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Session 400F

Getting Your Point Across

Panelists: ALICE KROLL
LYNN PEABODY

Summary: In this session panelists and attendees share successful ideas on communicating technical ideas to a nontechnical audience.

Topics include:

- *Technical writing techniques*
- *Communicating with senior management*
- *Communicating with the public.*

At the conclusion, participants have a better understanding of how to communicate actuarial topics to a variety of audiences.

MS. ALICE KROLL: Our world certainly has changed since I started my career many years ago. We are seeing competition for our types of jobs from people who are MBAs, for example, who have very different kinds of training than we do. Our actuarial training helps us stay in a room by ourselves, not talk to anybody, keep our heads in books and just memorize stuff. That's an oversimplification, of course, but if you contrast that to what the MBA, the business student or the finance major—what his or her education is like—the centerpiece is around case studies, analysis, and then presenting that analysis through classroom presentations, simulations and so on. A great deal of their training is in how to get their point across. These are the people we are competing against, not necessarily for jobs, but for voices in the insurance industry.

Another thing that has happened concurrently is that—if you want to think about before Sarbanes-Oxley—our management, our boards of directors, our CFOs and our controllers are much more interested in understanding what we do and how we do it. They need to get comfortable with what we're telling them. They need to become comfortable enough to sign statements. They need to get comfortable enough to assume the liabilities that they're assuming when they prepare the financial statements.

When I started my career, I had a boss who, when asked by the marketing people, the accounting people or whomever why the numbers were the way they were, he said, "Well, that's just how the numbers come out," and he would end the meeting and go back to the actuarial department. For a long time that was an okay answer. I don't think it is anymore. The Society has done research with employers asking what it is the Society needs to do to better prepare actuaries. One of the themes that keeps coming back is we need to be better communicators. We need to communicate technical issues to nontechnical audiences. So that's why we're here today. I hope we'll learn from each other how to do that. Now I'll turn this over to Lynn Peabody, who will tell you how we're going to structure the program.

MR. LYNN PEABODY: Just a couple of comments on what Alice said. In our work there's always been a need for communication. Those of you who have been involved in the business for a long time probably remember communication sessions on Society meeting agendas, or you've gone to sessions with your companies about communication. So the fact that we've needed to communicate and the way we communicate things has really been around for a long time.

I think one of the differences now is that, as Alice mentioned, the world's a different place. The fact that communication is still important is definitely true. But the way we communicate and what we communicate certainly has changed over the years. What we hope to get today are some of your ideas on situations that you've been involved in and ideas that will help everybody communicate better: do's, don'ts, techniques, examples, horror stories, any of those. It's an open forum. It's your session as much as it is our session. We'll open it up from there.

An approach that we've used a lot is to create a situation and use that as the basis for the discussion. Alice and I decided to make it very simple: You've been asked to prepare a presentation, and that could be a written presentation or an oral presentation, on some new regulation that's going to have an impact either negatively or positively on the profitability of your company. We don't need to worry about the specifics; it's really more of a situation. And you're going to have to make this presentation to different audiences. It could be to your peers; it could be to a management group that is a mixture of actuaries and nonactuaries; or, for instance, it might be to a board where you're talking to people who really aren't familiar with actuarial issues and techniques and things like that—three very different audiences.

We'd like to try to get some discussion relating to the importance and the need to know your audience. How do you structure a presentation to different types of audiences and situations? What if you have bad news to present? Is that different? How do you handle bad news? Graphics or audiovisuals: positives, negatives? What are some positives? Have you used them? Should you use them? Questions and answers: how do you handle questions and answers? Are there certain techniques, ways to make the question-and-answer session more beneficial?

Then how do you alter your presentation or your writing when time is very short, when it's a very time-critical subject? What about if your audience isn't, in fact, an internal audience, but you're going to be working with the public? If you're writing a newsletter, or if you're going to give a press conference, are there different types of things there? Maybe a deposition? I'd be interested in that. I have to give a deposition a week from today. That's certainly a communication-type situation.

Finally, where do you go for help? Where can you get some information? These things may come in any order, but those are the points that we wanted to talk about. So let's start with the audience. If you're going to be making a presentation to an audience, there are some different things about your various types of audiences. Why is that important? What do you need to look for? How many of you are with insurance companies? And how many are within consulting firms, reinsurance organizations or something like that? Okay, so we've got a predominant group of insurance company actuaries, which is not surprising. Do you have some thoughts on audience, and then we'll open it up?

FROM THE FLOOR: Not knowing exactly what the subjects are that you are going to talk about, it was interesting to hear what the agenda is, and I was shaking my head a lot. The first thing I'll say is, I don't envy you giving a deposition. It's a very interesting communication form. I'll address what I've seen, and I think it's very relevant. I do a lot more nontraditional actuarial work, and my audience is often nonactuaries. Two things come to mind when you're talking about that, one that is particularly difficult is when you're dealing with a mixed audience. If some of our audience members are actuaries, and some of your audience are nonactuaries, and you're speaking about a technical topic, it's a real challenge to communicate at a level that both groups will understand.

The other thought that I had is that actuaries are notorious for using acronyms. I think that actuaries do tend to use technical language and abbreviations in talking within a group of people who are very familiar with what they mean. Put yourself in the place of the audience; I think that's often a very good thing. What is their background? How are they going to be able to comprehend what I am saying, especially if it's in a technical area?

MS. KROLL: To follow up on some of his comments, there are some things you can do, and we do this in the consulting world. Not to give away too many of our tricks, but I think that these were things I was not as aware of when I was in a company environment. When you have an audience, like he's talking about, and it's a mixed level of people, you need to find out more about that audience if you can. You need to, what we call, recruit a coach. There's probably somebody—it could be your boss who's taking you to the meeting or it could be somebody you have a closer relationship with. Get more information about what each of the people in the meeting know, what their hot buttons are, what's controversial to them.

You can plant questions. We do that; most of us have probably done that. Ask somebody to ask a question that will allow you to explain something that you want to explain or make a point or whatever. So you need to do an awful lot of homework, not just in preparing your technical remarks and knowing what you're talking about—obviously you need to do that; but you need to do almost as much work trying to understand who is in the audience. You can do some level-setting at the beginning of the meeting. Give some background; just throw some points out and see how people are doing with them. You obviously need to be careful to walk a line between patronizing the people who do know a fair amount about the subject and talking over the heads of the others. But I would agree with Bud that the mixed group is difficult.

MR. PEABODY: How many of you have at some point or another given a report to either your board or an executive committee of your board? Have any of you been in that situation? From one of you—just some thoughts about how did you go into that thinking in terms of what you were presenting as opposed to if you would have made that same presentation to the people in your department, for instance? Did you actually prepare differently, or what did you do in terms of it being a different audience?

FROM THE FLOOR: I did make a presentation to the board that had to do with getting more capital; we were a subsidiary. The most important thing, which I did not know, was that the board was predisposed to a viewpoint that made this the last thing they wanted to hear. It just all blew out of proportion simply because we were not aware of what they were thinking before we got in there, and they didn't really know what was going on with us as to why we might need capital. So, on a more personal basis, socially I didn't know these people, and here I am bringing terribly bad news, and they'd never even seen me before.

MS. KROLL: So in retrospect were there things that somebody could have done differently—somebody but not you necessarily?

FROM THE FLOOR: It would have been very helpful. I've been in other situations with global companies, and in the context of a company and a parent company it's good to do it informally outside of the formal framework of a board meeting because that's where the real business gets done. We weren't doing that, and that's why it failed.

MS. KROLL: That's very interesting, and I think that's probably not too unusual, that there's a lot of informal conversation. Whether you go back to coaching or planting seeds or whatever that needs to be done behind the scenes, the problem is sometimes it's hard to figure out how to do that and define it.

FROM THE FLOOR: Well, I wasn't in a position to do that myself, but I thought maybe somebody else had. So it turns out I was wrong.

MS. KROLL: Walking into an ambush, right, exactly.

MR. PEABODY: I think one of the things that, no matter whom you're making a presentation to or writing a report to, you have to remember is they have a zillion other things going on. When you're presenting something to a group of your peers or your department, that's their job, and they have common interests. So you have a leg up there, because they have an interest specifically in what you're going to be talking about. When you're talking to a board, you're probably one agenda item out of 10 or 20, and these are people who have only three hours out of their day, and it needs to be structured. That really makes it difficult. So if you have a situation like that, the planning is really something that is really crucial.

FROM THE FLOOR: You just triggered another thought. Part of the problem we faced was the agenda was not very well defined. I was told, originally, that I would have half an hour before lunch to talk, and it got to be almost lunchtime, and I still hadn't talked yet. Then they asked me to talk during lunch, which included wine. And so . . . how do you do that?

MR. PEABODY: You never want to be in a position where you're right before lunch, right after a break or just before people have to leave to catch their planes to the airport. Right? You've lost them.

FROM THE FLOOR: It was difficult, but I couldn't do anything about it.

MS. KROLL: No. Well, there are certainly some times that you just plain can't control.

MR. PEABODY: Has anybody had really good experiences in talking to a board? For instance, where what you've done you felt really was done properly, and you were well prepared and why were you prepared in that way?

FROM THE FLOOR: I've had mixed results in this area, but one thing that I've found somewhat helpful is that you want to avoid saying things like "That's the way the numbers are" or to use the word "phenomenon": that the phenomenon is really a correction of an error or something like that. Usually a simplified example is what they're looking for, particularly if you can come up with a very straightforward numerical example that shows the type of result you're laying out that has more technical things behind it. However, one should be prepared to go into more technical detail, because often the people you're speaking to are very intelligent. They may stay with you at a pretty high level; they may start asking follow-up questions and going into a lot more theoretical detail than you expected. So it's good to be prepared for that if they do, but I would say it seems to go better if you start off with a simplified explanation, and be prepared to take it to a higher level.

MR. PEABODY: Do you think that same approach applies when you're just making a presentation or doing something for the other people in your department? Do you

develop it to the level of the least experienced person or the lower-level persons as opposed to the higher-level ones?

FROM THE FLOOR: It seems a little different if you're trying to explain the process and you don't feel that the person is grasping, then you can say, "For example, this is why . . ."

MS. KROLL: I think it depends, too, on the purpose of your presentation to your colleagues. Sometimes we invite junior people to sit in on something, but we want to keep it at a higher level just so they get a feel for what's going on and see what we're thinking about things. Then other times it's really important for them to understand some specifics because they need to go out and do something with it. So it depends on what the point of your meeting is too.

FROM THE FLOOR: I can help on that one. Actually, there was someone who did a technical presentation on this subject a few years ago. In knowing your audience, let's suppose you want a decision to be made. You have to consider how that decision will be made. Who's going to be involved in that decision? What's the power structure of the group? And what authority is going to come into play in making the decision? There could be one guy to target in that group. Or everything's done by committee, in which case basically you need a general understanding. Or, you know, there could be some other individual making decisions. Maybe these people are going to go back and tell somebody else about it. So, whether it's an actuary or accountant or CEO or whatever, you target your talk according to how the decision is going to be made.

MS. KROLL: Right, I agree. I think that's very important to understand the politics of the group and, as you said, who has the power. What are the politics of the group? And try to understand as much about that as you can beforehand. You can also prep some people, as I said—not just plant a question, but actually run by some people what you're thinking of saying. For example, "Here's what my agenda looks like, or here's what my points are" and so on.

FROM THE FLOOR: I'm wondering if I can get some comments, too, about if you're presenting to a group, how to try and consider different types of learning. I know some people are visual and some are verbal. I was in the audience when somebody was making a presentation to about 10 of us, and it was a completely verbal, two-hour presentation. After a while it lost me completely. When you go before a board, you're not going to know what these folks' learning style is.

MS. KROLL: That's a good point. Does anyone want to comment?

FROM THE FLOOR: I think that was a very appropriate comment. If I can take a hypothetical situation, let's assume a situation that is more of a teaching session rather than trying to influence people. I think that's a very valid point about how people learn differently—visual learners versus auditory learners. I've observed,

especially in educational situations, that it's useful to offer a variety of approaches. For example, give a numerical example, then go to a flip chart. Different people are going to pick it up differently, and the idea is to make sure that they grasp the subject.

The other thing that seems to have worked well particularly in a longer session is selective repetition: especially when it's a technical subject and you're talking to nontechnical people, over the course of the presentation that you're giving, if you can come back to it and present it again a different way, come up with different ways of looking at it. Try to put yourself in their place, or go back and think how you learned it. You're the person who's teaching this. How did it become clear to you? Maybe thinking about how you got comfortable with a topic can be used as a method to instruct the other folks. I think that different people do learn differently, and I think you should be conscious of that.

MS. KROLL: You notice we don't have charts up here, and one of the reasons is that some of the reading I've been doing on this subject talks about the fact that the presentation is supposed to be the main focus. It's supposed to be about the presentation, and the PowerPoints are supposed to be aids. They're supposed to illustrate something. Maybe you're showing, for example, sales growth or showing something about your income statement, profitability, things such as that, and you put a chart up or a graph. But most of us are probably familiar with going to meeting after meeting where pretty much the entire presentation is in PowerPoint. You can't read it beyond maybe the first row or so: it's just words, words, words. At least in the school of thought that I ascribe to, that's not really what they're there for, but as soon as you put those charts up there, everybody's looking at them. They're looking at the handouts that they got coming into the room or, in our case, printing off the Web. So you're up here talking, and nobody's listening or taking it in because they're reading, and you can't be both reading and listening.

On the other hand, if you're talking in a small group, and you have formulas and things like that, or you're trying to have people really take away a few important points, you do want to have some slides up there, some bullet points, but no more than four or five on a page. The bullet points shouldn't go to two lines; it should be just across one line. There are all sorts of tips that you can read in different books about that. Most of us, I think, are probably tired of PowerPoint being everywhere. And then you're kind of stuck with it because if you start speaking away from the points on the PowerPoint presentation, people have words up here that are saying one thing, and you're saying something slightly different. So you're either reading that, or you're confusing everybody more.

FROM THE FLOOR: A couple other points on that. I'm identifying with a lot of things that people are saying. We give a lot of proposals in consulting, and the point that you made, I think, is starting to come across. Everybody's giving PowerPoint presentations. Now we're going back to storybooks in other things to

make them a little bit different, and I think that might be something to think about when you are giving a presentation.

The other thing that I found helpful, and I give a seminar a few times a year, is if you tell them in advance, "Here are the five points that you want them to get out of the session." I think that they spend less time looking at the notes because they know you're going to hit each point, and they may write down point number one and then you explain point number one for the next minute or two. I found that is helpful.

MS. KROLL: Yes. I agree.

FROM THE FLOOR: You don't tell them what they all actually are in detail upfront, but it just sort of eases what they should expect and they feel more comfortable. The other thing I wanted to mention is—and I think you guys are doing an effective job here—if the session involves interaction, and that's part of the purpose of the session, work that out in advance. Get the people going, loosen them up. I can't tell a joke worth a darn, but many people can. Whatever it is, make them feel comfortable. The two of you may not know any of us out here, but the idea is to make it a comfortable environment so there is discussion back and forth. That is true of a lot of the presentations. If that's the situation that you're in, think about how you're going to get it going.

You mentioned planting a question. One time someone planted a phony question at our seminars, and it was just verbal nonsense; it just didn't make sense. And we had somebody who was just horrendous at doing these things, and this was like the industry expert on this subject. He was sitting there, and it was interesting to see how he handled that fairly effectively. I wasn't in on it, and I think he handled that pretty well; it was a pretty tough question. Afterwards he said, "You know, that was a joke." And so I guess you'd have to be prepared also for that.

MR. PEABODY: The bad part would have been if nobody in the audience understood that it was a fake question because they were thinking of something else. Have any of you had especially good experience with a particular type of visual aid or a type of slide, something that you've done, that you've gotten comments on after the presentation, where somebody said that was really important, that they understood it, especially if it was somebody who didn't typically understand things? Does anything come to mind in terms of any real success stories that you've had with particular approaches to using either visual aids or a slide or anything like that? No? Well, we've identified an area to work on.

MS. KROLL: Yes, definitely.

MR. PEABODY: I think in terms of the charts, we're forced into it a little bit in this environment because of PowerPoint. PowerPoint is very conducive to just doing an outline and throwing it up on the screen because you're expected to have some sort

of charts or visual aids. So let's just go ahead and put my outline up there because then I can look at it while I'm talking, and I know that I'm not going to miss any points. I'm also not going to get marked down because I don't have charts.

But give your charts some thoughts. It's only within the last few years that books and presentations have started talking about PowerPoint as a tool and how it can be enhanced. So we're just starting to really get into the early stages of the positives and negatives of a tool like that; but it can be extremely powerful.

At the same time you can lose your audience so easily because you put something up there, and their eyes go to the screen. Then all of the sudden you've lost the contact that you need with your audience to try and get a point across, and if they're reading your outline while you're trying to make *the* point in your discussion, they're not going to remember it. So that's something to be careful about—if there's a good balance that you can find between having a slide, but not having the slide the focus of your presentation. I think that's what we want to try and move toward. Any other thoughts on visual aids and things that you think are especially important on those?

FROM THE FLOOR: In terms of visual aids, some people prefer graphs, others prefer numbers. If you use graphs, be sure to bring the numbers underlying the graphs with you for backup in case someone asks for more details.

MS. KROLL: To reemphasize the point of being prepared, bring the material with you. The other point made earlier was about making sure you're prepared to explain at the next level of detail, even though you think that it's going to be a high-level conversation, but there's often somebody there who knows enough and is familiar enough with the subject and wants to know the next level. You can make a lot of other mistakes in a presentation. You can be new at it, awkward, nervous, whatever, but there's no excuse for not being prepared. I think we've all had instances where we thought we could kind of do it on the fly, and usually you only do that once or maybe twice before you learn that that's just not a good idea. The preparing includes practicing out loud.

When I just write an outline and then sometimes try to speak from that, I don't have the rest of the words. The sentence kind of goes nowhere potentially, particularly if you're talking about an opening or something to grab your audience. Say you're going to make five points or whatever. The first thing to do even before that is to tell people why it's important to be here. What is it that I'm going to say, that we're going to say, that is important to you? Why should you stay here and listen? So set that stage; then give the structure to your presentation. That part at least really should be practiced and should be—at least for most of us—said out loud so you kind of get the intonation, you get the inflection, you get the enthusiasm—and you don't find yourself in one of those sentences that has no end, and you're just sort of standing there.

FROM THE FLOOR: Some members of my organization have found Toastmasters to be a very helpful place to practice their public speaking skills.

MS. KROLL: That's a good organization. You're right.

MR. PEABODY: Have any of you ever been to Toastmasters? Did you find that it was helpful? Yes.

I wanted to talk a little bit about how you structure your presentation or how you structure your report, if that's what you're going to be giving. Again, it's something that varies according to the audience, but I went to a technical writing seminar a number of years ago that our firm had sponsored. It was really helpful for me to understand the logic that goes into a report. We, as actuaries or technical people in general, have certain issues that we have to deal with when we're putting together a report, and especially when we're putting together a report or a presentation to a nontechnical audience. We're trained when we solve problems to start with the basic issue, and then add some facts to it, and then add some more facts to it, and a little bit more, and ultimately we come up with a solution.

And we have a tendency—as we write and as we speak—to follow that same pattern because that's inbred in us; it's kind of a logical pattern. It's the worst thing, as it turns out, that you can probably do when you're making a presentation or providing a report to a nontechnical audience and, in fact, in some respects to a technical audience. It goes back to the old "tell them what you're going to tell them, and then tell them and tell them again what you told them." It's not quite as simple as that, but there were some statistics, and I can't remember what the statistic was exactly, but it was this huge number. Many people, when they get a report, only read and comprehend the very first part. They might comprehend the very end, but what's in the middle? You don't have much chance of getting them to really read or remember it unless it's really special or you draw their attention specifically to it.

If that's the case, the logic was, especially in technical writing, to give your conclusion first. Even though it has to be a summary to some extent, right up front very quickly make sure that you're telling the people what it is that you want them to go home with, because then you're probably going to lose them for a while, and then you get to the grand finale, and you'll pick them up again a little bit. As a technical person, that comes automatically to me—this supporting your final conclusion, building it up and there it is. I think that's probably one of the best lessons I've learned. I've tried to follow it in both presentations and writing.

FROM THE FLOOR: I have a relative who's a singer, and singers are taught that for a five-minute song, when you rehearse, you're supposed to rehearse the end first, which is the most important, then the beginning, and then, if you have time, work on the middle. And that's because those are the most important parts of the presentation. You want to grab the audience. You want first of all, to leave them

with the right impression. You practice the end first, and then the beginning so you can grab their attention, and then working up to the middle is pretty easy.

MR. PEABODY: That's a good idea.

FROM THE FLOOR: That's a complete analog.

MS. KROLL: How do you relate the comments you both just made, for example, to going into a meeting with bad news, a bad conclusion, or you're going to ask for something you don't stand a good chance of getting? Does that mean you tell people right away what that is and then take the chance they will turn off? And they're not engaged because you've said I'm going to need a gazillion dollars of capital, and they're just sitting there?

FROM THE FLOOR: I don't know the answer, but I do know that the approach is different because you're worried about turning people off so that they're not listening. You have to do something different to not lose them at the beginning, but at the same time you have to prepare them for the end. You have to get them to start listening so they know what you're saying is important, but you can't just build your case, because they won't know where you're going.

FROM THE FLOOR: One thing that will help is, if you have some good news to convey, say that first.

MS. KROLL: Well, ideally, and I'm reminded of the case earlier of talking to a board, it doesn't sound like there was much that could have been done differently. But ideally you've prepped people, too, to some extent, and you're not just walking into a meeting with some really bad news. You have no good news to convey, just something really negative, and people are totally unprepared to hear that. Ideally that doesn't happen to any of us very often because you get to some people in the group, but I agree with the comments that you've got to tee it up somehow, not to the point that you want people to turn off, make their decision prematurely before they've heard what you have to say, but you have to give them a clue as to where you're going.

FROM THE FLOOR: When you're talking about financial impact of an action or regulations, you almost have to tell them at the beginning. Otherwise someone will want to know your conclusions before you get to the end. And then you end up with an unorganized presentation.

MS. KROLL: And then you try to recover, yes.

MR. PEABODY: It's true, and that's hard. How would you approach differently something that is really bad at a board meeting? Do you give them the worst news? Do you tell them right upfront? For example, do you say, "We're in really big trouble, and we're going to have to deal with it, and it's going to cost \$X million to

our bottom line"? Or do you take a more subtle approach and start with, "We've got some problems relative to a new valuation law, we haven't been holding the right reserves necessary"? What do you think? Is one way better than the other, or is there a right or a wrong way on that?

FROM THE FLOOR: It's probably better to get really bad news out front from the beginning to grab their interest. Otherwise, if you hint that there's bad news, someone's going to ask you right away, "How bad is it?" I wouldn't leave a complete bombshell to the end. You'd want to say, "Here's the bad news, but in a minute I'll tell you why it might not be as bad as it looks or what we can do about it." The rest may go easier if you get that out of the way.

FROM THE FLOOR: I worked in a small company a few years ago, and we took the point of view that you wanted to get the bad news out as soon as possible so you could start to work on deciding how to deal with it. And we also took the point of view that you didn't shoot the messenger. He or she was just bringing the news to the corporate office so that everyone could get involved in solving the problem.

MS. KROLL: That sounds like that's a very good culture and obviously encourages people to bring forward information that they should bring forward, which is not always the case. And speaking of culture, I think that different people, depending on what part of the country they're from, what backgrounds they have, may have different styles in communicating, for example, those from the East Coast versus the Midwest versus the South. It's interesting to observe that a little bit, as to what would be an appropriate style of communication for one part of the country might not be right for another. For those of us who have lived in different places, you have to learn that, too, so that you make your point, but you're not offensive, when you're with different people and something you say could be taken differently. So I think it's wise to be sensitive to the individuals in your audience, not just their titles, but who they are, where they come from and how they might be reacting to your personal style.

MR. PEABODY: Any other thoughts on bad news and how to handle it?

FROM THE FLOOR: One of the issues is, if you're delivering bad news, what is your role with regard to solving that problem? In other words, if you have some authority or at least can do something about it, they're going to want to know that too. The CEO, for example, doesn't want to just hear bad news. He wants to know how am I going to solve this problem? So that's going to be the next question on his mind. If you can talk about that, as much as delivering the news, or you can say you can talk to somebody else who can do something about it, then it would be a lot easier to receive than if you just deliver it and say, "I'm done, that's it."

MS. KROLL: You're absolutely right. You should virtually never announce a problem without any kind of solution. I mean virtually never. Perhaps there's an occasion when you're talking something over with your boss. You just don't know

what to do, and you're talking through it. But in general you never just dump a problem—here's the bad news.

FROM THE FLOOR: Well, that goes back to what I said before about why you're giving them this information. What's the purpose? Is that all your job is?

FROM THE FLOOR: The longer you wait into your talk to give them the news, the more chance you'll have that they'll skim over it or not be listening. If you say here's the news, here's what we're going to do about it, then you have a better chance of grabbing their attention and getting them to take action to solve the problem.

FROM THE FLOOR: I'm going to speak to my experience many years ago when I worked for a very small company. The chief financial officer (CFO) and I managed, with some effort, to piece together what we thought were fairly credible models of our business, which was very hard to do for a company that small. We couldn't buy any software packages. Anyway, our first estimate was that under our best-estimate scenario the company would be insolvent in three years. We needed to do a lot of work to make sure that we hadn't made any major mistake. The first thing we figured we had to do was tell the CEO. Although he didn't say it, he didn't believe us. But over the next month or two—because he didn't believe it, he didn't want to tell his board about it yet—we became more convinced and then convinced the CEO that, yes, this was really the situation we were in. Our belief was that we couldn't wait until we had a solution until we told the board about this. So when we did bring it to the board, there were two critical things that we had to get across that we did succeed in getting across. One was that we were in big trouble, but number two was it didn't have to be resolved immediately. We had to take the outcome and we could use that time and try and resolve it; and we were successful in getting those two points across. What was said after that I can't even remember, but they did get those two points. They became very active in the company after that, and management became very active in trying to address that problem.

MS. KROLL: So you said that the CEO at first didn't believe you. What did you do to convince the CEO?

FROM THE FLOOR: Well, like I said, he didn't believe us, but he didn't come right out and say that. His first suggestion was that we bring in a consultant to help us solve the problem. So we did bring in a consultant, and the consultant said, "Wow! You really have a problem."

MR. PEABODY: There's your typical consultant just telling you what you already know.

FROM THE FLOOR: When I became convinced that what was really going on was the CEO didn't believe us, and he'd say, "Well, let's try this other consultant," and that one also said, "Wow! You really have a problem," then he finally believed us.

MS. KROLL: Sometimes you just don't want to believe, probably. So it takes a little while to assimilate it.

MR. PEABODY: Sometimes, too, and this is a problem I think that we have as actuaries sometimes, we're sort of glass-half-empty people, or at least in the view of management sometimes actuaries are sort of glass-half-empty people. I think that puts you a little bit behind the eight ball when you start telling people some news because, you know, there's your personality coming out, and, yes, you always are worried about things. The premiums aren't high enough; we made an aggressive assumption; the reserves should be treated differently. And that's something that we have to deal with, but that speaks again for when you're going to be making those kinds of comments and presentations. Be prepared and be able to present your support in a way that is at a level that they can understand what you're saying and why you're saying what you're saying, so they see you as a valid reporter as opposed to an alarmist actuary to some extent.

MS. KROLL: I would say also that you did in a way bring a solution to the board. I mean, you explained that nothing needed to be done today and that you were going to take some time to review what the situation was and what some alternatives were. So, you know, that wasn't *the* definitive answer, but you gave some comments that allowed the board, the audience, to be comfortable for now—or perhaps not comfortable, but at least to know that you were going to be working on a plan and something would be forthcoming. You didn't just kind of dump it out there and walk away from it.

MR. PEABODY: Boy, that would be a tough presentation to make. Next, let's talk about question-and-answer stuff a little bit. Any time you do a presentation it's very likely that you're going to be subjected to a question-and-answer time, and some of those questions might be hostile questions. Some of them might be explanatory questions. There are some do's and don'ts about handling a question-and-answer session, and they're interesting. You can go back to and think about a situation; and you can say, "Boy, if I would have done that right, it would have been a lot easier." Let me just give you a few of these, and then we'll see how some of the rest of you have handled some question-and-answer sessions.

One of the things that's important is, when a question is being asked, don't be thinking about your answer. I have a really hard time with this because, when somebody is asking me a question, my mind is immediately going to "How am I going to respond to this?" And all of the sudden I've forgotten what the question was, or I haven't paid attention to some of the parts of the question. So one of the suggestions is, as you get questions, listen to the question, and then always repeat it. Part of that is just common sense so that everyone can hear it. The other part of it is that when you're repeating the question, then your mind can be thinking a little bit more about formulating your answer. But to the extent that you can, when the question's being asked, pay attention to the question, try not to think about your

answer until after the question is completely asked. Rephrase and enrich the question for the entire audience.

Another thing is, when you're responding to a question, don't just look at the person who asked you the question. That's a very easy thing to do: they ask you their question; you want to give them the answer. But if you look at that person, then all of the sudden what you're doing is you're developing a dialogue between yourself and the person who asked you the question. And the rest of the audience, their mind goes somewhere else or they feel left out. So rephrase the question, and then answer it to everyone, but at the very end go back to the person so that they know you're done. You've answered their question, and then you can go on to something else. But the goal is to avoid getting into a back-and-forth, which is very easy to do, especially if you're in a presentation and hoping to have questions. Then you want to go to people who are going to ask those questions so you've got something to do. But it's important to keep the rest of the audience involved in the questions.

Don't bluff an answer. If you don't know an answer, especially at a board meeting, don't try and bluff, because it'll come back to bite you. It really will. We probably all have had situations where we rummaged our way through an answer, and somehow somebody seems to catch you on that. And then you're stuck. So try not to bluff your answer.

And then the other thing that I saw of these various do's and don'ts that I thought was important is don't lose your cool. There's a good chance when you're giving bad news or when you're talking to a somewhat hostile audience that doesn't really understand or doesn't really want to hear what you're telling them, that they're going to ask some questions that are going to be pointed questions. You shouldn't take them personally. They're trying to get to more information, and so try your best not to lose your cool in those situations. It's not always easy, but I think it's an important thing to do, even if you're talking about a controversial topic. Have any of you had any situations where you've gotten into discussions, arguments, whatever, during a question-and-answer period that you could have diffused somehow if you would have thought about it in advance or been about to get around it?

MS. KROLL: I can't think of that so much as, like Lynn said, we all like to encourage questions because that's an indication that we're connecting with our audience and so on. But when people in a formal presentation type of session do ask questions in the middle, and you did tell them to feel free to interrupt if they have questions, you can pretty easily lose where you're going and get asked a question that's a little bit off the topic. I've had some situations where then someone else in the audience asked a follow-up of that person's question, and pretty soon things are going in a whole different direction than what I had intended to present. I don't know that the rest of the audience is particularly engaged in the dialogue these other people are in. It can be difficult to stop that: you don't ever

want to embarrass anybody in public, but you can't figure out how to cut them off either exactly.

Maybe it is better to hold questions to the end in a more formal situation so that you can be certain that you get through what you're committed to present to the group, as opposed to clarifying something for one person, because that might not be the group's interest. If you're doing this in a smaller group, though, and you're presenting to some senior people, it's very difficult to tell somebody you'd rather finish before you answered his or her question because it's more their meeting. So when we are in client situations or in a company when you're presenting to senior people, that can be hard. The only thing I've been able to do that helps at all is just say, "I'm going to get to that in just a second, if that's okay." So again, try to do it without ever embarrassing anybody, for all sorts of reasons, one of which is, it won't work out well for you in the long run.

FROM THE FLOOR: I've had this experience at three different companies: you go to an earnings analysis reserve review, and your first analysis of a discrepancy is that your reserves were done wrong. You end up defending your entire reserve technique over and over again every quarter, and it gets pretty obnoxious. I don't know if anyone has a better way to handle that. It's not a problem for me personally because I'm not working in that area presently, but I see it all around me everywhere I go, and I'm not sure how we solve that problem.

MR. PEABODY: Do you think it's going to get to be more and more of a problem as more and more of the responses . . .

FROM THE FLOOR: When we go to fair value reporting it is going to get out of control because it's exactly the same process all over again, only now they are really difficult to explain.

FROM THE FLOOR: One thing that I do is I look at the reserves and look for things that appear to be wrong, and then research before I actually publish the number to see what's driving it. And then when I publish, I say in a note this reserve looks wrong, but it's really right.

MR. PEABODY: So you're figuring out in advance where they're going to ask questions, what those questions are going to be, and you're just answering them with that expectation.

FROM THE FLOOR: Just to expand on your saying that one shouldn't bluff an answer: just say, "I don't know the answer, but I will get back to you on it." It shows that you're wanting to get the answer for them. You're not just ignoring their question, saying you don't know the answer, and moving on.

MR. PEABODY: That's a good point, and when you do that another good possibility is to be sure and write down the question at that point. How many times have you

been somewhere where someone has said, "I'll get back to you on that," and you don't know whether they're really going to. But it's not a bad idea to just jot down something, and then obviously, sure, get back to them on it. You have to follow through on that.

We're probably going to be getting into more of those. The point that you brought up: the direction that our business is going and the reliance that management is going to have on actuaries in the future is going to be more than what it has been before. Unfortunately, to one extent, we used to always be able to fall back on saying, "This is just how you calculate the reserves. It's all statutory, or whatever; it's just a formula." Well, you can't do that anymore, and you're going to be able to do that even less in the future. And so we're going to have to really hone our ability to convey those results to different audiences and understand what the ramifications of those communications are going to be. It's probably going to get more and more important than what it ever was.

How about if your audience is the public? What's different about a press conference or a newsletter or whatever you're writing is going to be published? How do you approach that differently? What have you learned, or what have you been taught from other sessions as to how you approach either a public statement or something that is not just directed to an in-house audience? Have any of you been involved in a press conference before? No? That's scary.

I had a press conference once, and it was very different because of the fact that the reporters—well, you knew they were going to take out of context whatever you said: that was the first thing. So you had to be pretty careful about what you were going to say. I was prepped a little bit going into it, and the one thing they said, the people who were prepping me for it, was remember what your main point is. If you go into a press conference, you're probably there because you have a point to make or there's an issue that you're dealing with, and remember what your main point is, and keep bringing the focus back to that point. And I think if you ever watch a senator or you watch someone who has a bill that they're working on, or the president or the press secretary when they're making a presentation, you will see them bring the conversation back to the point that they want to make. Sometimes I hate that because it's like in politics, they ask a question about this subject, and the person ends up talking about something over here, but that's why they're there: that's the point that they wanted to make, and, in fact, that's where you want to go. Otherwise the press conference is a very short period of time, and all of a sudden it's over, and you say, gee, I had access to this audience, and I didn't make the point that I wanted to make.

FROM THE FLOOR: I worked for a large company one time where the CEO was interviewed for "60 Minutes." The interview itself took about an hour, and they taped the whole thing, but the parts they used on "60 Minutes" were only about 10 minutes worth. And they completely changed the meaning of what he had said. If

you watched the entire tape, you'd get the correct impression, but if you just watched their segment, you would not. And that was all done through editing.

MR. PEABODY: Well, that's a shame when that happens, but I guess it does happen. You have to recognize that.

MS. KROLL: I would assume in all cases, though, that at your companies or your firms—in our case, Deloitte & Touche—we're not encouraged to go out and give press conferences on our own. They have professionals who do that, and I would think that if we would be brought in as the industry expert or the expert on the topic, ideally your company people help prepare you for these. When I watch "60 Minutes" I'm somewhat in sympathy with the people where they say that they had declined to be interviewed.

FROM THE FLOOR: I stopped watching "60 Minutes" because it's now pretty well known that half the time they have a biased agenda, and they're going to put it out there no matter what.

MS. KROLL: They're trying to make a point. That's right.

FROM THE FLOOR: So if you know they're coming in biased, I wouldn't even do the interview. It's hopeless.

MR. PEABODY: That's probably true. A lot of times, maybe "press conference" isn't exactly the right word, but, say, if you've been interviewed by someone—somebody from *National Underwriter* calls you up and says, "I'm doing an article on such-and-such. Can I ask you a few questions?" It's the same sort of thing. It's a one-person press conference in a way, and they're calling you for a reason, but they have a reason at the same time. So you do have to be really cognizant of what you're saying and the point that you want to make.

MS. KROLL: Right, and be careful not to say too much just because they're silent and don't keep talking. Make your point and stop.

MR. PEABODY: Any other experiences on interviews? Press conferences? Scary thoughts about those?

FROM THE FLOOR: I haven't done a press conference or an interview, but this is somewhat talking to the public: if you're testifying in court, and especially if you have to give a deposition first. If you're giving a deposition in advance, what the attorneys always are looking for is if you change what you say. Generally they take something out of context, or they ask you a question, and you give an answer, and they say, "In your deposition you said this, but now you're saying something else. Were you lying then, or are you lying now?" That's happened to me before, and it's very difficult to keep your cool.

MS. KROLL: I would imagine.

FROM THE FLOOR: I think you've got to do that. Afterwards I was fantasizing that what I wanted to say was, "You can't handle the truth." I didn't say that, but it was very difficult regaining your composure in that situation. Getting back to the comment just made about being taken out of context, if you've ever been involved in something that gets reported in the press, and you read what is reported, it doesn't give you a very high degree of confidence that reporters ever get things right. I don't know whether that's intentional, or they just don't understand what they're hearing.

MS. KROLL: Yes, that is a very good point. When you've been through that once or twice, then whenever you read something from then on, you are kind of wondering as to was that person in the same situation you were? If there are specific things people would like to talk about, we've covered our outline of what we thought some important issues were.

MR. PEABODY: There was one other thing, about where you can get information on this.

MS. KROLL: There are a lot of places you can go for information. I would suspect that many of you have training programs in your companies, or you have company training people who could find some programs for you. A couple of you mentioned Toastmasters earlier. And then there are books. One of the books that I like is called *Presenting to Win*. What I did to find this was I went to Barnes & Noble and asked for what they had on presentations, and they had quite a lot of interesting material. The Society has some material; there are some things at the Academy. I would imagine there are also programs at some of your local universities and so on. But I find it interesting to read some of these business books that talk about this. A lot of it's common sense, but maybe we are just not aware enough, we don't give enough thought to this, but you read some of these books or articles, and it's like, "Oh, sure, that makes sense. I've thought that," and so on.

MR. PEABODY: I went to a seminar on technical letter writing a long time ago, and every once in a while I'll pull that out. And even though the seminar might have been done eight or 10 years ago or so, it's still valid. It's in a different context today, but the points are still valid. And so there are some really good things from that standpoint. Have any of you ever gone to an especially good seminar or had an especially good speaker that you remember relative to presenting what you thought was memorable to you?

FROM THE FLOOR: One presenter I heard said that actuaries try to convey facts via visuals, and that's the wrong way to go. What you're trying to convey is global information. You can have the facts underlying it, but never try to present too many facts in one place because they won't be absorbed. That's all there is to it.