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Building Solid Business Relationships — A Reflection of Everyday Relationships

by Bosco L. Chan and Catherine D. Lyn

In all business, and especially in benefits and pension consulting, the key to success is relationships. How do you create them, how do you foster them, and most of all, how do you make them last? We have been in the employee benefits consulting business for many years and have seen many changes. Today's environment is highly competitive and demanding, and there are many reasons for that: some are caused by global trends, some are the usual sources of change and some are due to new forces. The bad news is that it will only get worse as each organization desires a greater market share of the business.

The world is changing, and thus we, as actuaries, need to adapt in order to survive. We need to broaden our view of business, because globalization is happening in almost all spheres of activity. We see insurance companies expanding globally; we see multinational companies appointing global actuarial consultants for their employee benefit programs. The demand for business skills will escalate as actuaries advance in existing and new markets.

In a local context, the word competition is no longer limited to internal competition between actuaries within the firm. It includes competition amongst actuarial firms and, now, even competition from other professionals in related disciplines. The users of our work are more informed than in the past. With an increasing number of lawsuits and a trend to strengthen governance, our clients are no longer satisfied with what actuaries tell them. We see clients challenging our work on a more frequent basis. Saying, "Don't worry, trust me!" is an unacceptable answer in this day and age.

So, what about me? No matter which actuarial practice you are in now, the forces affecting the profession in general, affect you either directly or indirectly. In order to stay at the leading edge of the traditional markets and, at the same time, place a stake in the new markets, we need to prove we have the skills needed.

Without business savvy, especially communication and marketing skills, there is little chance we can convince our customers that we can add value to their business. Without communication skills, actuaries become back-room calculators providing answers for less knowledgeable presenters to receive cheers from their audience. In addition, if the trend to convert defined benefit to defined contribution pension plans and the merger and acquisition of insurance companies continues, we would

expect that fewer actuaries are needed in the traditional practice areas. If we maintain the status quo, do you think we can survive the next wave of change? If the nontraditional practice area is a possible path to escape the sinking boat, we had better make sure we have this life jacket with us. If you don't have one yet, go get one.

The Society of Actuaries' Strategic Planning Committee of the Board of Governors sponsored research in 2003 to investigate ways to enhance the actuarial profession. Here are some key findings:

- Actuaries are seen as having strong quantitative skills and strong ethics. However, their leadership and business skills are seen as less effective than their competitors. In both the traditional and nontraditional markets, top positions reflect an emphasis on business and thought leadership aspects, rather than on technical skills.
- Members and employers both see a need for actuaries to improve in areas such as business communication skills, business acumen, being proactive and focusing on the big picture.
- Employers see actuaries as having greater skill than competing professions in quantitative modeling, financial assessment and reporting, industry knowledge and solving complex problems.

The findings are not surprising. We know who we are. So, after articulating our strengths and weaknesses, what is next? If good relationships are the key to business achievement, then what else is there to learn?

We propose that all these skills are an extension of those we use to find a long-term mate on a personal level. We can easily name a few similarities between business development and dating:

- Before starting, understand yourself / your products
- Search for potential mates / customers
- Establish contact

The world is changing and thus we, as actuaries, need to adapt in order to survive. We need to broaden our view of business, because globalization is happening in almost all spheres of activity.

- Discover and understand each other's needs and resources
- Find a mutual fit or decide to part
- Review the relationship regularly and resolve conflicts periodically
- Make the partnership last forever

It is easy to see that the interaction between the parties should be built on a fair basis with no hidden agendas in order to form trust, which, in the long term, leads to a mutually fruitful relationship. It is also clear that transparency and trust are very important elements in strengthening the reputation of a consultant or a firm. If you have a good reputation, more business will follow.

Pacific Rim Actuaries Club of Toronto Response to Challenges Facing the Profession

Seeing a demand for change in behavior patterns, the Pacific Rim Actuaries' Club of Toronto feels that there is a need to contribute to the actuarial profession by assisting future actuaries to prepare for the changing world. As the actuarial profession finds itself operating in a more volatile business world and expands in nontraditional practice areas, future actuaries need more than just the traditional skills. Market forces are changing the way business competes in the traditional area. Our past education material shaped us to become problem solvers with strong analytical skills. However, our work environment requires us to act as a business person with abilities to communicate, interact, present, resolve conflicts, mentor juniors and deliver aggressive corporate targets. We are being squeezed from both ends.

In the fall of 2003, a few of the senior committee club members had a strategic market-positioning meeting. We wanted to position the club to increase our membership base and, at the same time, help our members meet the upcoming challenges in the actuarial profession.

We have developed the social aspect of the club, which can be demonstrated by the high attendance at our dinner events, and so decided to further expand our scope and pay special attention to other needs of our club members by offering business workshops. We believe this is a profound breakthrough for our club as we align ourselves to the new policies developed by the Society of Actuaries and other professional bodies.

Using personal predicaments as the starting point, we came up with seven workshop topics, which we will roll out in due course.

These workshops address the challenges people commonly face in dating and family situations. We identified some possible problems at each stage of a typical relationship and converted them into business issues. We summarized them into the following questions:

Q: Are you reluctant to ask an attractive person for her/his phone number? We have a course called

1. How to Make a Date in 60 seconds - Breaking Barriers with Strangers

Q: Have you ever feared eye contact? We have a course called

2. Face to Face - Fearless Presentation

Q: Have you ever found it difficult to read your mate's mind? We have a course called

3. Tell Me What I Said - Communicate Effectively

Q: Have you failed to resolve disagreements with your mate? We have a course called

4. Receive What You Don't Deserve - Fundamentals of Negotiation

Q: Have you ever felt your mate's parents dislike you? We have a course called

5. Bring Your Enemies over to Your Side - Conflict Resolution

Q: Do you find your kids don't listen to you? We have a course called

6. Mission Impossible - Multicharacter Leadership

Q: Have you found it problematic in sharing housework with your family? We have a course called

7. Everybody in Action - Building a Successful Team

The first two business workshops were rolled out in June and November 2004. We must admit that at that point, we were still in the experimental stage of developing these workshops. These were new products for our club. In order to increase our resources and to fully utilize materials developed for business, we retained an instructor who holds a management position in the commercial world with qualifications including an MBA degree and academic experience.

We have formed a partnership to customize the workshop material for our profession's specific needs. The workshops turned out to be a great success. Not only did we have higher-than-expected attendance; we also received positive feedback from the attendees. Our

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Catherine D. Lyn, ASA, FIA, is a consulting actuary at Coke & Associates/Eckler Partners in Kingston, Jamaica. She can be reached at clyn@eckler.ca.



Jack Luff, FSA, FCIA, MAAA is an experience studies staff actuary with the Society of Actuaries in Schaumburg, Ill. He can be reached at JLuff@soa.org.

Update on the SOA International Experience Survey

by William R. Horbatt, Jack A. Luff and Ronora E. Stryker

The Society of Actuaries International Experience Survey (IES) is into its second year and continues to evolve. The IES working group has expanded the topics being studied, from individual life insurance mortality and persistency experience, to also include agent retention and productivity. Besides increasing the number of topics studied, Phase II expands the survey's geographical reach by adding Argentina, Chile and Malaysia to the existing Phase I countries studied (Mexico, South Korea and Taiwan). Lastly, Phase II includes data updates for the 2003 experience year.

A preliminary report of IES Phase II results was presented at the Society of Actuaries Annual Meeting in New York on October 25, 2004, and the current version of the report is available on the SOA's Web site at:

<http://www.soa.org/ccm/content/research-publications/experience-studies-tools/top-experience-studies/>.

Data is being collected and the SOA will be updating this report as additional data is received.

Tremendous support has been received from the contributing companies, all of which are represented on the IES working group. Zurich has joined the original Phase I contributing companies, which is composed of ALICO, ING, MetLife, New York Life and Prudential Financial. In addition, the International Section Council has provided funding for visits to Brazil and Poland to meet with local companies to explore the expansion of the survey to these countries.

The local country initiatives in Brazil and Poland represent an effort to recruit local companies as well as international companies to participate in the survey. Technical support will be provided to the local companies to conduct studies of interest to themselves and the global actuarial community. This effort has also been successful at recruiting additional companies to participate in the IES. Generali, Hartford, Nationwide and Winterthur have joined the survey by agreeing to participate in Poland and/or Brazil. In addition, the SOA is talking with the Greek Actuarial Society, which is constructing new Greek mortality tables.

We will update the readers of *International News* in future issues as progress is made and new information becomes available. □



Ronora E. Stryker, ASA, MAAA, is a staff actuary with the Society of Actuaries in Schaumburg, Ill. She can be reached at rstryker@soa.org.

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Bosco L. Chan, FSA, FCIA, MCA, is a consultant at Mercer Human Resource Consulting in Toronto, Ontario. He can be reached at bosco.chan@mercer.com.

members told us that we are heading in the right direction. By offering industry-wide workshops, we provided our members with an opportunity to learn in a team environment with other actuarial practitioners who are facing similar challenges on a daily basis. The workshop material covered the skills they need to know but that cannot be easily learnt by self-study and exam writing. These are lifetime skills that still apply even if they relocate to work in another country.

We see a storm approaching our profession. Some people already feel the wind. People may think that the sunny days have gone. We believe that with proactive preparation, we can survive the bad weather. History tells us

sunshine follows storms. We believe that pattern will continue. Do you, too? □

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