



# The Stepping Stone

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## contents

**Chairperson's Corner**  
by Simcha A. Segal.....3

**Ten Rules for Giving a Great  
Speech**  
by James Gray.....4

**Upcoming 2003 Spring Meeting  
Sessions**.....7

**How to Be a Superstar in Your  
Own Company**  
by Aimee Kaye.....8

**Are you a Product Actuary or a  
Marketing Actuary?**  
by Mike Kaster.....12

**Section Council Members  
Photos**.....14

**Ins and Outs**  
by David Duncan.....15

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## Articles Needed for *The Stepping Stone*

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 David S. Duncan, editor, at 314.525.3600.

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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 Bryeanne Summers, 847.706.3573, at the Society of Actuaries for help.

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Thank you for your help.

# Chairperson's Corner

by Simcha A. Segal



Chairperson

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**U**nlike speaking skills, listening skills are not top-of-mind for improving communication skills. There are three reasons for this:

- Most people are unaware of the need to improve their listening skills. Poor listeners are like people with poor senses of humor. The lack of skill is more readily apparent to those around them.
- The benefits of improved listening skills appear less tangible. It may seem like you would just spend more time being silent, sedate and seated.
- What to do to become a good listener is not easily observable. Good listeners do not stand out like good speakers.

## Test Your Listening Skills

To test your listening skills, count the number of “yes” answers to the questions below.

1. Do you interrupt people mid-sentence?
2. Do you multi-task during a conversation?
3. Are you busy preparing your response while they are still speaking?
4. Does your mind wander because you think you know what they are about to say?
5. Do you change the subject to a topic that you'd rather discuss?
6. Do you try to get the person to “get to the point” quickly?
7. Is it easier for you to hear the stated facts rather than the expressed emotions?
8. Do you try to present quick solutions to expressed problems?
9. Do you often stay behind your desk during a conversation?
10. Do you feel uncomfortable with spaces of silence during a conversation?

Here is your score, based on the number of “yes” answers:

- 0 You are the best! (You are also lying.)

**1-3** Maybe you can focus on another communication skill before this one.

**4-6** You could use improvement. Read on.

**7-10** Buy a muzzle. Actually, you are the average listener. Read on.

## The Benefits Of Listening

Listening skills improve the effectiveness of one-on-one communication. This is the most intimate form of communication and the basis upon which all relationships are built. This is why empathic listening is one of the “seven habits of highly effective people.” Relationships are the key to good business, and listening skills can enhance relationships. After I invested some time to improve my listening skills, I was amazed at how it improved all of my relationships—both business and personal. I learned a great deal more about the people around me. I engaged people to tell richer stories about the issues that were important to them. I understood them better. I was then able to connect with them in a deeper way, and as a result, they understood me better as well.

## How To Improve

There are various tactics you can employ to improve your listening skills. Some of the tactics are physical—your body language, the environment, etc. Others are mental—maintaining focus, listening for hidden meaning, etc. There are also verbal tactics, e.g., reflecting the meaning of what has been expressed.

The best resource I have come across on listening skills is a book recommended by the highly paid executive coach of an ex-colleague. The book is “People Skills,” by Robert Bolton, a paperback (available on Amazon.com for \$10.40). If you only read chapters 2-4 (just 48 pages), you will have enough information to dramatically improve your listening skills. The book covers all the tactics referenced above, and much more.

Listening is the most over-looked communication skill, yet it can be the most important. After all, if nobody is listening, is anybody really communicating?

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Relationships are the key to good business, and listening skills can enhance relationships.

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# Ten Rules for Giving a Great Speech

by James Gray

**A**s a young business reporter in the early 1980s, I covered a lot of bad speeches—mumbled, disorganized, meandering, interminable, ultimately incomprehensible discourses that sorely tested the inconceivably polite Canadian audiences to whom they were addressed.

It was left to me, as a journalist, to make sense of the just-completed assault on common understanding. Because speakers weren't always available for interviews following their "remarks"—and because I had to produce a story, regardless of whether or not a speech warranted coverage (usually not)—I was left to grapple with a perplexing question: just what was their point?

Out of this trauma came a determination to devote my existence to helping executives give better speeches and ensure they had a point. Today, I'm a communication skills trainer, which means I help clients speak effectively to the people they need to reach, whether it's through a speech or a media interview.

Here are my top ten rules for giving a great speech.

**1. Be yourself:** There's remarkable power in being "you". "You" are the person everyone is expecting—don't let someone else show up in your place. If you do try and take on another persona, a puffed-up or too-humble version of yourself, listeners will sense your insincerity and tune you out. Audiences for the most part are tremendously supportive, especially when they perceive that speakers are being true to themselves. The world already has more than enough phonies; don't add to

the running total. Be "you", imperfections and all. Chances are that no one listening will be perfect, either.

**2. Do your homework:** The members of an audience can tell within seconds whether you've taken the time to learn about them, or if you're simply delivering a 'canned' presentation.

At the very minimum, take time to learn the basics about the people you'll be addressing. Talk to speech organizers about them. Who are they? What are their issues, challenges and concerns? These are the kind of questions asked by speakers who respect those they're about to address, because in the end it's all about serving your audience. Do that well, and benefits will naturally accrue to you.

**3. Hook them early:** At this very moment, throughout the world, scores of executives are giving speeches to folks who've mentally checked out. Why do so many presenters lose their crowd? It's invariably because a speaker will fail to tell audience members early on why the information that's about to be disseminated is important to them. If you don't tell people, they'll spend a few minutes trying to make a connection between your exciting new Web site and their own lives. After that, they'll get frustrated and bored and their minds will go someplace else. Once that happens, it's almost impossible to get them back. You need to state early on that your Web site can improve their lives—and then tell them how. If you don't hook them early, you won't hook them at all.

**4. Have a point:** In high school English, it was called a “theme.” Whatever. Be able to express the core of your presentation in a single, clear, concise statement that a 16-year-old can understand. If you can’t produce that, you won’t have a speech, you’ll just have verbiage. We’re all craving the lean, direct, well-organized information and perspectives that a great speech can provide. It all starts with your point.

**5. Keep it simple:** How do you organize a speech? Think in threes. I have nine nieces and nephews aged eight to 15, and when I visit them, I listen carefully to how they tell me their stories. They organize their stories in “three’s.” Children are often better communicators than us because they’re not encumbered by our minutiae; they tend to have a point and get to it with dispatch. So think like a kid. Organize your speech in three sections: Introduction, Body and Conclusion. In the introduction, tell the audience what you’re going to talk about—your point—and what’s in it for them. In the body, expand upon your point in three distinct but integrated parts. In the conclusion, summarize your point and state what you want the audience to do with the information you’ve laid out. It’s your “call to action” and it’s essential.

**6. Be brief:** If you’re asked to speak for 20 minutes, speak for 15 and leave five minutes for questions. If no one has any questions, ask and answer your own questions until you hit the 20-minute mark. It’s easy to lengthen a speech on the fly and much harder to cut it. There’s nothing more irritating than to have a speaker go way

over his or her time limit. It’s absolutely rude—it shows contempt for the audience and displays an inflated ego that’s far too prevalent in business today. It also indicates a lack of credibility. If you can’t speak for 20 minutes, as promised, why should I ever trust you with any other commitment? I love a speaker who’ll get up and say: “I’ve been given 30 minutes for my presentation. I’m going to speak for 20 minutes. I’ll answer questions for another 10 and we’ll be done by 12 sharp so we can all pile out of here and enjoy the delicious lunch that’s being prepared down the hall.” With a speaker like that the audience knows it’s in good hands, so everyone relaxes, free of concerns about time and listens.

**7. Easy on the PowerPoint:** It’s the most misused technological innovation since the handgun. PowerPoint was developed to enhance speeches, not replace them. When PowerPoint is over done, as it usually is, speakers are reduced to tech support for their own presentations, which diminishes them in the eyes of their audience. PowerPoint has its place, but you need to run it; it shouldn’t run you. After all, people have assembled to hear you speak—not to watch you read out loud slides that they can process faster with their eyes. If you do use PowerPoint, the rule of thumb is a maximum of one slide per every minute of speech time. That’s 20 slides in a 20-minute address. And please, no more than three points on a slide.

**8. Rehearse:** There’s no substitute for it. The better you know your speech, the more comfortable you’ll be with it and the better you’ll deliver it in front of

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**Easy on the  
PowerPoint. It’s the  
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technological  
innovation since  
the handgun.**

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an audience. When you know your story, you're free to be "you" (rule No. 1!) Okay, you've rehearsed in front of the family dog for two weeks now and you're still nervous. That's natural. Take the pressure off yourself by speaking slowly (the audience won't mind; they're still getting to know you). You'll gain confidence as you go along—and so will they.

**9. Make eye contact:** More than 70 percent of communication relies on the visual component. People won't buy what you're saying if you don't look them in the eye. But when you're facing an audience of several hundred, how can you possibly look everyone in the eye? Pick out three or four supportive faces in different areas of the room and speak to

them. Speak to those people as if they were your friends—warm, caring individuals whom you like and respect. By speaking to a few, you'll be speaking to the many.

**10. Again, be yourself:** It can't be emphasized enough. Recently I had the pleasure of conducting a communications workshop with a small group of intellectually challenged adults. They were terrific presenters—they were themselves. One animated young woman, upon receiving the video tape of her speech at the end of the session, hugged the tape with both arms and exclaimed: "I love me!"

Beautiful. She'll need no coaching on being herself. □

James (Jim) Gray is a senior consultant at National Public Relations and one of the company's primary communications skills trainers. Jim brings an extensive background in journalism to the service of our clients in Canada and the United States. A former reporter with *The Halifax Herald*, *The Toronto Star* and the Canadian Broadcasting Corporation, he retains a sharp edged news sense.

Jim works closely with senior executives, public figures and athletes, helping them communicate effectively with the people they need to reach—through the media and directly, through speeches and presentations. His training is effective because Jim plays an integral role in the formation of compelling key messages—messages that reach their targeted audiences with power and credibility.

An expert in crisis communications, Jim frequently provides counsel to organizations facing challenging public and internal issues. In addition, he's often called upon to advise companies and associations on the planning of their overall media strategies. Jim conducts media skills, presentation skills and crisis communications training across a range of industries. He has strong expertise in the pharmaceutical, financial services and technology sectors. Jim is a graduate of Acadia University in Wolfville, Nova Scotia.

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More than 70  
percent of  
communication  
relies on the  
visual component.

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# Upcoming 2003 Spring Meeting Sessions

## Sessions Sponsored/Co-Sponsored by the Management & Personal Development Section

Achieving a High ROI on Human Assets  
*(Vancouver & Washington, DC)*

**W**hat are the two key assets that every business needs? Money and people. And money is an inert asset until your human assets deploy it! Organizational and personal vitality is closely associated with something commonly referred to as the "War for Talent". It is critical to become aware that you are in the middle of a race for obtaining, engaging and retaining top talent. "Achieving a High ROI on Human Assets" is central to your personal success and to the success of your company. Find out how to view people as your most important profit lever, and improve your human capital management and partnership skills.

Hot Breakfast—  
Does the Suit Fit?  
*(Vancouver & Washington, DC)*

Do your skill set and personal preferences fit your work environment? Concentrating on Section 3 of *The Actuary's Career Planner*, the moderator interacts with attendees using short exercises and discussion to help pinpoint suitability of fit and personal preferences in the work environment. Attendees learn ways to close any gap in values, understand the tradeoffs that accompany all roles and analyze methodologies to better handle change.

It Takes Practice  
*(Vancouver & Washington, DC)*

When was the last time you practiced your management or team skills? Many corporate managers and players are thrown into the game without the benefit of practice. How many successful sports teams would there be if this were their mode of operation? Successful managers and team players

know that it takes practice! This session is all about practice. Simulation games provide real corporate situations highlighting several interpersonal skills and concepts, including:

- Balance within a team
- Collaborative problem solving
- Competition
- Intellectual capital
- Process planning
- Team learning

Managing Your Career Within a Traditions; Employer Setting  
*(Vancouver & Washington, DC)*

Without question, much of the buzz you hear from the Actuary of the Future Section is about non-traditional actuarial employment. But the fact is that many actuaries are and will continue to work in traditional actuarial employment settings. This session offers some practical advice around managing your career as an insurance or consulting actuary in a traditional setting.

Effective Meetings  
"Canned"  
*(Vancouver Only)*

At the Society of Actuaries' May 2002 Spring Meeting in Colorado Springs, the Management and Personal Development Section Council conducted and videotaped an open session entitled Effective Meetings—Live! At that meeting, the Council began the planning for this field trip. This will be a terrific networking opportunity, and will include:

- New Revue Theatre private improvisation performance (about 45 minutes).
- Free time following the planned activities and an enjoyable 25-minute sightseeing cruise around Granville Island, Vancouver, at your leisure. □



# How to Be a Superstar in Your Own Company

by Aimee Kaye

**W**ill 2003 be filled with downsizing, consolidations, mergers and acquisitions? What can you do to insure having a position in your own company during times like this? How can you stand out among your peers, insure you get that promotion or the job you want in your own company? Here are some important strategies to help you differentiate yourself from your peers, and insure your own marketability and advancement within your own company.

One way to set yourself apart is to become more productive by not only adding value to your company's bottom line, but also by adding value to your community of co-workers as well. This will insure your marketability and mobility within your own organization.

Think about your fellow employees right now... who are the superstars, the young rising stars and the more seasoned actuaries? They are not necessarily brighter than you. They do not have extra brainpower. They just work differently than the average actuary and use work strategies that lead to higher productivity. Increasing your own productivity can make the difference between getting a promotion, being stuck in a dead end job or having no job at all.

Achieving lower productivity is not because you are necessarily less capable. It may be because you were never taught the work strategies that lead to higher productivity. Being more productive doesn't necessarily mean more hours of work, it means getting more out of the hours you work. We are looking for ways to become more productive while still being able to spend quality time outside of work with

family, friends or on hobbies. Superstars often work fewer hours than average performers because they get so much critical work done in less time. How do they do it?

Mastering "star performer" skills and work strategies is simply a matter of learning these techniques and practicing. But first, you have to be aware of what they are, so let us discuss them now.

The first, and most important technique, is taking the initiative. Taking initiative is very powerful, yet also easily misunderstood. Average performers, who account for 60 to 80 percent of the work force, view taking initiative as going beyond their job description, learning something extra so that they are seen as very smart technically or getting stuck doing someone else's work or taking on work not part of your job description. Average performers are cynical and see this as "kissing up" to the boss or colleagues.

Star performers also seek out responsibility above and beyond their expected job description. The difference, however, is that their extra efforts are for the benefit of their company and co-workers, and not self-serving. True initiative, as practiced by star performers, always ends up benefiting someone else: co-workers, the department or the entire company. While it is true that exemplary performance does indeed benefit the star, the primary emphasis is always on the greater group, and not on individual recognition.

An initiative must also be implemented. Star performers stick tenaciously to an idea or project and follow it through to its successful completion. Don't just send your boss a memo about your great idea

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and think that you are taking the initiative. That falls short. Too often average performers assume their responsibility ends with presenting the idea and it is the boss' responsibility to make it happen. Implementation is the acid test of any initiative, but doesn't necessarily mean that every initiative you undertake will be successful. No one expects that. However, nothing will happen unless you try. And while trying can be hard at times, it is often what people expect.

**Another important element of taking initiative involves the risk in choosing the right initiatives to undertake. To minimize these risks, make sure you take the following steps:**

1. Do your current assignments well. Your first obligation is to do your assigned job. Avoid over-committing.
2. Make sure the initiative has some payoff for someone other than yourself—if there is nothing in it for someone other than yourself, do not call it an initiative.
3. Initiatives that can be related to the bottom line in terms of increased profitability or decreased costs are generally more significant than, for example, improving the company's food service.

In becoming adept at taking initiatives, one learns quickly that efforts don't need to be brilliant to have impact. Taking the first step and then finding a solution will most assuredly increase your value within your company.

The second important skill exhibited by star performers is the ability to increase productivity through networking.

Average performers think that building a communications grapevine insures that they are "in the loop" on the latest office gossip and that socializing with other people in their field and executive recruiters

can help in future job hunting. While this may be true, here networking is referred to as a tool to increase your value within your own company.

Star performers know that in this age of knowledge-intensive jobs, without a good network supporting them, they are on their own. They also know that to be on their own in this mind-boggling universe of technical knowledge is to be lost, and working in a vacuum.

What percentage of knowledge is stored in your own mind? Can you quantify how much information you need to know to perform your job? In the 80's, most technical people would have said 75 percent of knowledge is stored in their brain. Today that figure has dropped 20 points or more.

Knowledge-based networks are one way that star performers overcome their deficiencies. Networks are high-speed infrastructures upon which knowledge is sent and received by those who need it. Without these networks, professionals cannot do their jobs properly. Star producers proactively develop dependable pathways to knowledgeable experts who can assist them with critical business tasks. When called upon, these "experts" share their knowledge with those who need it. The goal is to minimize the knowledge deficiencies that are inherent in every brain-powered job.

Another facet of the economy contributing to knowledge deficiencies is downsizing. Those who survive in companies that have undergone significant cuts in their workforce are expected to do more with less manpower. They assimilate jobs that were once the full time responsibility of others. Sometimes the increased workload is juggled by teams of workers. Even those downsized from one workplace are expected to work longer hours with a heavier workload in their next job.

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What percentage  
of knowledge  
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own mind?

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(continued on page 10)

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**Perspective  
is a key work  
attitude.**

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**Let's look at the benefits of networking from another angle. When given an assignment which is beyond the scope of your experience, you have two choices:**

1. The do-it-yourself approach. Get up to speed by taking a quick study course and cramming the information you need to get the job done yourself.
2. Work your network, gather the best ideas from your network and combine that information with your own knowledge base to get the job done.

The first option is frequently the path of choice for average performers, but it is the worst option for maximizing productivity, even though it follows the educational patterns ingrained in us from our school years. By working an established network, you can close your knowledge deficit quickly, which clearly beats out the "do-it-yourself" option in both effectiveness and efficiency.

Take the time to develop a network of experts. Remember, the worst time to build a network is when you already need the network to work for you. Star performers try and get their networks in place before they need them. Star performers want to assimilate these sought-after experts into their networks and will be proactive in offering to help to them long before they need to be on the receiving end. They build bridges to these experts in advance and use their network to get the job done effectively and efficiently.

Self-management skills are the next area of concentration. Have you noticed that star performers enjoy what they are doing? Star performers have used their self-management skills to put themselves into work that they enjoy and that complements their personalities. The result is that their careers are more satisfying. Long term, star self-managers exhibit a sense of meaning, accomplishment and

contribution. They get the job done, and they do it well.

**The key to self-management is:**

1. Know yourself well.
2. Know the kind of work you do best and identify the type of work you enjoy.
3. Take control of your career path by developing a plan to connect yourself to the work you enjoy most with a job that increases productivity for your company.

Seeing the "big picture" is another idea which delineates average performer from stars. The big picture involves thinking outside the box, looking at a situation from other perspectives and being creative.

Average performers have a one-dimensional perspective of seeing work from their own point of view and making sure that their point of view is the one that gets the most attention, protection and connection.

Star performers know it is the multi-dimensional perspective that allows them to see a project or problem in the larger context, whether they are customers, competitors, co-workers or bosses. Maintaining a broad perspective enables stars to evaluate the relative importance of various viewpoints so that they can improve on the product or develop better solutions to problems.

Perspective is a key work attitude. Whereas initiative speaks volumes about your motivation, self-management and ability to get the job done, perspective goes a long way in establishing your reputation for brainpower. Acquire the ability to recognize emerging patterns, to think creatively outside the box, to exercise expert judgment and to identify the changing games with their changing rules and you have acquired the essential per-

spective keys to gain entry to the ranks of the star performer.

This next work characteristic, being an exemplary follower, is one of the most challenging for star performers. Not only because it is difficult to master, but because it is so hard to accept. We have been taught at a young age that being a leader is something to aspire to, and being a follower is something that we settle for. Average performers are always surprised that star producers, whom many people label as leaders, also are adept at following others.

“Follower-ship” is the work skill that guides your interactions with others who are your leaders. It focuses on all the relationships you have with people who have organizational power and authority over you. “Follower-ship” is also different from teamwork, which is about co-worker relationships—the horizontal, and not the vertical top-down relationships associated with leadership.

“Follower-ship” means being actively engaged in helping the organization succeed while exercising independent, critical judgment of goals, tasks, potential problems and methods. Star followers have the ability to work cooperatively with a leader to accomplish the organization’s goals, even in the presence of personality and/or workplace differences. Sometimes, you get further along in your career if you are seen as a sharp, dynamic, independent thinking follower who works along with co-workers, rather than someone who competes with them to be the leader.

Team leadership is also a very important work skill associated with star performers. It is practiced among peers, most often in teams. The degree of one’s success has less to do with the power of the job title, and is related more to the power of expertise, credible reputation, influence and persuasive abilities. The skills needed here require leaders without egos, and leaders

who work quietly and unceremoniously side by side with their co-workers. In this role, they do not need direct supervisory authority. Colleagues voluntarily cooperate with these team leaders because they trust them and believe that if they work together, important things will get done to the betterment of the organization.

Team leadership changes all the time. Star producers realize that being productive team members, as well as team leaders is essential for increased productivity.

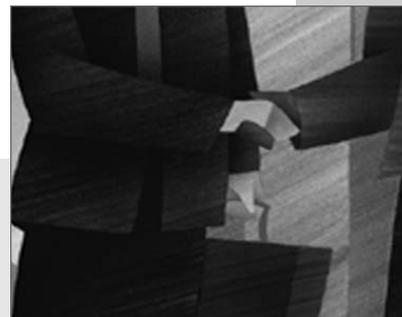
Average performers think organizational savvy is the talent for brown nosing and schmoozing in the workplace to help them get noticed by the right people, which additionally requires obsessive devotion to office politics, another corporate dead end.

Star producers know organizational savvy to be a strategy that enables them to navigate the competing interests within an organization and to promote cooperation, address conflicts and get things done. This often involves expertise in managing individual or group dynamics, knowing when to avoid conflicts and when to meet them head on, and knowing how to make allies out of potential enemies.

These comparisons between the stars and average workers will hopefully give you some insight and strategies to increase your value in your own company. Good luck. □

*Aimee Kaye is the president of Actuarial Careers, Inc. Her firm is exclusively dedicated to the placement and advancement of chief actuaries, FSAs, ASAs and pre-ASAs. She can be reached by telephone at 914.285.5100 or by e-mail at AimeeKaye@actuarialcareers.com*

*Reference: Kelly, Robert E. How To Be A Star At Work. New York: Times Books, 1998.*





# Are you a Product Actuary or a Marketing Actuary?

by Mike Kaster

*Editorial Comment: This article appeared in a recent edition of Product Matters; the Product Development Section newsletter. We appreciate the permission of Michael Kaster to reprint it in The Stepping Stone. Although the article was written about actuaries in product development roles, it is highly relevant to actuaries of all technical disciplines. It emphasizes that actuaries who add communication and marketing skills to their arsenal will enhance their personal growth as well as the growth, of their careers.*  
—David S. Duncan, editor

Several years ago, the concept of a marketing actuary was in vogue. Many job titles were changed to reflect this new concept, and some new jobs were created. But the question is, did the job really change? There is a distinct difference between a product development actuary and a marketing actuary. Because this distinction exists, there will be greater demands on actuaries in the future to evolve their skills. Those who add marketing and communication skills to their repertoire will have a distinct advantage over others who simply perfect their technical skills.

The actuarial profession, and actuaries in general, are suffering today from a perception problem. Employers of today's actuaries have decided opinions about actuaries, and whether or not you fit the image, you are being impacted by this image. Recently, the SOA performed some market research to explore exactly what employers of actuaries felt about their professionals. The majority opinion is that very few actuaries have both the quantitative skill and the business savvy to analyze situations and then create common sense solutions that are easily communicated to all target audiences. Is this really how we want to be viewed?

Today, companies expect that as a product actuary, you will be the technical expert, the

person who can “engineer” the product concept into an acceptable design. They expect and assume that you know and understand all the relevant actuarial issues that need to be incorporated into the product design. You must have thorough knowledge of pricing mechanics as well as strong knowledge of the regulatory parameters in order to build a product that is acceptable to the regulators who will need to approve the product prior to introduction.

These same company leaders do not view actuaries as business leaders. Many company executives have expressed frustration, stating that the actuaries they employ are extremely bright and technically proficient, but because they can't communicate, their knowledge and ideas are being left on the boardroom floor. The situation has deteriorated over the last few years. Actuaries have never been known as outstanding communicators, but according to our market research, employers and executives do not even expect actuaries to communicate well. Again, this is not a good situation for our profession to be in.

OK, so company executives have clearly identified an area for improvement—communication. What about our top actuaries? What did they have to say about product actuaries? At a recent gathering of chief actuaries in the life insurance field, they were asked to discuss the needs of product development and product development actuaries. A growing trend that causes them to be concerned is the increasing acceptance of results that come from the actuarial modeling software packages that most companies use for product pricing. These software packages (we all know the usual suspects) have been a godsend in efficiency and productivity. But increasingly, more and more product actuaries are simply accepting the results coming from these “black boxes” without

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challenging the results or understanding the root of the calculations. How do you know the results you are getting are the right results? Do you check your answers? The chief actuaries stated that it is important to know and understand the calculations. One of my most valuable learning exercises when I was a product actuary was to build a pricing spreadsheet from scratch. I did this for a simple deferred annuity product, so the calculations were not terribly complex. But what it drilled into me regarding the actual mechanics of pricing is something that I will never forget.

The “chiefs” also saw the communication problem in the younger generation. They indicated that in the past, actuaries were actually tested during their credentialing on their ability to communicate and their usage of the English language. Many suggested that our profession should consider evaluating some sort of process where we actually ask our candidates to communicate, rather than regurgitate. There are currently working groups within the SOA working on these very recommendations.

So, the typical product actuary today is someone technically solid, knowledgeable in their product line and usually viewed as the “product expert” in his or her company. Product actuaries know how to balance the equity challenge, the need to balance the tripod of constituents, the owner, the distributor and the customer. No other professional in the insurance industry is better positioned to take on assignments with these needs. But is this enough? What other skills are needed to be a successful product developer? Many people would say that without a solid foundation in marketing skills, one cannot adequately manage a product development process. Is this true?

Outside the insurance industry, many companies rely on marketing professionals to perform their product development work. Most MBA programs will offer course work in product development, and marketing professors teach these courses. This would certainly imply that as a product actuary, if you

want to step up to the next level, you must turn yourself into a Marketing Actuary.

How does one become a marketing actuary? It first requires an understanding of what “marketing” is. If you look up the definition of marketing in the dictionary, one source defines it as “Marketing—the act or process of selling or purchasing in a market.”

This definition may be correct, but it doesn’t explain enough. If you look up the definition in a typical MBA program textbook, you might find the following definition:

“Marketing is the process of identifying needs/wants/demands, and establishing products with value to meet such desires, and creating a transaction in a way that produces value and relationship.”

And to quote Peter Drucker: “Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of its final result, that is, from the customer’s point of view...Business success is not determined by the producer but by the customer.”

And one final definition, from Kotler’s Marketing Management: “Marketing’s job is to convert societal needs into profitable opportunities.”

There is no one better positioned in the insurance field to take on the role of “marketing” than the actuary, and it is the product development actuary that is best suited to take on this task.

Do you, as a product actuary, know the difference between sales and marketing? I’ve already told you the definition of marketing, and the function of selling is quite obvious. They are clearly different functions. So, why is it that so many insurance company marketing departments are run by people who came up through the sales side of the house? Do these professionals really understand what it means to “market” products? One could argue that they ascended to these positions in the home office largely because sales individuals learned business savvy and

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One of my most valuable learning exercises when I was a product actuary was to build a spreadsheet from scratch.

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communications skills well (they practice this every day). The actuaries are severely lacking in this arena.

To become a marketing actuary, you must not only possess the skills of the product actuary, but you must also be able to communicate, understand the whole of the business, realize the relationship between customers and products and know how to do all of this in a manner that results in profitable growth for the company. This is a pretty tall order for anyone.

The following chart may help you better understand the distinction between a product actuary and a marketing actuary:

you identify skill areas that you need to further improve, I would suggest that you explore the development of these skills. The areas of weakness that I have previously identified for our profession are really opportunities for the eager and ambitious to find ways to excel and prosper.

Above all else, whether you consider yourself a product actuary or a marketing actuary, improving your communication skills will help you in your professional life more than any other skill. Improving your ability to communicate your ideas requires practice. A recent speaker at an SOA function, speaking on the subject of effective presentations, quoted Vince Lombardi. He said it doesn't require practice to make perfect, but rather

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	Product Actuary	Marketing Actuary
Skills Required	<ul style="list-style-type: none"> <li>• Technical Actuarial skills</li> <li>• Regulatory knowledge</li> <li>• Pricing mechanics</li> <li>• Assumption development</li> <li>• Product knowledge</li> <li>• Conceptual thinking</li> <li>• Creative problem solving</li> </ul>	<ul style="list-style-type: none"> <li>• All skills of a product actuary, plus the following</li> <li>• Strong communication</li> <li>• Marketing savvy</li> <li>• Financial analysis</li> <li>• Customer research</li> <li>• Distribution management</li> </ul>

There are many skills here that people today in various positions will identify with and say that it is part of their job. So, in the ultimate evaluation of whether or not you are a product actuary or a marketing actuary, if

that "perfect practice makes perfect." Work at this skill and practice your communication opportunities diligently. It will carry you a long way in the future. □

## Section Council Members

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# Ins and Outs

## Achieving a High Return on Investment— By Investing in Yourself

by David Duncan

**M**y grandmother passed away last year at the age of 94. We always had a special bond, respect and love for each other. I had the privilege of delivering her eulogy, and it was an honor to comfortably speak to 200 people about the “richest person I know”, even though Grandma had practically no financial net worth. She always lectured me on, “David, never give anyone advice. No one wants it, even if they ask for it.” Of course, my grandmother immediately broke her own rule each time she said this to me by proceeding to advise me on whatever happened to be on her mind at the time. (As many of you know, “making the rules and then breaking the rules” is the prerogative of parents and grandparents).

I just completed my 25th year in the actuarial profession. I know what you are immediately thinking, which is “How could the young guy in the photograph next to this article possibly be that old?” But yes, folks, it is true. Two-and-a-half decades and an AARP card later, this old timer believes that he is fully qualified to now give you...(forgive me, Grandma)...some advice. Here it is:

Invest in yourself, and you will receive a very high return on the investment!

Back in the early 1990's, I decided to take ballroom dancing lessons. This was not a particularly easy thing for me to do, since fluidity was apparently not my natural strength. “Cuban motion” had to do with moving a cigar to my lips, not with how I danced with my hips. In addition to being difficult, these lessons were extremely expensive, and as an actuary I quite frankly had trouble cost-justifying it. But I was between the proverbial rock and hard place. You see, I had just started to date someone who had won a recent “Dick Clark American Bandstand” regional dance competition. I did not want to spend the money for the lessons, but I certainly did not want to be embarrassed and awkward. One evening during a group dance class, I was complaining about the cost of the dance lessons to Walter, an older student (probably my age now) who danced with the

grace of a hippopotamus. Walter was apparently a grandparent, because he proceeded to give me his advice on the cost of the dance lessons. “Dave”, he said, “Some people buy expensive cars that end up depreciating and rusting in their driveway. But the money you now spend is an investment in yourself, and you will have a tremendous return on this investment for the rest of your life.”

As a member of your Management and Personal Development section council, I am obviously passionate about many areas of personal development. My own personal passion is in the area of communication and presentation skills. Someone once told me, “You can be the brightest actuary in your profession but if you cannot communicate your work effectively then you have failed.” So find ways of developing these skills. Join a local chapter of Toastmasters International ([www.toastmasters.org](http://www.toastmasters.org) for a chapter near you). Try writing an article for this newsletter. Speak at a Society of Actuaries meeting. Attend the M&PD section sessions at SoA meetings. Take classes offered by your company.

Our profession, our industries and our companies have changed, and will continue to change. However, the following truth has not changed—that the FSA designation simply serves as the “ticket of admission” to real personal growth and success. After you get into the “big dance” in your company, other investments in yourself are required. “Failure to grow” always results in irrelevance.

I found out that not everyone does the Rumba, Swing, Merengue and Cha-Cha with the same level of skill. But any student who invested and showed up for practice, regardless of any natural ability, had the most fun and obtained the greatest return on their time and money. Similar to the Arthur Murray dance lessons, investing in yourself will also take time, commitment, effort and a little money as well.

Take action now! Invest in yourself and you will receive a high return on your investment!



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