt and consider a change to best practices
4. Spending time caught up in email and attending an overwhelming number of meetings, **instead of** leaving open time to catch up with members of my team
5. Listening to sports talk radio while driving my daughter to school each morning, **instead of** choosing to spend that time encouraging her through the very real challenges of middle school
6. Attending a late work meeting that I did not need to attend mainly to be “seen,” **instead of** spending time with my family
7. Choosing to be on my phone, **instead of** exercising



As I look over this list, these seem like easy trades and choices to make. After all, I want to be known as a leader who can set and then accomplish goals, is driven by solutions, can handle constructive criticism, prioritizes people over email and electronic devices, is a good father to my daughters, and has a healthy lifestyle. So why do I make these foolish trades? A more important question is this: How can I stop making them? Of course, the answer is complicated and will not be the same for everyone. But there are answers.

For me, it starts with identification and accountability. Keeping a list and reviewing foolish trades that I have made in the past helps me to realize and identify them when they arise and hold myself accountable. In addition, asking for feedback from people in my personal and professional lives has helped me to identify foolish trades that I might not have otherwise noticed.

Development of and maintaining a reputation for being transparent as an actuary and in your personal life take work but are another crucial step to eliminating foolish trades. It may seem obvious, but it is important to realize that when you are going to do something you don't want certain people to know about, it is almost always a foolish trade. Course-correcting at this point is essential. We often make the foolish trades that much worse by the "cover-up," where instead of owning a mistake, we try to justify or hide it. This will most definitely lead to more foolish trades. There have been many high-profile examples of this in the business world lately that have led to disastrous results. Any examples or people come to mind where emotions ran unchecked and foolish trades were made? Certainly, breaking the cycle after the first wrong choice and defusing the situation as soon as possible are crucial to reducing future foolish trades.

You might ask: How does this relate to actuarial leadership? Well, I think we would all describe an ideal actuarial leader as someone who makes wise trades in all areas—in judgment, in dealings with other actuaries, and in personal life. Take a few moments to think about a few foolish trades that you habitually make, and set up a method of accountability to stop them. It can be easy for your habits to control your actions. You need instead to intentionally act and make changes to keep the same foolish trades from recurring. This is not that hard to do, but it is also easy not to take the first step.

Finally, another of my foolish trades was choosing not to volunteer in my community as much as I would like, due to busy demands from work and travel. Since this was a goal of mine to change, I wrote in my last Chairperson's Corner that I committed to find at least one new way to volunteer to help hold myself accountable.

I recently took time off work to participate in a beach clean-up event. While it was not easy to make time for this event and I did have to miss some meetings, I found this to be the right trade, and the experience to be extremely rewarding. Not only did I feel that the work had an impact on the safety of the community, I connected with—and learned from—the people I was working alongside far more than I expected. Thus, this positive trade-off will lead me to participate in more volunteer events in the future. I can also honestly say that if I had not written down this goal earlier in the year, I probably would not have made the time.

What foolish trades will you change? ■



Scott Randles, FSA, MAAA, is the chairperson of the Leadership & Development Section Council and is an actuarial director at Allstate Benefits in Jacksonville, Florida. He can be reached at srandles@allstate.com.



The **Leadership & Development Section** is excited to announce the debut of a digital version of this newsletter at thestepingstone.soa.org!