SOCIETY OF ACTUARIES

ISSUE NO. 7 | JANUARY 2005

THE INDEPENDENT CONSULTANT

Smaller Consulting Firm Section

NEWSLETTER OF THE SMALLER CONSULTING FIRM SECTION

The Actuary as Entrepreneur?

This question may seem contradictory—actuaries are not generally thought of as entrepreneurial—yet, as past issues of *The Independent Consultant* show, there are many entrepreneurial actuaries out there. Three actuary entrepreneurs spoke on a panel at the Society of Actuaries' Annual Meeting in New York.

The panel consisted of Dan Cox, managing director of Chicago Consulting Actuaries, and formerly head of practices at both Wm. M. Mercer and Aon Consulting, David Florian, founder of Pivot, currently director of Reinsurance at Wachovia Bank in Charlotte, NC, (see article in *The Independent Consultant* No. 6) and Mike Miele, founder of CDMS (which he sold to Landacorp, Inc. in 2000, featured in *The Independent Consultant*, Issue 1, 2002).

Cox's presentation was about ways to raise money to finance a start-up practice. Additionally, he gave a detailed presentation on the need to prepare and execute a business plan. His presentation is available online in the new Smaller Consulting Firm Resource Center on our Web site at *www.soa.org*.

Florian and Miele both told of their experiences as entrepreneurs founding, running and then selling successful start ups. The formal presentations generated lively discussion. Readers who were unable to attend the meeting can obtain the tape of the session from the audio vendor, *www.aven.com*. In addition, an edited transcript will be prepared will be published in a future edition of *The Record*.

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SCF chairman, Ian Duncan, and three actuaries who made it as entrepreneurs.

Inside...

THE INDEPENDENT CONSULTANT

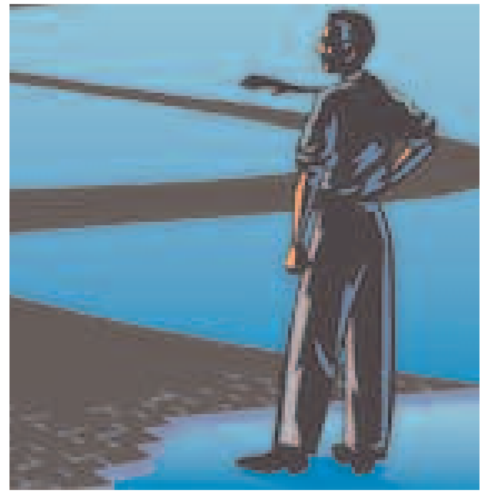
Issue No. 7 | January 2005

This newsletter is free to section members. Back issues of section newsletters have been placed in the Society library, and are on the SOA Web site, *www.soa.org*. Photocopies of back issues may be requested for a nominal fee.

The purpose of the section shall be to encourage and facilitate the professional development of actuaries at smaller consulting firms through assistance with the educational, research, networking and other special needs that arise in their practice.

Chairperson's Corner: The Road Ahead

by Ian G. Duncan

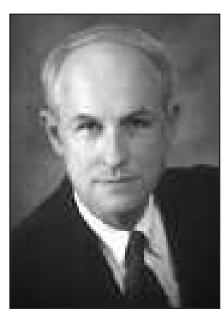


As I write this, it is fall, and that means that the leadership of the Society of Actuaries, from the lofty heights of the presidential office (is there such a thing as an Oval Office in Schaumburg?) down to the lowliest council member has turned over. In addition to my editorial duties with *The Independent Consultant,* I now add the role of chairperson of the Smaller Consulting Firm section. George McCauslan, one of the section founders and founding chairperson, has stepped down after a successful two-year stint, in which membership grew from the original 200 needed to establish the section to the current level of nearly 600.

I have been participating the past year in the Society of Actuaries organizational redesign. Like any organizational redesign, this one has its frustrations. One could ask the typical question, "If it ain't broke, why fix it?" Certainly from the perspective of a small, new section, the SOA appears to hum along.

It is a great idea for an organization to go through a reevaluation, as the SOA is now doing. Every so often during the redesign process, however, one catches a glimpse of how things could be in the new order. Number one benefit: aligning the mission of the section with its organizational structure. The reorganization has given us the chance to reevaluate, as a section, those functions we believe are important to members. But more than this, the re-organization allows the sections (and the SOA) to re-structure to deliver on the mission. In particular, there are now more clearly defined roles for council members, and the roles match the functions that we want to conduct for members (think of these as "portfolios"). In the coming year, we will focus more on the objectives of member value and continuing education, in addition to doing the things that we are already doing (the newsletter, sessions at Spring/Annual meetings). The other by-product that is immediately obvious from the reorganization is more cooperation between sections (see the article about a proposed seminar on "Starting Your Own Firm" in this issue.)

One other consequence of the proposed reorganization: it's going to take more effort and volunteer time. Sections are being asked to take on more responsibility for setting the direction and coordinating the efforts of SOA staff. This will require more and different work from section volunteers. So now is a great time to get involved and help us on the road ahead. A good way to "try out" volunteering is by becoming a Friend of the Council. We can use your help. Contact me at my e-mail address, or any member of the council to learn how to become involved!!



Ian G. Duncan, FSA, MAAA, is a partner at Lotter Actuarial Partners, Inc. in New York, N.Y., and is editor of The Independent Consultant. *He can be reached at* iduncan@lotteract.com.

Update from Kenya

EDITOR'S NOTE: Regular readers of this newsletter will remember Shiraz Jetha, FSA, MAAA, who has recently started a consulting practice in Kenya. We profiled Jetha in the January 2004 issue of *The Independent Consultant*. We recently received an update from Jetha, from which we quote below:

"Well, it's been one year since I started our division and am pleased with the progress by way of clients. We are booked for five to six pension plan valuations, two rate development projects, three "business type" projects—such as scenario analysis, strategic plans, etc., and an industry-wide mortality study (assured, group, etc). I feel that getting involved with the Association of Kenya Insurers (who are sponsoring the Qx project) was a neat way to get known to the insurer community. Beyond that I did write articles for industry publications—health and pensions.

Revenues are at present only a fraction of the costs. So the "pipeline" is quite healthy. If anyone wants to start an HMO in Cairo, remember me. That place presents very interesting opportunities.

We are also trying to formalize the profession into TASK (The Actuarial Society of Kenya).

The hospital project we are working on is fascinating. We were asked to develop scenarios on what shape the national health legislation could take and then to explore the financial impact to the hospital in some chosen scenarios—fascinating work. In the other nontraditional work, we helped develop a growth strategy for an industry client (this was to get a "foot in the door," and hopefully we will see more work from them, especially year-end statutory work)".

Shiraz Jetha

Actuary as Entrepreneur? | from page 1

Continuing the Focus on Entrepreneurship

The interest in entrepreneurship is so great that we are sponsoring two seminars on the topic (one at each of next year's spring meetings in New Orleans). Here is the current (tentative) outline of the program for this seminar:

Have you ever thought about starting your own business someday? Attend this seminar to get an overview of what it takes and how to get started. Obtain insights from actuarial entrepreneurs who have started their own businesses. Topics cover both the general steps and considerations involved in starting your business as well as a panel discussion on the specific experiences, both positive and negative, from entrepreneurs in various actuarial specialties. Speakers may include actuaries specializing in (depending on the specific spring meeting) health insurance, pensions, life insurance and investments, as well as other disciplines and nontraditional areas. Discussion may include but not be limited to the following:

- *Determination of services to offer customers and marketing approaches.*
- *Billing (invoicing) and financial (expense) management of the business.*
- *How do you know whether or not your business plan is working?*
- *What insurance coverage should one buy (e.g., professional liability, general liability, employee benefits, other?)*
- *What are your resources (e.g., legal issues, technology, outside industry data sources, Internet, disaster recovery backups).*
- *Managing the intangibles, such as the day-to-day challenges (highs and lows) of the business.*

This seminar is intended for both current entrepreneurs as well as for actuaries with no previous experience in running a business. Attendees will take away a better understanding of the general issues and steps involved in starting a business, they will get insights into the specific business considerations from various specialties, and they will be better prepared for the inevitable challenges they will face in starting a business.

In the meantime, look for materials and resources relevant to starting and running an actuarial business in the new SCF Resource Center at *www.soa.org*.

Legal Corner

The Virtual Firm: Teaming Up with a Peer

by David S. Rintoul

Partners in a partnership owe their fellow partners strict duties of loyalty.

Working on a project with another independent actuary? Congratulations. You may have just formed a general partnership.

Joining with a peer to work on a project is a great way to handle a project that would otherwise be too big or for which you might not have all the expertise required. It can also relieve some of the professional isolation a solo or small-firm consultant can feel. To make sure that you get what you expect out of the deal, you need to keep some legal issues in mind, though. Many issues are similar to those addressed in the articles which appeared in the prior two issues on client agreements and agreements with contractors who will work for you. Like those agreements, you will need to address issues such as: ownership of any intellectual property created for the project, non-solicitation of clients and possibly a non-compete. Take a look at the prior articles for more background on these issues.

Some legal issues are unique when working on a project with a peer. You may see the relationship with your peer as a one-time, non-exclusive project. Each of you remains free to seek other work without having to share any of the work or revenue from these other projects. Your expectations may be wrong, though, if your peer or a court finds that you didn't just form a one-off deal, but instead have established a newbusiness entity. This can happen as a result of the law of partnerships.

If two individuals join together to do business with someone else, the law generally considers the individuals to have formed a general partnership under common law. You don't have to file any form, make any elections, put initials after the name of the entity or even have a name at all. A partnership can arise simply from the fact that two or more individuals and companies are working together. Whether a partnership is formed, the scope of its business, and how long it will last, depend on the intent of the parties. If this intent is not in writing, however, one of the partners may claim a different understanding of what was intended when you started working together, particularly if participation on a lucrative and prestigious contract is at stake.

The consequences of a court finding that you are operating as a partnership can be far-reaching. Partners in a partnership owe their fellow partners strict duties of loyalty. In a famous statement of the duties partners owe to each other, Justice Benjamin Cardozo stated:

> *"Joint adventurers, like co-partners, owe to one another, while the enterprise*

continues, the duty of the finest loyalty. Many forms of conduct permissible in a workaday world for those acting at arm's length, are forbidden to those bound by fiduciary ties. . . . Not honesty alone, but the punctilio of an honor the most sensitive, is then the standard of behavior."

The words are grand, but the consequences of partnership status are concrete. If a partnership exists, you have a duty to give your partner a chance to participate in future business opportunities that are within the scope of the business of the partnership. If you don't have something in writing while setting forth the scope of the joint business, you open yourself up to a claim from a former partner that he should have the chance to participate in the project, or that you breached your duty to him by not first offering the business opportunity to the partnership.

Avoiding an unintentional partnership can be easy. A simple letter signed by each participant claiming each has the right to pursue other business, during and after the specific joint project, without first offering the project to any or all of the other participants, can be enough. Once any part of a deal gets in writing, though, there is a tendency to put everything in writing. The more writing there is, the more important it is to have legal counsel involved to make sure that everyone's expectations are fulfilled.

Sharing business creates the web of reciprocal interests that is the foundation of successfully marketing a solo or small-firm practice. We all know, however, that it was no fun when our mothers forced us to share Halloween candy with our baby brother. Being forced to share a big contract is no fun, either. If you make sure that everyone understands the scope of a project at the beginning, **you** can decide to spread the wealth, or just keep all the goodies for yourself.

This article only addresses general principles of law. You should consult qualified legal counsel admitted in your jurisdiction to determine how any of these principles apply in any individual circumstance and under a particular state's law.

David S. Rintoul practices with the firm of Brown, Paindiris & Scott in Glastonbury, Conn. He can be reached at drintoul@bpslawyers.com.

Smaller Consulting Firm Section to Sponsor "Webinars" in 2005

The Smaller Consulting Firm Section, in keeping with our mission to provide cost-effective continuing education for our members, will be sponsoring two Web seminars in 2005:

Restricted Lump Sums

The collision of reduced plan assets and the number of baby boomers retiring and electing lump sums has caused more plans—both large and small—to be impacted by the top 25 restrictions. Panelists address the rules, communicating them to clients and affected participants as well as strategies for dealing with them. Speakers will be Lorraine Dorsa, EA, MAAA, FCA of Dorsa Consulting, and James S. Hutchinson of Alston & Bird.

Our other continuing education opportunity is a three-session Web series on "Business Building." The three sessions are: "Make over your marketing message," "Turn your speaking opportunities into gold" and "Overcoming fear of making sales calls." Instructor is Dave Miller, FSA, MAAA, an experienced sales and business coach. The Web series builds on the successful sessions given by Miller and his partner, John West Hadley, FSA, MAAA, at this year's SOA meetings.

Watch your e-mail and the SCF Web site for more information.

Become a "Thought Leader" and Separate Yourself from the Pack

by Ken Lizotte

Given thought leadership's competitive advantages, taking the plunge would seem to be a no-brainer.

Lately, the age-old business development dilemma of how to stand out from the crowd has been haunting professional service firms more than ever before. Many services nowadays look all too much alike, with marketing strategies seemingly unable to distinguish them from their competition—glossy brochures, snazzy Web sites, press releases and advertising. When everyone employs the same methods, everyone ends up vying for the same narrow window of client and prospect attention.

To escape this marketing black hole, many financial consultants have adopted an uncommon strategy that elevates both principal and firm above the fray. This approach positions the firm's expert professionals as "thought leaders."

Names of superstar thought leaders are not only well known but the stuff of legend: Bill Gates, Tom Peters, Richard Branson, Martha Stewart, to name a few. Rather than abandoning the marketing to a marketing department, they inject themselves into the heart of the process, churning out books, articles, conference speeches and media interviews to keep their visibility machines boiling. Amid the resulting excitement and industry debate, they simultaneously personalize their company, expand their products' exposure and deepen both market share and loyalty from their customers.

Richard Branson, for example, has taken his Virgin conglomerate literally to new heights by attempting such stunts as piloting an air balloon around the world. Martha Stewart, despite her legal troubles, has made herself and her firm rich beyond words by melting away the branding lines that traditionally divide a company's products from a CEO's personality. These are only two examples of results the process can produce.

This capacity to reach beyond traditional marketing approaches is available to us all, a process that only needs to be committed to and then implemented within often-ignored channels. There are two main vehicles to employ, (a) publishing articles and/or books, and (b) delivering talks and presentations. Such center-spotlight marketing attracts attention and recognition from a target market in ways that more commonplace marketing tools cannot attain.

Dan Cassidy, president of Argus Consulting Ltd in Concord Mass. and a longtime SOA member, has published articles in leading HR and benefits planning journals in the United States, Canada and the United Kingdom. Attendant publicity around these publishing credits has led to Cassidy being interviewed by such high-profile media outlets as The Street.Com, *Institutional Investor* and *Wall Street Journal* Radio. As a result, Cassidy is known beyond the borders of his own client/prospect community for his benefits planning expertise and never fails to call attention to these media credits when strategically advantageous occasions arise, such as during a marketing campaign or even in the midst of an actual sales call.

Given thought leadership's competitive advantages, taking the plunge would seem to be a no-brainer. Yet, many consultants hesitate out of fear that the process will not work for them, or out of ignorance of where to begin. However, embarking on just two simple stages will get the process moving in the right direction, building confidence as the effort succeeds.

Stage one is to publish your ideas as articles in business publications, a seemingly daunting task until this challenge is broken down into baby steps. First, compose a list of article ideas that align with your business objectives. Ask yourself, "Which services do I most wish to promote? What expertise/service do I most want to be known for? Are there services even my oldest customers may not realize my company has to offer?" Your answers will translate into publishing ideas.

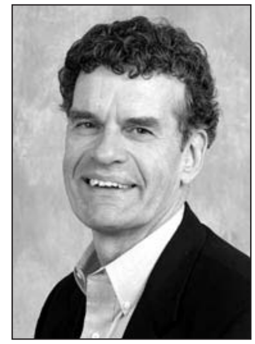
After answering such questions, search for an editor who sees a fit for your ideas within the publication. Pitch to magazines read by decision makers, who typically hire your firm or by referral sources that can spread word of mouth about your firm. Create this list using library directories or by searching the Web. For example, offer actuarial services primarily to high technology start-up companies. Pitch an idea titled "Five Biggest Financial Mistakes of Hi-Tech Start-Up" to Hi Tech CFO Magazine (fictitious name).

What's important to realize at this point is that business editors regularly depend on professionals just like you to feed them publishing ideas. After all, they can only know what to publish in their pages as a result of input from those of us on the "front lines." So don't underestimate the ability to publish your day-to-day knowledge, expertise, value or insights. Ideas that might seem mundane may be viewed as among the best-kept, leading-edge secrets in the business world when you share them with an editor.

After you get published, stage two involves speaking at business events. Some engagements may come about because a conference planner read your article and invited you to come and speak about it, but most gigs will be arranged when you actively leverage your published works. Send e-mail announcements to your private business e-list, send a news release announcing your published articles, post the article on your company's Web site, pass out your article to customers, colleagues, prospects, employees, even vendors. Don't sit around and wait for people to see it. Instead, leap into action, ensuring that your work gets read. Build a buzz!

At your actual talks, always distribute your article for free, promoting your availability as a speaker, too. And when you get offered any kind of speaking gig, don't turn it down! Larry Winget, a highly sought-after motivational speaker, has stated, "The very best way to get speaking engagements is to simply go out and speak!" Exposure breeds exposure, exponentially growing your speaking schedule. Speaking can then lead to more article assignments, for you never know when an editor may be sitting in your audience, and loving what you have to say.

By taking these actions, your credibility (and that of your firm) will leap-frog over that of your competitors. Third party "endorsements" from publications and conference planners will solidly establish you as an author/speaker and a leading thinker in your field, elevating your firm's services as well. Once this happens, bona fide thought leadership will have officially arrived. From there on, enjoy the ride!



Ken Lizotte is chief imaginative officer (CIO) of Emerson Consulting Group Inc., Concord, Mass. He can be reached at ken@thoughtleading.com.

Planning for the SOA 2005 Spring Meetings and Beyond

by Charles E. Ritzke

The SOA Spring Meeting Program Committee met in early September to kick off planning for the 2005 spring meetings in New Orleans. I attended this planning meeting as the Smaller Consulting Firm's section representative. The Life/Investments/Financial Reporting meeting will be held May 23-24 and the Health/Pension/Long Term Care meeting will be held June 15-17.

Changes to the Spring Meeting Format

This year's planning meeting covered more than just the gathering of ideas for the various sessions to be offered. The SOA staff compiled attendance statistics and your ratings/comments from your session evaluation forms at prior meetings. Attendance at the spring meetings has been trending downward the last few years and a large part of the planning meeting was committed to discussing why this happened and what could be done about it.

There were several potential causes discussed and probably all have had their effect on attendance. The cost of meeting attendance was an obvious one, particularly for many of our section members who must pay their own way. Belt-tightening by employers was another. A third was that we have more choices to compete for with our educational or networking dollar than ever before, with the increase in various seminars and webcasts.

Some of these things we can, and I hope will attempt, to address over time. However, session quality was one cause where the committee thought we could have an immediate impact. Many attendees comments expressed concern about the lack of depth in subject matter. Other attendees complained that session content often did not resemble session descriptions. So the committee agreed to several changes that are intended to address these concerns:

- Instead of conducting 90-minute panel discussion sessions, the committee encouraged sections to also sponsor half-day or full-day seminars with an eye toward covering topics in more depth. We want to encourage sessions that go beyond the typical three-person, uncoordinated panel discussion.

- Smaller sections in particular (like ours) are encouraged to co-sponsor sessions or seminars with other special interest sections, where it makes sense to do so, on related topics, both to provide a broader experience and to make the best use of section resources.

- The roles of session coordinators and moderators have been more explicitly defined to try to add some accountability to session preparation. This is intended to improve the quality and focus of session content, to respond to comments from attendees that presentations often do not match their advertised session outlines. Feedback will be provided to session coordinators in an effort to improve quality on an ongoing basis.

Of course, accountability and increased meeting quality can be difficult to implement in that speakers are mostly volunteers. But the hope is that these changes will be a step in the right direction.

Sessions to be co-sponsored by the Smaller Consulting Firms Section

At the deadline for publication of this newsletter, we will have not yet finalized what sessions we will co-sponsor. But tentatively, it looks like we will co-sponsor sessions on the following topics:

How to Start Your Own Business. We will likely co-sponsor a session (or possibly a half-day seminar) in cooperation with the Actuary of the Future Section, Management and Personal Development Section and Health Section at each spring meeting. One part of this seminar will cover the general needs in starting a business and becoming an entrepreneur. The second part of the seminar will likely cover "case studies" by entrepreneurial actuaries from various disciplines.

The "Personal Actuary." We will be co-sponsoring this session with the Actuary of the Future Section. The SOA has a task force set up to define and promote the concept of the "Personal Actuary." A "Personal Actuary" is generally defined as an actuary who does work for individuals. This could involve services like personal risk management, insurance product advice, life settlement calculations, individual retirement modeling, expert witness testimony, or even investment or tax advice from an actuarial perspective. You can get more information from an article in the October 2004 issue of the *Actuary of the Future Section* newsletter. Just search the library for "Personal Actuary" at *www.soa.org*.

How You Can Help

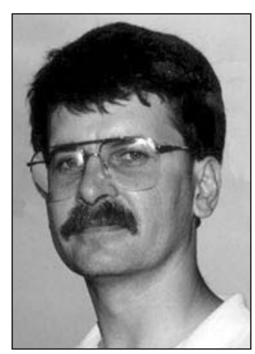
This newsletter is likely to be distributed about the time that we are recruiting speakers. We certainly have experts in our section on starting a business and I suspect we have many members who perform one or more of the functions of a personal actuary, even though they may not have labeled themselves in that way.

If you have something interesting to say on these topics, are planning to attend one of the spring meetings and might have an interest in participating, you can contact me at *chuck@myactuary.com,* or any other member of the council.

Ongoing, we would also like your feedback on what you like or don't like about the spring meetings. How can they be improved in general? What, if anything, should the SCF specifically be doing to meet your needs and improve these meetings?

In the meantime, maybe we'll see you in New Orleans next spring.

Smaller sections in particular (like ours) are encouraged to co-sponsor sessions or seminars...both to provide a broader experience and to make the most use of section resources.



Charles E. Ritke, FSA, MAAA, is president of Problem Solving Enterprises, Inc. in West Dundee, Ill. He may be reached at chuck@myactuary.com.

Don't Solve the Problem...

by David C. Miller

...too soon. That's the qualifier. As consultants we love to help our prospects solve their problems. In fact we're so passionate about our solution that at the first indication the prospect might need it, we jump out of our skin to reveal it immediately. After all, that's what they want to hear about, right?

Consider the following:

Prospects buy our products or services for two reasons, either:

- To solve a problem, or
- To achieve a desired result.

The most effective way to sell is to first fully explore what is important for the client to avoid or achieve in the areas where our product or expertise can help them. This is especially true for consultants and those who sell services. So if our goal is to seek mutual understanding, we must resist the temptation to discuss the solution before we have an in-depth understanding of the prospect's underlying problems or their desired results.

This isn't easy to do for eager business developers, yet it's vital for realizing successful selling results.

When speaking with prospects, here are eight reasons to resist focusing on the solution prematurely:

1. Forgoing the opportunity to help the prospect fully appreciate their need.

As strange as it sounds, the prospect is often not in touch with the full extent of their need for your solution. There is always some level of pain associated with an unmet need. It's human nature to avoid that pain in some way. One of the most common ways is for the prospect to ignore or minimize the problem, i.e., "it's not really that bad."

The prospect won't see the need for your "medicine" until they are aware of their "serious illness." In other words, an undisturbed prospect will not buy. Successful business developers help their prospects get in touch with the consequences of doing nothing before they present their solutions.

2. Reducing the probability of providing the best solution.

How can you solve the problem before you thoroughly understand what it is? It's easy to jump to conclusions and assume to understand what the client wants and then "make" our solution fit. Usually the prospect will tell you the solution they want rather than the problem or result. It's like a patient telling the doctor, "I need chemotherapy." Would a qualified doctor respond by saying, "Great—I specialize in chemo. How's next Tuesday?" Certainly not. But that's what many business developers do. As soon as the prospect says they want a service that the business developer provides, the business developer thinks, "Great! Time for the close."

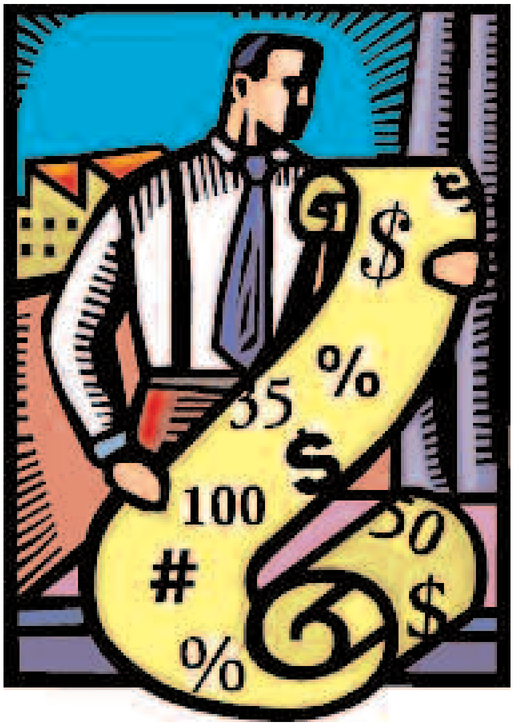
You can imagine the problems that can result from this approach – clients spending a lot of money on solutions that don't deliver the desired results. That's bad for business!

Just like a doctor, you want to explore the prospect's "symptoms" before you present the solution. This way you can be sure you will deliver the best solution—one that the client will be happy with.

3. Taking away rationale when meeting with other decision-makers.

In the complex sale, your initial meeting may not be with the ultimate decision maker. Many organizations utilize a team approach when buying services. If you present the solution out of the box at the first meeting, you may forfeit the opportunity to meet with the other decision makers. As a result, you may be left to depend on someone else presenting your solution to the rest of the team. It's a sure bet they won't do as good a job as you. In addition, you won't have the opportunity to explore the needs and motivations of these other decision makers. It's much better to lay the groundwork to be able to speak with all the decision makers on the team.

David C. Miller, FSA, MAAA, is a professional business coach. He may be reached at dave@translifecoach.com.



4. Minimizing the amount of exposure to the prospect.

Especially with complex/high-ticket sales, mutually exploring problems and results will take more than one meeting. In contrast, presenting your solution in a “dog and pony” format can be done in one meeting with little reason for further discussions. This provides very limited exposure to the prospect.

Instead, demonstrate how you solve problems by the way you sell, i.e., “mutual exploration.” In this process you are helping the prospect understand their situation, developing rapport and fostering a relationship over several meetings.

5. Making it difficult to understand the prospect’s true intentions.

Mutual exploration gives you the time and opportunity to assess the prospect’s true intentions. Are they really interested in your services? Or is this discussion a “price check,” “fishing expedition” or free feasibility study? By presenting your solution prematurely, you’ll never really know what the prospect’s motives are and it may end up costing you plenty in terms of time and resources spent futilely trying to get their business.

6. Giving enormous advantage to a competitor that may already have a relationship with the prospect.

Have you ever had the prospect love your idea and then take it to their favorite consultant to implement it? Presenting the solution prematurely makes you extremely vulnerable to this. In these types of sales, relationship wins. Before presenting the solution, you must understand the prospect’s needs, their decision-making process and what competition, if any, exists.

7. Forcing you to resort only to claims of experience and expertise to differentiate yourself.

While touting your experience and expertise is a valid way to set yourself apart, it’s often not enough. Let’s face it—pretty much everybody makes those same claims. Presenting solutions prematurely doesn’t give you time to develop a relationship with the prospect and demonstrate how you solve problems.

...demonstrate how you solve problems by the way you sell...

8. Weakening your ability to prove value for the cost or fees.

Your price or fees will only eliminate you from the process if you haven’t first provided a context for them. If I asked you to give me $25,000 for what’s in this brown paper bag I’m holding, you would say, “No way!” That’s what it’s like for the prospect if you present your solution before they understand what the solution will do for them. Services are intangible and can seem mysterious, and thus, expensive. The prospect needs a context to measure the value they’ll receive for your fees. For example, if you can show the prospect how paying $25,000 for your services will save them $1,000,000 in the next 12 months, you’ll get much fewer price objections.

Remember to resist the temptation to reveal your solution prematurely for better sales success and more satisfied clients.

New (and returning) Council Members

In the recent Council elections, two retiring members of the previous council, Ian Duncan and Marcus Robertson, were re-elected to the council. Joining them is a newcomer to SOA committees, Charles Ritzke, who immediately added value to the council by representing us on the planning committee at this year's spring meetings. Some information about Ritzke is reprinted below. An article on the new SOA Spring Meeting process, and Smaller Consulting Firm sessions planned for this year, appears on page 8 of this newsletter.

Ritzke started his actuarial career in 1977, including stints in the home office of two major life insurance companies, as well as, independent consulting work since 1995. His consulting work has been in the areas of marketing software development, Web development, Internet marketing, direct marketing, financial modeling, valuation, administrative systems, customer service support, marketing/agency support, policyholder taxation and product development. Ritzke also had a part in the founding of two successful dot-com companies.

Prior to consulting, Ritzke held several life insurance company senior management positions. In these senior management roles, he contributed to major initiatives in the areas of strategic planning, incentive compensation, re-engineering, employee training, reinsurance negotiations, agency/sales management, life and annuity product development, financial reporting, product/sales compliance and the development of a direct marketing distribution system.

At Zurich Life between 1985 and 1995, Ritzke held a number of positions, including: product development actuary, vice president and chief actuary, vice president and chief marketing officer, senior vice president of new business, company officer and member of the board of directors

Ritzke was a founding partner in two dot-com companies:

- MyPoints (*www.mypoints.com*) is the leading consumer loyalty rewards and direct marketing Internet company. MyPoints had a successful IPO in 1998 and is now owned by UAL Corporation. Contributing to the writing of the original business plan, Ritzke developed the financial projection model that led to the company's initial $13 million round of funding, designed the initial product pricing structure, and participated in initial marketing efforts.
- CultureWorx was an employee rewards and motivation company that was ultimately purchased and folded into the Carlson Marketing Group. Ritzke designed the initial financial projection models that led to several rounds of venture capital funding.

Professional Activities

Published Papers: "A Radical New Approach to Mortality Table Development," *Contingencies*, May/June 2002; "Distribution Channel Conflicts," *Inter-Company Marketing Group Newsletter* (ICMG), June 2001; "Riding the Life Product Rollercoaster," *The Actuary*, November 1993; "Product Development in a Small-Company Environment," *Product Development Section Newsletter*, March 1992; "Thoughts on Modern Nonforfeiture Regulations," *Product Development Section Newsletter*, August 1990; "Life Insurance Sales Illustrations—What are the problems?" *The Actuary*, September 1988.

Society of Actuaries Activities: Illustration Actuary Practice Notes Task Force, 1996 to present; Editorial Board, *The Record*, 1999 to present; Web Editorial Board, 1999 to 2001; Technology Committee, 1999-2001; assistant editor, *Product Development Newsletter*, 1990-1992; panelist, Illustration Actuary Seminar, 2004; panelist, Annual Meeting, New Orleans 2002; Moderator, Annual Meeting, San Francisco, 1999; participant and attendee at numerous other SOA meetings and seminars.

Other Professional Activities: Meeting participant and speaker at various meetings of the Life Insurance Council (LIC-LIMRA), National Association of Life Companies (NALC), National Fraternal Congress of America (NFCA) and Illinois Association of Life Companies.