



SOCIETY OF ACTUARIES

Article from:

The Actuary

February 1990 – Volume 24, No. 12

The complete actuary

Interdisciplinary perspective — The Corporate Management Game

by Roger F. Ray

(Ed. note: This is the second article in a new series that will feature occasional articles on the development of expanded actuarial skills. It is produced under the sponsorship of the SOA Committee on Management and Personal Development.)

As actuaries, we share a common intellectual foundation. Through education and examination sponsored by the Society, we all achieve a certain level of technical competence. Above all, actuaries are trained to manage risk. In fact, it is widely acknowledged that a good actuary must be a good technician.

But does technical competence suffice to ensure success as an actuary? Clearly, we need other skills to be effective. To succeed, we need skills that help move us along our career path and help us to be valuable to our employers and clients. Effectiveness requires developing and maintaining an interdisciplinary perspective. This may require sacrificing some technical precision and curbing our zeal for exactness. Compromise is necessary to achieve results in the interdisciplinary arena. Sometimes the more practical approach yields optimal results. On some occasions we are required to be more "effective" than "correct."

Recognition of problems and obstacles in the outside world forces us beyond technical competence to adopt the interdisciplinary perspective. Through our traditional education and examination process, actuaries are exposed to other disciplines, e.g., underwriting, law and marketing. Formal education — earning professional designations and degrees from educational institutions — also provides an approach to understanding other disciplines. We begin to recognize that our environment may force us to emphasize results more than theoretical accuracy.

Why is effectiveness sometimes preferred over theoretical accuracy? A business environment full of accountants, attorneys, directors, managers and other professionals

pulls us down from our ivory tower. We must learn how these other players of business games think, act and react. We must understand their priorities and their concerns.

Two important success skills are understanding other people and dealing with unstructured situations. Is there a single course that stresses the development of these and other success skills? We of the Committee on Management and Personal Development think so.

The Corporate Management Game provides an excellent training experience because it so closely resembles real-life situations. The game stresses the characteristic basic to all games, that is, understanding and observing your opponent.

Offered at Society regional meetings in 1988 and 1989, the Corporate Management Game has been played enthusiastically by participants who have praised it highly.

Here is a report from the 1988 session at Anaheim by Bob Katz, leader of the session:

"At the spring meeting in Anaheim, 35 intrepid actuaries put aside the IRS, TRA and FASB for an afternoon and played the Corporate Management Game. The Corporate Management Game is an interactive exercise in which small groups of participants assume the role of business leaders in confronting general business issues. Thus, participants enlarge their perspectives from the specialized areas of employee benefits or insurance to the broad spectrum of corporate management.

The Anaheim game focused on a case study of a hypothetical manufacturing company facing declining fortunes. The participants were divided into five groups representing the Board of Directors, the finance management, the human resources management, labor unions, and the financial community (Wall Street). Background information about the company and each group and board directives were provided to all groups. Privileged information was distributed separately. This information, which ranged from takeover activities to

environmental contamination to politics, was designed to influence the groups' individual discussions.

Each group prepared a business plan to be presented about halfway through the exercise. Each group had to organize itself and determine the form and content of its plan. Following the initial presentations, additional privileged information was distributed to each group, and follow-up presentations were prepared. At the conclusion of the second presentations, all the privileged information was disclosed, and a general discussion and analysis of the game was conducted.

Based on the lively activity at each group's table, the game was a welcome addition to the meeting. The principal attribute of the game cited by participants was the quick education in communication skills. Group members had to learn how to interrelate promptly and efficiently to prepare their business plans. The groups also had to interact with each other because follow-up presentations depended on what was heard and perceived from the initial presentations.

The Corporate Management Game, which will return to this year's spring meetings, could be characterized as an engagement that brings all success skills into focus. Participants obtain a certain interdisciplinary perspective. Understanding the whole and, at the same time, one's own part of the whole, is emphasized. Results and relationships are clarified.

The game is an excellent way to find out how people act and react in certain situations. It has the atmosphere of a fairly played athletic contest between evenly matched participants, which is interesting because the outcome cannot be known until the game is played out. But let's not spoil the fun by describing it to death. Let's just say learning to play this game is another step toward becoming the complete actuary."

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