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contents

Persuasive Communication
by Simcha A. Segal3

The Power of Decision Making
by David C. Miller4

2004 Society of Actuaries Spring Meetings7

Don't Manage Your Time; Maximize Your Time
by Dan Coughlin8

Think Time
by David S. Duncan11

The Perils of PowerPoint Slides
by James Gray12

Managing Change
by Claire Marie Burchill14

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Your help and participation is needed and welcomed. All articles will include a byline to give you full credit for your effort. *The Stepping Stone* is pleased to publish articles in a second language if a translation is provided by the author. For those of you interested in working on *The Stepping Stone*, several associate editors are needed to handle various specialty areas such as meetings, seminars, symposia, continuing education meetings, teleconferences and cassettes (audio and video) for Enrolled Actuaries, new pension study notes, new research and studies by Society committees and so on. If you would like to submit an article or be an associate editor, please call Sim Segal, editor, at 212.436.2606, ext. 8335.

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Preferred Format

In order to efficiently handle articles, please use the following
format when submitting material:

Please e-mail your articles as attachments in either MS Word (.doc) or Simple Text (.txt) files. We are able to convert most PC-compatible software packages. Headlines are typed upper and lower case. Please use a 10-point Times New Roman font for the body text. Carriage returns are put in only at the end of paragraphs. The right-hand margin is not justified.

If you must submit articles in another manner, please call Joe Adduci, 847.706.3548, at the Society of Actuaries for help.

Please send an electronic copy of the article to:

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Thank you for your help.

Persuasive Communication

by Sim A. Segal



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As actuaries, we have valuable and unique technical expertise of benefit to the financial institutions and the customers that we serve. However, we often contribute somewhat less than our full potential. When this occurs, it is usually due to our inability to influence others through effective communication, rather than a shortcoming in our technical analyses.

So, how can we improve our ability to communicate persuasively? We can apply some basic techniques used in the science of preparing persuasive presentations—both written and oral. I use the word “science” to indicate that, contrary to popular belief, persuasive communication is not an art form, but rather a skill which can be learned. There are some tangible and logical procedures that we can follow to improve. A few examples are given below, followed by a recommended reading.

Engaging introduction

Many presentations begin with the conclusion, followed by the supporting reasoning. This is appropriate for update types of presentations, like reporting financial results. However, this is not appropriate when the goal is to persuade a new course of action. The audience may “tune out” if they do not agree with the conclusion at the outset, which is often the case.

It is better to begin by level-setting the audience, identifying the challenge and then leading the audience through to the main point of the presentation through a question and answer format. Such an introduction has four basic parts:

Situation – The introduction should begin with a simple, non-controversial statement that explains to the audience the starting point of the story. For example, see the first sentence of this article.

Complication – The complication is the wrinkle in the story—something that has changed or frustrated the situation. For example, see the second sentence of this article.

Question – The complication should raise a question in the mind of the audience. In this article, the question is spelled out in the first sentence of the second paragraph. This is a common and effective technique, although the question is often merely implied.

Answer – The upshot of the introduction is bringing the audience to the answer, which should be the main point of the presentation. In this article, the main point is stated in the second sentence of the second paragraph.

Another benefit to this type of introduction is that it is in the form of a story. People of all ages like stories. Stories are interesting and they also make it easier for the audience to follow the logic. A recent article in the Harvard Business Review described the importance of storytelling in persuasive business communications, particularly in presentations to stock analysts.

This approach to introductions is commonly employed in professional business communications that involve persuasive presentations. Now that you understand the structure, see if you can identify its application in the newspaper or industry publication article you read that involves the presentation of a new idea. This technique is also evident in most commercial advertisements, although it is much abbreviated.

(continued on page 10)

“Persuasive communication is not an art form, but rather is a skill which can be learned.”



The Power Of Decision Making

by David C. Miller

What would you think if I were to tell you that every day you have the power to dramatically influence your world? In fact, you do it every day whether you are aware of it or not. I'm referring to the countless decisions each of us makes every day whether it be in our professional or personal lives. Every decision you make will affect the quality and direction of your life to some degree. Obviously many decisions we make will have more neutral consequences while others will have a profound impact. Think about your life experiences: would your life be radically different if you had made some different decisions? Even small decisions can have a major impact on your life if measured over the course of several years.

If we focus on our professional lives, we can see this principle in many decisions we make from what company we work for to who we hire to work for us. Do we develop and implement that new product this year or do we wait? Which new administrative system do we select (we know we will have to live with that decision for many years and the consequences could be painful!)? Do I obtain my FSA? Should I specialize in a particular area of expertise? If so, which area? There are an endless number of examples we could examine which will affect our professional (and company's) direction and future.

Reasons For Not Making Decisions

So, if decisions have such a powerful influence in our lives, why do we tend to put them off? Here are three reasons I have observed in working with my coaching clients:

1. Fear of Failure

Many people are afraid of making the wrong decision, so they resolve this by not making a decision. We have been taught in

school that making mistakes is bad—instead we should strive to be perfect. The reality is that we learn much more from our mistakes than we do from being “perfect.” Show me someone who has not failed and I will show you a person who has not taken a risk. This isn't to say that we should go around making reckless, haphazard decisions. Rather we should be aware of how the fear of failure can prevent us from making a decision at all.

2. Uncertainty About The Consequences of Making the Decision

In the same vain, people put off decisions because there is a belief that a decision should not be made until you are certain it will work out. The truth is that decisions are made based on probability, not certainty. When you decide to hire a new employee, there are no guarantees that it will work out. There is only so much interviewing and background checking you can do and then you must make a decision. If you wait until you are certain to make a decision, it will be too late.

3. Information Overwhelm

These days almost everyone is busier than they would like to be. We are deluged with information constantly, thanks to the Internet, e-mail, voice mail, fax machines, etc. Then when we are pressured to make decisions based on all of this information that surrounds us, we often don't know where to start.

The Cost of Not Making Decisions

So what actually is happening when people avoid making a decision? The common dynamic is that they are *associating more pain to making the decision than to NOT making the decision*. If I am afraid that my decision may be the wrong



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Every decision you make will affect the quality and direction of your life to some degree.

one, it probably feels much more comfortable not making the decision or at least putting it off as long as possible.

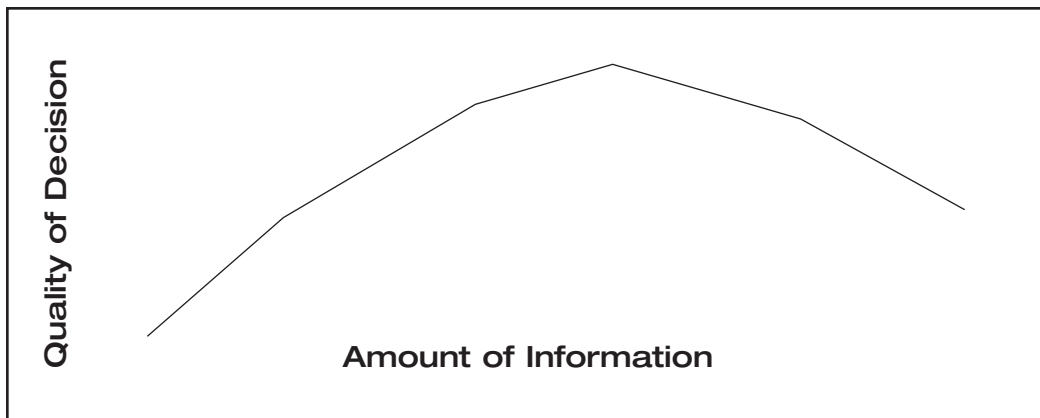
When we avoid making decisions, what we are often not factoring into the equation is the cost of not making the decision. But the truth is that **no decision is a decision!** Just as deciding has consequences, not deciding also carries a future result which is not necessarily the status quo.

For example, you may be wrestling with the decision to develop and implement a new product. Your current product sales are strong, but there are new features being introduced by the competition which may put your product at a disadvantage. Developing a new product is an expensive, time-consuming process. There is an element of "pain" associated with this activity, plus your current product is doing exceptionally well. There is a temptation to look at the status quo as certainty about the future. But as we all know, the insurance marketplace is dynamic. If you decide to wait until you are certain you need to retool your product, it may cost you greatly in terms of sales and profits. Two years from now, your current product may have lost steam and you may be introducing your new product in a saturated marketplace. You missed the opportunity. This does not mean you automatically react to the competition. It just means you should equally weigh the cost of doing nothing in your decision making process.

I had a situation in which a company I was working with wanted to develop a new annuity product. When it came time to get approval from senior management to go ahead with the product, I prepared what I believed was the relevant profit and risk information to make a solid, informed decision. It is not atypical under these circumstances for management to want to see some more data, scenarios and competitive information in order to get more comfort. However, after the fifth iteration it became clear to me that management was looking for an absolute guarantee that the product would succeed. Meanwhile, time was passing and this company was missing out on an opportunity to sell a product that was doing very well in the marketplace. I realized that management was caught in a type of decision paralysis and was hoping that more information would make the decision easier to make.

I use this example to illustrate how the cost of obtaining more information outweighs the value of the information. In the graph below, you can see how getting more information, can in general, help you make a better, more informed decision. But there comes a point where more information will not improve your ability to make a good decision. In fact, it begins to weaken your ability to do so because it can become overwhelming and it is negatively affecting the timeliness of the decision. In other words, the marginal value of information to the decision making process becomes negative.

Marginal Impact Of Information on Decision Making Quality



(continued on page 6)

Six Steps To Effective Decision Making

In order to overcome the challenges of putting off decisions, it is helpful to have a system or process for making complex decisions. In his audio program, "The Time Of Your Life", Anthony Robbins provides a six-step process to effective decision making:

1. Get Clear On Your Outcome(s)
What is the specific result you are after? Why do you want to achieve it? Get clear on your outcomes and their order of importance to you. Be as specific as possible.

2. Define Your Options
Brainstorm all of your options, including those that initially sound implausible. There is a principle that says you need at least three options before you make a decision. The rule works as follows:

One option is no choice.

Two options is a dilemma.

Three options is a choice.

Make sure you give yourself true choice. Also, remember to include "doing nothing" as an option.

3. Identify The Consequences
What are the upsides and downsides of each option? What will you gain from each option? What will each option cost you?

4. Evaluate
Weigh the consequences of each option. Review your options and evaluate each of their upsides and downsides.

- What outcomes are affected?
- How important is each upside/downside in terms of meeting your outcomes (on a scale of 0-10)?
- What is the probability that the upside/downside will occur (0-100 percent)?

- What is the benefit or consequence if this option were to actually happen?

After completing this stage, you will be able to eliminate some options from your list.

5. Mitigate
Review the "downside" consequences for each of your remaining options. Then brainstorm alternative ways to eliminate or reduce the downside.

6. Resolve
Based on the most probable consequences, select the option that provides the greatest certainty you will meet your desired outcomes and goals.

- Select your best option and strengthen your resolve to make it work.
- Resolve that no matter what happens, this option will give you a win.
- Design your plan for implementation and then take massive action in order to attain your outcome. □

Congratulations to our New Section Council Members!

Jennifer L. Gillespie, FSA

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Vincent Mace, Jr., FSA

Wellpoint Health Networks, Inc. • Thousand Oaks, Calif.

Alan J. Sheptin, ASA

MONY Life Insurance Co. • New York, N.Y.

K.H. Kelly Rendek, FSA

The Co-operators • Regina, SK CANADA



2004 Society of Actuaries Spring Meetings

The Management and Personal Development Section will sponsor two exciting, relevant and educational sessions at the 2004 Spring Meetings in Anaheim (Health & Pension) and San Antonio (Financial Reporting/Investment/Product Development).

Building A Winning Culture

Between leadership changes, market shifts and restructurings, find out what it really takes to succeed in today's environment. What will you do if your company is in a new business tomorrow? How will you best position yourself and your company to thrive in a merger or acquisition that has cultural integration issues? Are you positioned for success regardless of inevitable changes, or are you barely surviving today? What makes one company or sports team succeed and win, while others flounder and fail? If you're interested in building winning cultures, this session is for you.

Presenters: Jim Toole
R. Thomas Herget
David S. Duncan

Promoting You: Become A Self-Marketing Machine

At the conclusion of this session, you will know what you need to do to set yourself up to win when it comes to marketing your number one asset—YOU. You will also become more aware of any hidden challenges that may have gotten in the way of achieving your professional and personal goals and be motivated to overcome them. This session is for you if you seek employment, a job change or a career change; aspire to internal career enhancement; wish you

were more effective at promoting yourself to your boss and other key executives; or long to masterfully sell your firm's products/services, get new clients and be a leader in business development.

Session

Coordinators: Vince Mace / Dan Cassidy

Facilitators: John Hadley
David C. Miller □





Don't Manage Your Time; Maximize Your Time

by Dan Coughlin

Top performers don't focus on managing their time. They concentrate on maximizing their time. These two approaches get to the core difference between individuals with **The Employee's Mindset** those with **The Leader's Mindset**. People with The Employee's Mindset say, "Tell me exactly what you want done and I will go do it." Their greatest desire is clarity of assignment. If things don't work out, they always say, "I did exactly what you told me to do." They accept no responsibility for the failure.

People with The Leader's Mindset say, "After I identify the desired end result, I will build my activities around the priorities necessary for achieving that vision." Their greatest desire is to be effective in terms of accomplishing the vision. If things don't work out, they say, "I selected the wrong priorities to focus on," or "My process for achieving that goal has flaws in it. I will need to think through what worked and what did not work and then try again."

Organizations that cultivate The Employee's Mindset can succeed in the short term. However, as the organization gets larger and the original top management team retires, they begin to run into more and more serious problems. First, as the organization grows, it becomes more and more difficult for a few individuals to effectively do all of the thinking and assigning of tasks for a huge number of people.

Second, when individuals who have The Employee's Mindset are promoted to levels of top management, the organization develops a lack of vision and stops planning around priorities. In this case, the organization ends up with thousands of people who are working very hard, but who are not successfully moving the needle forward toward any meaningful objectives. They also experience high levels of

turnover with both employees and customers and low levels of commitment from both groups.

Organizations that cultivate The Leader's Mindset can succeed over the long term because individuals are expected to think for themselves. Even as the organization grows larger, it continues to be effective because individuals at all levels are thinking about how they can effectively achieve the desired end result. At a lunch meeting I asked Andy Taylor, the CEO of Enterprise Leasing which is the number one car rental company in the world, what his key to success was.

He said, "Remember the brains are in the field. The people working in our offices all around the world know the best way to handle a situation."

This was a great example of cultivating The Leader's Mindset. Also, as these individuals are promoted to top management positions, the organization continues to be effective because the top executives are continually clarifying the most effective desired end result and the best process for achieving it. They don't look for someone to tell them what to do.

Here are five steps to maximizing your time:

- i. Clarify the desired end result.
- ii. Identify the priorities for achieving it.
- iii. Schedule activities that address the priorities.
- iv. Schedule the details.
- v. Define your boundaries and stick to them.

Organizations that cultivate The Employee's Mindset can succeed in the short term.

Clarify The Desired End Result

This is the most important step of all. Before moving into action, pull back and ask, "In this situation, what end result would have the greatest impact on making the organization more successful?" After you derive a variety of answers, examine each one by writing down the benefits of achieving it. Even though this is a crucial step, it can be done very quickly. It takes about the same amount of time to complete it as it does to ask someone else, "What do you want me to do?" and to wait around for the answer. In addition to looking at the benefits, it is important to identify the downside of each end result.

This does not have to be an exhaustive list. You could spend weeks looking at the pluses and minuses and be no closer to an effective decision than you would have been after a much shorter period of time. If possible, I recommend you make your list, sleep on it, read it over the next day, show it to a few people you trust to hear their input and then make your decision.

If you don't have that much time, then identify the alternatives, examine the strengths and weaknesses of each result, make a decision and move into action. The key is to consciously decide why you have selected one desired end result over another.

Identify The Priorities For Achieving It

Once you have clarified the desired end result, ask yourself, "What three to four priorities do I need to accomplish in order to achieve this result?" Notice the emphasis I place on the "three to four priorities." Making a list of 20 steps minimizes your impact. You will begin to lose the forest from the trees. Stay focused on your top priorities for driving this result. Write down each of these top priorities.

Schedule Activities That Address The Priorities

For each priority, write down the activities that need to be taken in order to successfully implement it. Don't put anything on your schedule yet. First, see the big picture of everything that needs to be done in order to achieve each of the

priorities. After you have written down all of the necessary activities, begin to organize them in chronological order. Only after you have an organized list, go to your calendar of activities and begin to schedule each item. (Notice that this is the step where people with The Employee's Mindset begin.)

Schedule The Details

One very important, but often missed, step is to schedule the details for each activity. For example, say that an activity will require writing thank-you notes and buying gifts for a variety of people. It is important to schedule a time to do this task. Otherwise what ends up happening is you will write it on a to-do list that keeps growing longer and longer. If you do not schedule a time to complete that task, other things will continually fill up your day. Then all of the unscheduled tasks will have to be accomplished at a later date, which usually never comes.

One time I was coaching the president of a billion-dollar company, and we spent most of our time trying to figure out how he could stop working on Saturdays. In the end, we devised a fairly simple plan. Instead of saving up all of the little things through the course of a week to be done on Saturday, he took every little detail that he wanted to accomplish and did one of four things with it:



(continued on page 10)

1. Did it right away.
2. Scheduled it for a specific time slot on a weekday.
3. Delegated it to someone else (In which case, he spoke with the individual to identify if they had the time to do it. If they did not, then they discussed what could be taken off of their plate.).
4. Decided that it was not worth doing.

He reduced the number of Saturdays he worked by more than 60 percent and, by his own admission, became much more effective.

Define Your Boundaries and Stick To Them

By far, the greatest time-waster that I know of is when individuals allow other people to interrupt their schedule. This is particularly true of subordinates allowing their supervisors to pull them away from what they have decided is the most effective use of their time. Top performers

simply do not allow this to happen. They have the courage to say to others including their boss that they are currently working on something else. They will say, "At the moment I'm working on this project. However, let's look at our calendars and set up a time to discuss your idea. If I can see how it will drive better results, then I will be glad to discuss it and will build my schedule around it." Top performers realize that everyone's performance is ultimately measured by their results. Consequently, they don't allow anything, including their boss's short-term needs, to interfere with their successful implementation of a schedule designed to drive better results.

Top performers realize that one of the keys to success is maximizing the use of their time toward achieving meaningful results. □

Dan Coughlin is a professional speaker, executive coach and consultant who specializes in enhanced individual effectiveness. He can be reached at dan@thecoughlincompany.com.

Top performers realize that everyone's performance is ultimately measured by their results.

Appropriate level of detail

Many of our presentations provide comprehensive amounts of detail. However, when more detail than necessary is included in the presentation, the result is a less effective message. Presentations should be structured in an organized, hierarchical fashion, so that the level of detail can quickly be tailored for the appropriate audience or time frame.

Singular purpose

Presentations often include information that does not directly support the main point. While this tangential information may be irresistibly interesting, it distracts from a clean, logical persuasive argument. Such information should be eliminated from the presentation, or re-phrased,

if possible, into a supporting argument for the main point. If it is not possible to identify only one over-arching point, then the material should be separated into more than one presentation.

Recommended reading

One of the best resources on this topic is a book authored by Barbara Minto, called *The Minto Pyramid Principle: Logic in Writing, Thinking and Problem Solving*. Barbara Minto developed this approach when she was a partner at McKinsey & Company. The book covers the techniques referenced above, and much more. □



Ins and Outs Think Time

by David S. Duncan

To no one's surprise, actuaries are typically hired for their minds. Yet, how many of your days and working hours are filled with "doing" instead of "thinking?" It is easy to get trapped in a cycle of putting in long hours and running on a corporate or personal treadmill. We have continual access to voicemail, e-mail, beepers and pagers, whether in the office, at home, in the car, on the plane or in between. We are seemingly indispensable, particularly when we are constantly "doing."

I realize that we're paid to produce and to add value to those who are paying us. However, we no longer seem to be able to find a few minutes alone without feeling guilty about it. We no longer have vacations; we have down time. Incidentally, "down time" was a term that was reserved for machines that would run 24/7 for weeks on end, and this so-called down time was necessary to get a machine oiled, tuned, rested and running again. With corporate layoffs increasing, pressures building and expectations soaring, we can actually feel guilty for taking some time out—yet alone, time out to think!

There are some benefits to finding think time:

- You increase your value because you find time to actually learn something..
- It allows us to reflect on those things that are important to us in our personal and business lives so that the actions we take are consistent with our true internal values.
- Creativity increases.

- It gives us time away from an environment that seems to discourage thinking, which subsequently increases our self-esteem and self-worth.
- It adds balance and a richness to everyday living.

Some companies such as Microsoft actually give its employees official "think time" each week. As an aside, my personal think time is spent at Starbucks each morning, and I am always amazed at what can be accomplished when I have a few minutes alone to think.

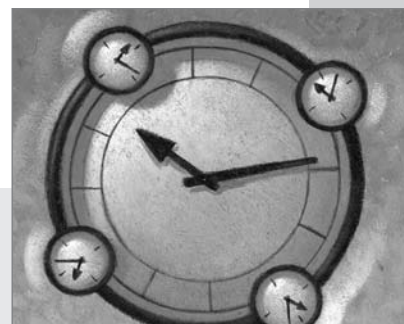
If you can think of other benefits for taking time to think, I will publish your comments in the next edition of *The Stepping Stone*. Please email them to me at dduncan@kclife.com. If you do not have time to write, at least find time to think about it. □

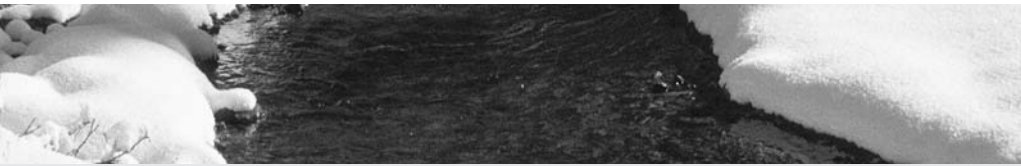


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Personal Opinion

The Perils of PowerPoint Slides

by James Gray

It's the most misused technological innovation since the handgun. It's a major reason why business leaders give less effective speeches and presentations today than they did just a few years ago. It's PowerPoint—and it now ruins more presentations than it helps.

The opportunity to speak publicly in a democratic society, to give free expression to our ideas in an attempt to influence others, has to be one of the greatest privileges ever bestowed on the human race.

In politics and business great speeches build great careers, so I find it incomprehensible that so many undercut the astonishing personal power that comes from connecting with an audience, really connecting, to throw up a collection of hokey slides and read aloud desultory, poorly organized information that members of the crowd can still process faster than the presenter can read.

I suspect that today's addiction to PowerPoint has to do with the fact that most people, even those among the sleek executive set, are unnerved by the preparation and discipline required to speak effectively in public. When PowerPoint came along, many of them figured, "Great. Now I don't have to do all the work of writing and editing a script, which takes forever. I'll just organize a deck of slides covering the main points and address them one by one. I don't even have to know my presentation cold; after all, I'll have my slides right there. This is terrific!"

The advent of this now-ubiquitous technology served a deeper psychological need as well, seemingly protecting the fearful from the oppressive scrutiny of audiences by diverting at

least some attention to visuals, away from the speaker.

Yet this reasoning is wrong. Just as you can feel lonelier at a crowded party than you can in the solitude of your bedroom, PowerPoint, utilized badly, isolates and diminishes you in the eyes of your audience.

PowerPoint was meant to enhance speeches and presentations, not replace them. The best speakers in the world rarely use PowerPoint. They don't need to. They tell their stories the old-fashioned way, with an uplifting combination of words and passion, like former New York mayor Rudy Giuliani.

Okay, so I revile PowerPoint. Since it's unlikely I'll be able to eradicate it during my lifetime and since several of my clients insist on its use (primarily to explain complex or highly-technical matters), I grudgingly toil with the soulless technology. But I have a rule: I run PowerPoint; it doesn't run me.

We're people, admittedly with a plethora of faults and limitations, but our humanity trumps a slide every time. Let's keep that in mind as we consider five basic guidelines for avoiding the PowerPoint perils.

- **Tell a story:** Before the introduction of PowerPoint, a presentation usually involved the telling of a story. It still needs to, but with the aid of visuals rather than words alone. Your deck of slides needs to relate a coherent narrative from beginning to end. Anyone, and not just any member of your audience, should be able to pick up the deck, read the slides and follow your story quickly and easily.

It's a major reason why business leaders give less effective speeches and presentations today than they did just a few years ago. It's PowerPoint—and it now ruins more presentations than it helps.

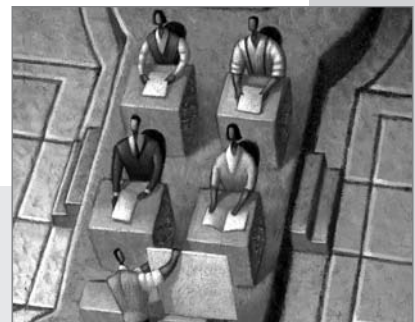
- **Less is more:** No more than three points on a slide, with no more than five or six words constituting a point. The generally accepted rule of thumb is no more than one slide per minute of presentation time, or 20 slides for a standard 20-minute address.
- **Be prepared:** Take as much pressure off yourself as possible by having a trusted colleague or assistant provide technical support. Have a hard-copy version of your presentation in large, easy-to-read type available if the technology fails. Rehearse often, sometimes delivering your address without referring to your slides. Just in case.
- **Take control:** Establish your presence and credibility by speaking for at least the first minute of your presentation without referring to PowerPoint. (You may want to display a slide featuring your organization's brand or logo as you make eye contact with the audience and let its members know what you're about to tell them, and why it's important to them.) Conclude as you began, speaking to the audience with the first slide up again.
- **The eyes have it:** You need to establish and largely maintain eye contact with members of the audience, invariably a challenge for those PowerPoint presenters distracted by the need to transition in and out of numerous slides. Once you quickly confirm that the proper slide is in place, face the crowd and make your points. Summarize the slide, or expand upon it, or use it as an entry point to provide an important example, but don't read it.

It's all about serving the needs of your audience. Have you ever attended a speech or presentation that was so good, so special, that you didn't want it to end? That's the way I felt last

December, conducting a communications skills workshop with a small group of intellectually challenged adults. They were terrific presenters who told interesting stories with warmth, honesty and plenty of eye contact.

There were four speakers that day, and not a PowerPoint slide among them. □

James Gray is a communications skills trainer with National Public Relations in Toronto.





The Complete Actuary

Managing Change

by Claire Marie Burchill

Editor's Note: The following article is reprinted with permission. It last ran in the September 1991 edition of The Actuary.

As early as 500 B.C., the Greek philosopher, Heraclitus, recognized that nothing is permanent except change. Why is it, then, that the mere thought of changing careers, changing organizational structure or even changing one's hair color causes anxiety? The answer lies in our ability to manage or master the change. And because change is risky, actuaries, who are risk-assessors, are asked daily to predict and act upon change.

Within the work environment, change provides opportunities for employees to expand their knowledge and responsibilities. Technological changes afford us speedier access to more comprehensive data sources. Significant changes such as a merger, acquisition or reorganization are often viewed as unsettling and disruptive to the day-to-day business activities. However, these changes also create new or expanded jobs, broaden the access to new markets, and provide significant opportunities for success in the face of new challenges.

The organization that does not anticipate and take advantage of change will over or under produce by not anticipating the consumer's varying needs or the effect of foreign or domestic competition. It will suffer inadequate investment return by failing to predict and act upon changing interest rates or tax laws. As a result, it will begin to lose customers and income. Once these changes have begun, this organization will be forced into a position of playing catch-up within its industry or forced into bankruptcy.

In *Mastering Change: The Key to Business Success*, Leon Martel provides the following five-step approach to help us master change.

(1) Recognize that change is occurring.

Change is more likely to occur than continuity. The expectation of continuity breeds inactivity, leading to business decline and eventual failure. Recognition and acceptance of change in such areas as consumer preferences, interest rates and technology keep an organization and its employees alert and challenged and provide greater opportunities and likelihood for success.

(2) Identify the changes likely to affect you.

Changes fall into two categories:

- **Upstream:** Changes in this category affect what a business or person needs. Examples include changing labor and material costs, modifying legislation and new technology.
- **Downstream:** These changes are characterized as those that affect the environment or market for which goods and services are being created. Included are variations in attitudes and priorities and changes in education levels.

Table 1

Matrix to determine the amount of attention to be given to changes according to their relative importance and likelihood.

		Likelihood of Occurrence		
		a – most	b – highly	c – less
Importance of Effect	1 – most	1 a	1b	1c
	2 – moderately	2a	2b	2c
	3 – less	3a	3b	3c

(3) Determine the type and probable pattern of each identified changes.

Permanent transformations are referred to as structural changes. These are usually irreversible and have qualitative results. The movement of women into the workforce is an example of a structural change that is likely to continue.

Temporary alteration such as business cycles are called cyclical changes. The results are quantitative in nature and they typically return to their prior state or condition.

The direction of structural change is usually not constant, while cyclical changes are not. Consider the literacy rate which shows continual improvement, whereas interest rates fluctuate up and down.

In addition to type and pattern, the pace and expected duration of the change help to explain its nature.

(4) Rank the changes by the importance of their effect and the likelihood of their occurrence.

Martel suggests a ranking system helps determine the amount of attention to be given to a particular change. The matrix in Table 1 on page 14 shows a rectangular-blended region (1a) for the changes most likely to occur with the most important effect. These changes warrant the most attention, while the unshaded square warrants the least.

(5) Make use of the changes.

Taking advantage of new situations created by change is the key to mastering the change. Martel suggests the following rules for strategic responses to structural changes:

- Use caution in making large scale commitments of resources to mature technologies.
- Don't continue to commit to a technology when a better, competing one exists.
- Don't try to further refine a current technology when a superior one is clearly on the horizon.

For new, emerging technologies:

- Put the highest priority in discovering, creating and exploiting new technologies.
- Understand the many implications of the changes they create (opportunities as well as problems).
- New technologies will be stillborn unless markets exist for the products and services they create.

Table 2

Examples of strategic responses to structural changes

- Become the lowest cost producer
- Diversify into other product lines or related industries
- Concentrate on higher-value-added and specialty products
- Emphasize service to gather longer term earning flow
- Consider joint ventures with other entities

Examples of tactical responses to cyclical changes

- Prepare a full cycle ahead, during upswings
- Carefully time borrowing
- Do everything possible to get more and better information
- Examine past cycles for patterns
- Calculate the effects of your actions
- Develop the capability for quick responses to change
- Understand the cyclical nature of demand/supply changes

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While these guidelines refer to technology, they are equally applicable to other consumer products and services, such as insurance and consulting.

Table 2 lists practical suggestions for mastering these two types of changes.

Change is a necessary part of our professional and personal lives. We can become the masters of change by accepting that change will occur and employing a strategy which will result in our taking advantage of every opportunity presented by change. □

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Management and Personal Development Section Council members meeting in Orlando at the SOA Annual Meeting to plan the session activities for the new year.

L to R – Larry Jackson, Jif Trefz, Jennifer Gillespie, Dan Shinnick, Sim Segal and Vince Mace.

Missing: David Duncan, David Miller, Kelly Rendek and Alan Sheptin



Dan Shinnick, incoming chairperson, presenting a gift of appreciation to retiring section chairperson, Sim Segal.



Gathering at the Management and Personal Development Section breakfast in Orlando were former and current section council members:

L to R – Alan Finklestein, Larry Jackson, Jim Trefz, Vince Mace, Michael Braunstein, Sim Segal and Dan Shinnick.



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