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Continuing Education in Other Professions

by Gary D. Simms, Esq.

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Recent years have witnessed an ever-increasing demand for continuing education opportunities for the professional. This demand in part has been the result of an upsurge in consumer advocacy: The users of professional services are beginning to insist that the professional maintains a high quality of service through ongoing education. One response to this demand has been the promulgation of legally mandated continuing education as one method, among others, of insuring competence within specific professions. As a result, professional associations have felt pressure to provide the continuing education opportunities that are being sought by both the professional who wants to improve his knowledge and ability voluntarily and the professional who must attend courses because he is required by law to do so.

The purpose of this article is to provide members of the actuarial profession with background information regarding the question of continuing education from the perspective of other professions: what they do, how they have done it, and the extent to which the actuarial profession can learn from other professional groups. Perhaps the actuarial profession may decide that continuing education recognition is not a matter worth pursuing; nevertheless, that

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Commit to Quality

Patrick L. Townsend is the author of the book *Commit to Quality*, which describes his successful installation of a quality process at The Paul Revere Insurance Companies. Townsend's "Quality Has Value" process is mentioned in Tom Peters's latest book, *Thriving on Chaos*, as a model for creating employee involvement and improving quality in a service industry.

Townsend earned a bachelor of science degree in mathematics at Marquette University. He spent 20 years in the Marine Corps doing jobs ranging from teaching ROTC at Holy Cross University to running a Vietnamese refugee camp.

Features Editor Deborah Poppel interviewed Townsend at McCormack and Dodge, a software engineering firm based in Natick, Massachusetts, where as the Director of Quality Resource Services he has been charged with again installing a company-wide quality process.

Poppel: Why should companies focus on quality?

Townsend: There's only one reason to do it — it makes money. Companies that establish themselves as consistent providers of quality service will

come under "Townsend's Ultimate Law of Quality" — the first ones to focus properly on quality will keep all the money. People will pay for quality, and that makes a competitive difference. There are other positive but intangible, hard to measure, benefits for a company focusing on quality, such as the development of a happier work force.

Poppel: Why all the talk about quality now?

Townsend: Those of us working in the service sector are facing a survival crisis. The fact that America is a 75% service economy now isn't because we chose that, but because our manufacturing segment got its head kicked in by foreign competition. We were chased into the service sector. But we do a terrible job in the service sector. We really haven't been challenged. If the Japanese or anyone else decide to challenge the American service economy on a large scale, we're in real trouble.

Poppel: Doesn't quality cost money?

Townsend: Yes, but it's a great investment. The people who measure this estimate a return on investment in

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Commit to Quality cont'd.

the neighborhood of 30 to 1. If a well-organized quality process only gives you a 10 to 1 return, then you've done something wrong.

Poppel: When you talk about a "quality process," what do you mean?

Townsend: A quality process involves every person in the company, from the president to the person hired yesterday. This doesn't mean that every day every employee will think wonderful quality thoughts, but it does mean that the avenue is available to everyone any time, and they know it.

This deliberately differs from the traditional quality circle approach, where participation is voluntary. For example, if only a subset of employees are used to improve quality, you're sending out several damaging messages. You're saying that the people working on it are the only ones who aren't doing things well, that they're the only people who are important, or that they're the only ones smart enough to fix things. All of these are bad messages to send, particularly when you consider that in most organizations, nonmanagement people are the ones involved. So either you're saying that management is doing everything right, which nobody believes, or you're saying that management is so rock-hard stupid that, even given a chance, it couldn't improve. Even if that's true, you don't want to say it.

Poppel: What are the other components of a quality process?

Townsend: Everyone must know what you're talking about. You need a common definition of quality and a common agreement of the penalties for failing and the benefits for succeeding.

You must trust people and treat them like adults. If you only have a handful of quality circles, you can micromanage them. You can go to every meeting if you want. But once everyone is involved, you have to say things like, "That's your area of responsibility, fix it." The key thing is to grant authority commensurate with responsibility. That means you don't tell people to fix all the problems, just their own.

Added to that is an element of gratitude — you work at saying thank you. Let people know that you appreciate what they're doing and that it has real value. The trick of building a program of recognition, gratitude,

and celebration (it needs all three) is to remember that different people hear thank you in different ways. What turns one person on is going to put the next person to sleep. And because there's no way to keep an accurate track of what each person's hot button is, you have to build a system that says thank you several different ways.

There are two reasons why gratitude is so important. First, if people do something to help the company, they deserve to be thanked. And, second, you want them to do it again.

Poppel: Why is quality so hard to achieve?

Townsend: Because it's partially a matter of changing habits. And there's also an ego problem involved. If you want to change everything, the assumption is that things have been wrong until now. This isn't necessarily true. Instead the attitude should be that where we are is workable, but we are now trying to move from where we are to where we could be.

Poppel: What were the results of the quality process at Paul Revere?

Townsend: We went from being the number two producer of disability insurance (DI) to number one. In the first three years of the quality process, our bottom line from DI increased 96%, while our staffing increased 4%. We discovered an amazing capacity for work, simply by discarding the jobs we should not have been doing in the first place, and then making our own procedures less cumbersome and more efficient. By the way, as far as I know, Paul Revere is the only insurance company with a quality process that involves every member of the company.

Another example of a successful quality process is at the 3M Company. It began the process during the same period that Paul Revere did — using different mechanics, but the same principles. Its gross sales during that three-year period increased from \$5 billion to \$8.6 billion, while its staffing remained constant. Companies that "do" quality well make a lot of money.

Poppel: Your book differentiates "quality in fact" from "quality in perception." What do you mean by these concepts?

Townsend: Quality in fact means doing what you intend to do; that is, meeting your own specifications. Quality in perception means that

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Commit to Quality cont'd.

someone else thinks you'll meet his expectations; in other words, what you're doing is what he wants. To succeed, you need to do both.

An example of quality in fact without quality in perception in insurance would be developing a great product that worked exactly as it was designed, but no one wanted to buy it. We become so involved in developing a perfect product that we forget the objective, which is to sell it.

An example of quality in perception without quality in fact would exist when a company has built a strong reputation through its past actions, and people would buy its products just because they have been satisfied before. Then they buy a new product and discover that it doesn't do what it's supposed to. At that point they not only cancel that coverage, but they probably cancel all the other policies they have with the company. And then they tell their friends about it!

It's important to note, I think, that Americans are slowly learning to complain. (This, by the way, is another factor accelerating the focus on quality.) But, we still don't complain much relative to other countries. Let me give you an example. I recently visited a paper mill that makes newsprint, and here was how it operated. When a roll of newsprint passed the final quality check at the last inspection station, it was marked for sale in Japan. If it failed the inspection, it was marked for sale in America. Our newspapers will accept what the Japanese newspapers will not. However, I think that because Americans now have greater access to quality goods (often foreign-made), the level of what they'll accept is changing.

Poppel: *How do you get your whole organization to accept the focus on quality?*

Townsend: The top management of the company has to agree at the beginning of the process that this will involve everyone personally, including themselves. It becomes part of the company. Top management must show it is serious about the process by appointing one individual, who reports to the president or at most one level down, with the sole responsibility of making the process work.

Poppel: *You said everyone in the company must be involved in the quality process. How do you involve the field force?*

Townsend: In the case of the Paul Revere companies, the field force accepted the concept last. We had to prove to them that there really was a change in the attitude of the home office, a change in the accuracy of the information provided, and a change in the treatment of claims. Once they believed that the home office was really trying to change things, there was tremendous acceptance. This also helped break down some of the walls between the home office and the field, which was one of our stated aims at the outset. We wanted to make it one company.

Poppel: *How would you rate the quality of customer service provided by large insurance companies?*

Townsend: Insurance companies generally don't provide solid customer services. From personal experience, I'd say it's erratic, depending on who you're dealing with, but it may be getting a little better. For the most part, banks don't do a good job with customer services, either. However, there are a few that don't fall into that category.

Poppel: *How can actuaries help their companies provide quality customer service?*

Townsend: It is important to remember who your customers are. They aren't just the policy buyers, but rather anyone to whom you're providing products, service, or information. Talk to your customers and find out what they want. If you can't meet their expectations, tell them, so there are no surprises.

Poppel: *In your experience, how are large insurance companies different from the Marines?*

Townsend: That's a fun question. One snappy answer is that the uniform code at a large insurance company tends to be tighter and less comfortable.

It's harder to tell who's in charge at an insurance company unless you follow people back to their offices. In the Marine Corps, people wore their rank on their sleeves and collars. There is a comfort in the military with walking into a room knowing exactly who everyone is. In the Marine Corps, there is an element of continual change and movement, however. It's a far less stable organization.

A huge difference is that in the Marine Corps the effort to teach leadership is real and continuous. In an insurance company, the emphasis is on management. A manager cares

that the job gets done. A leader not only cares that the job gets done, but also cares about the people doing the job and the world in which they do it.

If a manager in an insurance company decides to be totally nonparticipative, to run things in a dictatorial way because he or she knows all the right answers, the worst thing that can happen to that manager is to be fired. If Marine Corps leaders act that way, the worst thing that can happen is that they can all die. The motivation to be participative is far greater in the military than it is in the civilian world, counter to the stereotype.

Volunteers Needed for SOA Committees

The Committee on Professional Development is again surveying interest in SOA committees. Please take a few moments to fill out our questionnaire included in this mailing of *The Actuary*.

All committees need willing and able actuaries to carry out their charges. If you have the time to serve on a committee, compare your interests with the committees' charges described in the *Yearbook*. To find out more or to get on a committee as soon as possible, contact the committee chairperson directly.

If you prefer to wait to be contacted by a committee in need of your talents, complete the questionnaire enclosed with this edition of *The Actuary*. Your responses to the questionnaire will be tabulated by August 1, 1988. Then each committee chairperson will be sent a listing of those individuals who have indicated an interest in serving on his respective committee. The chairperson may recruit committee members from that listing.

The Committee on Professional Development will also prepare a followup article for *The Actuary* describing the results of the questionnaire.

Committee membership can be a rewarding and valuable experience. Isn't each of us a debtor to our profession? This is your opportunity to repay that debt as a volunteer. Give it a try.