



THE INDEPENDENT CONSULTANT



LinkedIn



Share

Print-Friendly
NewsletterSearch
Back issues

CONTENTS

[Issue Notes from the Editor](#)

by Bill Ely

[From the Chairperson](#)

[Being Little in a World of Too Big to Fails](#)

by James Ramenda

[Top 10 Steps to a Thriving](#)

[Local Consulting Practice](#)

[Without Travel](#)

by Jay W. Vogt

[Building Your Business](#)

[Through Social Media](#)

[Networking](#)

by Connie Golleher

[How to Become a Better](#)

[Actuary](#)

by Rod Bubke

[Medical Loss Ratio: An](#)

[Entrepreneurial Approach to](#)

[Health Care Reform](#)

by Mark Florian

[Annuity Clearinghouse](#)

[Proposal](#)

by Beverly J. Orth



From the Chairperson Being Little in a World of Too Big to Fails

by James Ramenda

A funny thing happened when the press, regulators, politicians, etc., discovered the concept of systemic risk. They saw that really big financial companies might well pose such risk and that certain companies, for sure, were indeed "too big to fail." They responded with a flurry of measures, including laws, regulations and forced restructurings. The net effect of all of this, ironically, has been to increase the costs of compliance and governance, giving still greater advantage to deep-pocketed companies that still remain too big to fail. In short, the intent to diffuse systemic risk has had the result of reinforcing the trend of big companies getting bigger.

This is not necessarily entrepreneur-friendly. Big companies tend to hire big companies. And a by-product of this trend is a noteworthy change in how big companies deal with vendors, i.e., the rise of the procurement professional. The procurement professional is not an expert in a given functional area, per se, but serves to standardize the approach for contracting services of all types, making sure that all legal, compliance and governance provisions are addressed in accordance with company-wide policies.

In the past, at least for professional services, this process was often conducted at the level of the functional professional, i.e., the functional area management would deal directly with the vendor, usually a small consulting firm in the case of our section, then pass the terms of the

[Let Your Voice Be Heard:
There's Still Time to Vote in
2011 SOA Elections](#)

[Register Today: SOA 2011
Annual Meeting, Exhibit and
Virtual Sessions](#)

ENTREPRENEURIAL ACTUARIES SECTION

[Entrepreneurial Actuarial
Section Leadership](#)

[William Ely, Editor](#)

SOA Staff

[Meg Weber, Staff Partner](#)

[Jacque Kirkwood, Staff Editor](#)

[Sue Martz, Section Specialist](#)

OTHER SITES OF INTEREST

[Entrepreneurial
Actuarial](#)

[Newsletter](#)

[Resource Center](#)

[Member Benefits](#)

arrangement onto the legal department. Although the procurement person may not be a professional in the functional area under consideration, they are professionals in the bidding and contracting process and represent an increasingly important element of the sales process for entrepreneurs.

To be sure, the formalization of procurement will add time and effort to the sales cycle for entrepreneurs. It will also add complexity in managing a new relationship. It must be managed along with other already existing and perhaps long-cultivated relationships with management personnel. The skills of the individuals will be different than those of the end users of the entrepreneurs' services. Perhaps most important, and most difficult for the entrepreneur, will be the standardization of a process in which the entrepreneurs' advantages (initiative, innovative thinking, flexibility, responsiveness, sales ability, etc.) will tend to give way to the advantages of larger consulting firms (client lists consisting of other large companies, world-wide presence, depth of staff, etc.).

In a world where too big to fail is encouraged, however unwittingly, entrepreneurs must adapt. This means developing marketing strategies and capabilities that deal effectively with both the end user of the services and the procurement professionals and process, as well.

James Ramenda, FSA, CERA, is managing director of Northington Partners, Inc. in Avon, Conn. He may be reached at jr@northington.net.



475 North Martingale Road, Suite 600, Schaumburg, Illinois 60173
Phone: 847.706.3500 Fax: 847.706.3599 www.soa.org