

The Stepping Stone

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**SOCIETY OF
ACTUARIES**

**LEADERSHIP &
DEVELOPMENT**



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CHAIRPERSON'S CORNER

Leadership and Development: Where Do We Go Now?

By Mitchell Stephenson

Being strong in math is a given, but having soft skills, such as the ability to communicate well and work in a team, can be just as important.

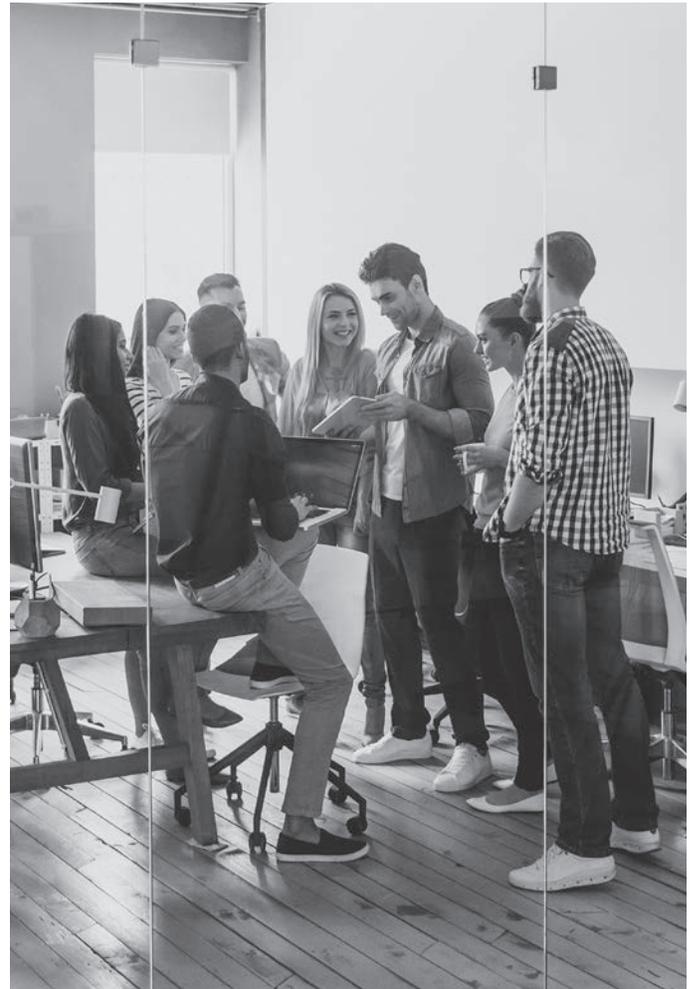
—Tonya Manning, past Society of Actuaries president

The mission of the Leadership and Development (L&D) Section within the Society of Actuaries (SOA) is to promote and facilitate leadership development, business perspective and interpersonal skills for current and aspiring actuaries. Developing leadership and other “soft skills” are critical for professional success. Soft skills contribute 75–80 percent of a person’s career success, while the remainder comes from technical skills and background knowledge.¹ Soft skills include leadership, professionalism, work ethic, teamwork and collaboration, and communication.

Employers increasingly look for these soft skills in prospective employees and, on average, compensate employees who excel both in a technical field and in soft skills 10 percent more than those who excel in just one area.² In fact, the SOA competency framework—which is meant to highlight all the technical and nontechnical skills needed to become a well-rounded actuary—largely addresses soft skills, including communication, leadership, relationship management and interpersonal collaboration, as well as strategic insight and integration.

EMPLOYERS PERCEIVE ACTUARIES NOT TO HAVE STRONG SOFT SKILLS

At the April 2019 L&D Section Council face-to-face meeting in Chicago, Abe Gootzeit walked the other council members through the results of a survey that compared employer views of actuaries against other professions, including finance MBAs.³ According to that survey, actuaries ranked significantly higher in quantitative skills, attention to detail and trustworthiness—but significantly lower in strategic thinking, effective communication, managerial skills and interpersonal skills. The results are



eye-opening, because actuaries didn’t just rank a little lower—the differential was dramatic (Table 1).

Table 1

Selected Results From the *Employer Study Awareness and Perception of Actuaries Survey Findings*

Competency	Finance MBAs	Actuaries
Quantitative skills	74%	94%
Attention to detail	63%	93%
Trustworthiness	50%	86%
Strategic thinking	80%	25%
Effective communication	75%	14%
Managerial skills	69%	12%
Interpersonal skills	65%	11%

Note: Percentage of scores of 4 and 5 out of 5 from 301 employer survey participants.



Because of the emphasis that employers put on excelling in both a technical field and soft skills, this suggests that actuarial professionals need to do some real work on their soft skills. Developing these will help highlight their value and expertise to employers.

This is important because adding business value through insightful analytics is something actuaries can, and do, excel at. But unless they build credibility through their leadership and communication skills to get a “seat at the table,” they may not get a chance to demonstrate that value to their employers.

ACTUARIES ARE OFTEN INTROVERTED—WHILE THE BUSINESS WORLD REWARDS EXTROVERTS

Another telling statistic is one that FSA Ray DiDonna covered in his presentation *From Technical Professional to Leader*, which won an Outstanding Session award at the 2017 SOA Annual Meeting & Exhibit. According to DiDonna, one of the most common personality types for actuaries and technical professionals, based on the Myers-Briggs personality assessment, is ISTJ⁴—meaning

introverted, sensing, thinking and judging. DiDonna then points out that the personality trait most commonly found in executives is ENTJ⁵—meaning extroverted, intuitive, thinking and judging—a very different personality type than is most commonly found in technical individuals and actuaries.

Susan Cain, author of *Quiet: The Power of Introverts in a World That Can't Stop Talking*, argues that the workplace environment is moving more and more toward one that favors extroverts and their strengths over those of introverts. Those introverts—including many actuaries—must focus on, develop and refine their soft skills, to excel in an environment that traditionally rewards more extroverted personality types, especially at the executive level.

Business leaders can help by recognizing the importance of allowing for diverse and inclusive contributions from team members, including introverts. This means ensuring that more introverted employees have a chance to contribute in group discussions, provide contributions before or after meetings if needed and allow team members time to work on, and solve, problems in an individual setting.

ACTUARIES NEED TO COMMUNICATE THE SOCIETAL IMPACT OF THEIR WORK

Actuaries' work impacts a huge number of people, and their work can provide financial security and stability to individuals and families. This includes actuarial calculations that impact a significant portion of the U.S. federal budget,⁶ most of the U.S. population that is covered by life insurance⁷ or health insurance⁸ and most investors who own an annuity.⁹ The mission of the SOA speaks to the importance of the profession to contribute to societal needs:

Through education and research, the SOA advances actuaries as leaders in measuring and managing risk to improve financial outcomes for individuals, organizations, and the public.

However, the actuarial profession, which has historically been ranked among the top three professions in the United States,¹⁰ is falling lower on that list while related professions like data scientist and statistician are rising.¹¹ Developing leadership and other soft skills will help actuaries to clearly articulate their purpose and value to society, especially as compared to other professions.

THE L&D SECTION PROVIDES MANY RESOURCES THAT CAN HELP ACTUARIES WITH SOFT SKILL DEVELOPMENT

The education and examination system can get most actuaries only so far. I realized this a few years after attaining my fellowship in the SOA. I started reading more about soft skill

development, attending training classes and paying attention to those actuaries who had a lot of success after their examinations. It helped me to explicitly target and develop those skills myself.

One of the first places I found meaningful and consistent advice and guidance in developing those skills was *The Stepping Stone*, the thrice-annual publication of the SOA L&D Section. The section also provides many other resources that address leadership and development topics catered to actuaries, including nine L&D ebulletins a year, several webinars a year, podcasts and interviews with actuarial leaders and several sessions at each Valuation Actuary Symposium, Health Meeting, Life & Annuity Symposium, and SOA Annual Meeting & Exhibit. Information about these resources is available on the L&D Section home page: SOA.org/sections/leadership-development/.

ACTUARIAL WORK WILL CHANGE OVER TIME—AND DEVELOPING SOFT SKILLS WILL FACILITATE THAT TRANSITION

It is critical that actuaries address leadership and development needs as individuals and as professionals. In a world where robotics, artificial intelligence and other fields may deal more and more with data in the future, actuaries will need to find a new niche for communicating modeled results effectively, performing insightful analytics and influencing business decisions based on those analytics. To act successfully in this capacity, actuaries must develop their leadership, communication and other soft skills.

I encourage L&D Section members and other actuarial professionals to take advantage of the section resources to meet their personal growth and development objectives, to elevate their capabilities as individuals and as professionals, and to develop those critical soft skills they will need to meet the challenges of the future. ■



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WHAT WOULD YOU DO?

Parting Company

By John West Hadley

Here is our next entry in the What Would You Do? series.¹ Write to me at SteppingStone@JHACareers.com to tell me what you would do. In the next issue, I'll compile the responses received (preserving your anonymity, of course), along with what actually happened in the real-life situation.

Help me craft future case studies. Write to me about your own challenging, surprising or nightmarish situations involving business, leadership, management or any of the topic areas covered by *The Stepping Stone*, and what lessons you learned from them. I'll collaborate with you on turning your situation into a simple case study, being careful to ensure no one is identifiable. And share your own thoughts (pro and con) on the series as a whole at SteppingStone@JHACareers.com.

PARTING COMPANY

Felicia is a career ASA who has worked for Raj for several years. Raj enjoys having Felicia on his team and considers her a very good employee. The only issue has been that Raj's boss, the chief actuary, doesn't appear to value her as much as Raj does.

Felicia comes to Raj to turn in her resignation, as she has received an offer from another company in the area. Raj is quick to congratulate her and wish her well, and he asks about the new role with sincere interest. As she describes it, he gets the sense that she is not excited about the move.

If you were Raj, what would you do? ■



John Hadley is a career counselor working with job seekers frustrated with their search and with professionals struggling to increase their visibility and influence. He can be reached at John@JHACareers.com or 908.725.2437. Find his free *Career Tips* newsletter and other resources at www.JHACareers.com.

ENDNOTE

- 1 Past issues in the series have considered whether to demote or fire a difficult employee; performance reviews and their aftermath; interview challenges from both sides of the desk; evaluating job offers; miscommunications; a difficult product decision; how to build connections with the home office; and career decisions. To catch up on the entire series, which started in May 2013, check out back issues of *The Stepping Stone* on the Leadership & Development Section website at www.soa.org/sections/leadership-development/.



WHAT WOULD YOU DO?

Responses to “Bad Grooming”

By John West Hadley

In the July 2019 issue of *The Stepping Stone*, I presented the following work situation faced by a new hire. Here are selected responses and excerpts, edited for space and clarity, followed by the real-life conclusion. (Please note that inclusion of responses should not be taken as an endorsement by either the Leadership & Development Section Council or the Society of Actuaries of the positions presented.) Send your own ideas for situations to pose in upcoming issues to SteppingStone@JHACareers.com.

BAD GROOMING

Franklin took a job at a new company. He was super excited, and they showed a lot of interest in grooming him for a management position. He joined with the understanding that the company would value his background in controls, but when he started making recommendations to improve existing processes, he found them generally unappreciative of the implication that they needed to change.

He then began noticing flaws in the way the company was keeping track of how they developed models, set assumptions and reported results. As he continued to press more on making process improvements, management began to ignore and shun him even more.

Franklin became concerned that the company could make a material error or misstatement because of the lack of adequate controls and appetite by management to address them. He began to think about his best course of action, including escalating the issues internally, pushing some of the changes through without management endorsement or looking externally for another position.

What would you do?

Most respondents suggested that Franklin might need to look for other employment at some stage, captured well in this response:

I suspect that Franklin has joined a company that does not ascribe to his personal values and philosophy of controls. As

such, if escalation of the issues meets resistance, he should find a position outside the company. It's important to work for an ethical company that places importance on accuracy in reporting financial information, and I would not be comfortable participating any further in a company that did not share those values.

These two actuaries gave a clear path for Franklin to follow:

Take these three steps:

1. Franklin should allow for the possibility that he might be missing something. He should seek an open meeting with his manager to address why it felt like his ideas were being shut down—if he's missing something or misunderstanding something.
2. If he is unable to meet with his manager or can't get a clear understanding from doing so, he has a moral obligation to raise the issue further up in the organization.
3. Hopefully those steps make him realize there is no problem, or there is a specific plan to address it that he doesn't know about, or that the company now takes him seriously and makes appropriate changes. If not, he should probably look for other employment. I would not recommend pushing through changes that have been explicitly rejected by the company without authority to do so.

Franklin should consider a parallel path of escalating his concerns, while starting to explore other opportunities. Document concerns and suggestions of how to improve the controls, and offer to devote extra time to enhancement efforts. The person he is talking to now may be concerned for their own job and not want to bring bad news to higher levels of management. Approaching these concerns as positive enhancements without too strong a direct criticism on the current staff may provide the partnership needed to address the issues. If Franklin gets the same pushback from upper management, he should continue to document his findings and start looking for outside opportunities.

This respondent emphasized integrity:

One of the most important things actuaries (and people in general) can have is integrity. If one can't endorse a course of action, they should be compelled to say something, even though there may be career consequences. If they aren't willing to speak up in this situation, I'd be concerned about how many other things they would let slide. However, the actuary needs to make sure they are correct and don't have a misguided perspective. None of us is perfect, and they would need to confirm their concerns have merit.



These two raised the possibility of outside help:

Contacting the Actuarial Board for Counseling and Discipline for guidance could be justified. The appropriate individual on that team could provide guidance on what to consider and what actions might be warranted. It is also only guidance; it would be up to the actuary to determine their best course of action.

If this was an insurance company, a lack of adequate controls may be revealed in the company’s quinquennial examination by the regulator. It is sometimes more effective to have an objective outsider make recommendations for change.

These responses emphasized the need to examine the sources of resistance:

Franklin should schedule a meeting with his direct manager to understand why his issues are not taken seriously. If the issue is how he communicates or presses for the changes, then he needs to change his approach.

It’s odd that the messages to Franklin regarding his contribution to the company are inconsistent. I wonder if the folks resisting the changes and shunning Franklin were the business process owners instead of risk managers. Franklin should continue escalating the issues through internal channels, but maybe through a different channel. He should also have a dialogue with the folks resisting the changes to understand their perspective.

Franklin should explore the way in which he is making suggestions. Perhaps he’s coming across as arrogant, criticizing, doing too much pre-framing of “how we did it at my past companies” or just not really exploring the deeper issues that might be some of the reason for the resistance.

Rather than telling them how to improve the process, Franklin should be collaborating. As a risk expert, he can help identify risks and design effective controls, but they understand the business better than he does at this point and may have valid reasons to reject his suggestions. In addition, you must have management buy-in for them to see the value in a risk framework, and the most effective approach I’ve seen is by highlighting:

- the many high-profile examples of companies that experience financial and statutory consequences from not implementing controls, and
- internal examples of how not following controls introduces hidden costs—resources pulled away to research and fix errors, project failures and so forth.

Making changes too fast can upset the team and may suggest a lack of respect for their work. Introducing change must be done with patience, investing time in sharing your vision. Also, proposing changes outside one’s own function is fraught with peril. First, you must have a full appreciation for the culture and objectives of that function. In assessing how “the company was keeping track of how they developed models, set assumptions and reported results,” it is possible that Franklin did not ensure that either he or his staff fully understood the other function, and proposing changes in that situation can be irksome. A comprehensive conversation with the subject function is critical.

This actuary suggested Franklin had made a fundamental mistake:

Franklin focused on self-satisfaction and forgot to focus on the customer, his peers.

One of the most common mistakes made by new hires is to assume they have influence because of their experience or ability to point out problems. Note these possibly mistaken assumptions made by Franklin:

- Their value for “controls” experience gave him a license to immediately point out problems.
- Because they had the intent to groom him, his voice will automatically have influence.
- His peers spoke the same language and valued the same things as him.
- Pointing out problems was sufficient to get others to act.
- The lack of action and appreciation meant he wasn’t valued by his peers and supervisor.

I made that mistake.

People don't want to hear about more problems. They want to hear about solutions. Specifically, solutions to problems they are fixated on. Franklin forgot about learning the priorities of his peers and managers.

Franklin needs to start by fixing the pain points the decision makers are paying attention to, or simply show up with solutions to the problems he is identifying.

And finally, this respondent gave a particularly thorough analysis:

Franklin seems to want to bring scientific, reality-based management to a company that has been run by the seat of the pants and rules of thumb. His first obligation is to his employer. It takes courage to speak truth to power, but that's the ethical path here.

Franklin should put his ideas down in writing, developing his vision for what is needed so that it is compelling, lucid and readily understandable by people who don't want to hear what he has to say. This will discipline his thinking

- to be sure that his conclusions about the dire condition of the company are right (self-critique);
- to write and rewrite until he attains clarity (for this he should have an interlocutor, who may be his wife, etc.); and
- to shape a constructive message that goes beyond critique to propose a constructive action plan that can be implemented if his message is heeded (action vision).

Then, he needs to take some time to get comfortable with the message as he has written it and to develop how to articulate it orally. He has to have a short 50- to 100-word precis to grab attention. He then has to have a Board of Directors-style briefing to present compellingly the need for corporate redirection.

With those pieces in hand, it's time to go to those in management who have been ignoring, even shunning, him. It's understandable that they don't want to hear his message, and he has to accept that. His obligation is to give it his best shot. His role at this point is like that of the management consultant brought in by the board to turn the company around. If management heeds him, then the challenges that he foresees can be averted and the corporate situation salvaged. The alternative is that, despite his loyalty to his employer, his best shot is insufficient.

Anticipating that, and parallel with the above communication priority, Franklin should open discussions concerning

alternative employment. He should also accept the possibility that his candor, which is his ethical obligation, may result in his termination. He can begin to put in place the structure to go freelance or to form his own business, so that he has a landing pad in place. Of course, he may get a job, but just in case no job is on his horizon, he needs to be prepared to scramble on his own to eke out a living for his family. If he is as wise as he appears to be, i.e., the person who sees and anticipates the need for corporate change, he'll be in demand.

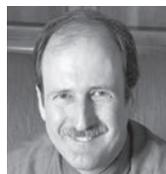
While Franklin writes his pitch for management, he can begin to prepare a series of articles or videos or both to set forth his thinking for the kind of scientific management principles and practices that the industry needs. He will then have a stock in readiness, when and if needed, to get his name out in front of the industry as a thinker and valued consultant. He should also prepare to take every opportunity to appear at industry conferences and to make his voice heard beyond his current employer.

It takes great courage, sagacity and self-confidence to deal with the challenges that Franklin is facing. Still, with ingenuity he has many options, and the outcome is likely to be better than continuing to try to fit into an organization of people he doesn't respect. The danger if he takes no action is that his discomfiture may morph into contempt. The hope is that his clear articulation of the need resonates and that he gains a new respect that has heretofore eluded him from higher management and the board.

WHAT ACTUALLY HAPPENED?

Franklin continued to push on "doing the right thing" with his management, communicating openly with his boss and others about the need for improvements in the company risk and control framework. When he became convinced it was to no avail, he decided it was better to move on, externally.

He found a company that had an appreciation for the culture of embracing risk and control—well suited for his background—and has done well there. Meanwhile, his prior company encountered process and control issues that resulted in material errors and misstatements. Taking no joy in this, Franklin knew that a culture of awareness of risk and control issues, and a willingness to change to address them, could have prevented the problems. He was happy to be in a new firm that did embrace these principles, where he is able to encourage the right kind of practice around risk and controls. ■



John Hadley is a career counselor working with job seekers frustrated with their search and with professionals struggling to increase their visibility and influence. He can be reached at John@JHACareers.com or 908.725.2437. Find his free *Career Tips* newsletter and other resources at www.JHACareers.com.

DIVERSITY SPOTLIGHT

Constructing an Actuarial Diversity Pipeline for the Future

By John W. Robinson



Author's note: This article is based on a letter that I recently sent to the boards of the Society of Actuaries (SOA), the Casualty Actuarial Society (CAS) and the Actuarial Foundation, advocating for the construction of an Actuarial Diversity Pipeline that is of sufficient scale to solve the problem of minority underrepresentation.

A research project commissioned by the SOA, the CAS, the Actuarial Foundation and the International Association of Black Actuaries (IABA) sought to assess the barriers to entry to the actuarial profession experienced by African American and Latinx students.¹ The results, which were published near the end of 2017, recommended that the profession should pursue strategies in five areas to encourage greater diversity:

1. Create awareness of the profession among potential candidates.
2. Attract potential candidates to consider the career.
3. Convert potential candidates into actual exam takers.
4. Provide an appropriate level of support at every stage.
5. Ensure that qualified minorities remain in the profession.

The report made clear that all five areas need to be addressed robustly if real change is to be secured. For example, it is insufficient to create awareness and expect that the other elements will take care of themselves.

The profession's response to the 2017 research has been very encouraging. Several organizations and committees within organizations have assessed their activities in light of what the research says is required, and some have made adjustments to accommodate the objectives.

Table 1
New Black Fellows Each Year, 2009–2018

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
13	16	12	10	6	11	9	12	5	5

Source: International Association of Black Actuaries. Annual Reports, 2009–2018, <https://www.blackactuaries.org/page/AnnualReports> (accessed August 29, 2019).

Despite these efforts, it remains unclear whether the profession as a whole has taken the necessary steps to move the needle on increasing diversity. Specifically, a clear and defined goal must be set, a strategy for how to reach that goal must be crafted, and robust and committed follow-through must be implemented. If we have any hope of solving the problem of minority underrepresentation in the actuarial profession before the next century, we need to develop a goal and we need to do so now.

WHERE WE ARE NOW

According to IABA records, there are currently 223 black fellows in the U.S. and Canada.² Based on census counts, the number of Latinx actuaries is estimated to be of similar size.

Table 1 shows the numbers of new black fellows in recent years. Although 2010 reached a high of 16, both 2017 and 2018 saw the addition of just five new black fellows. Again, similar numbers can be estimated for Latinx actuaries.

With numbers like these, it will be very hard to make strides toward increased diversity. Drastic measures need to be taken to increase the number of minority actuaries entering the profession each year. The first step is to have a goal.

WHAT IT WILL TAKE

How many black and Latinx fellows should there be so that we are not underrepresented? For illustrative purposes, I propose that the destination be 1,000 black and another 1,000 Latinx fellows

continuously by the year 2100.³ Knowing how few new black and Latinx fellows enter the profession each year currently, we need to look long term for achieving this goal. Again for illustrative purposes, I suggest targeting 2060 as the first year we will see sustainable growth. Assuming that the length of an actuary's career is 40 years, this will give us the lead time we need to reach our goal by 2100.

Building a Pipeline

With these parameters in mind, let's consider how many new black fellows we would need to add each year to reach our goal. (We will address Latinx fellows next.) A simple division says we need 25 a year (1,000 actuaries/40 years) starting in 2060.

To produce 25 new black fellows each year, how many must start the exam process? First we determine how many fellows were produced in 2017 (the most recent year the data is available):

$$\begin{aligned} 852 \text{ new SOA Fellows}^4 + 287 \text{ new CAS Fellows}^5 &= \\ 1,139 \text{ total new fellows} \end{aligned}$$

We then divide that figure by the number of students who took their first exam in 2009, or 6,335,⁶ to learn the percentage of students who make it through the pipeline from first exam to fellowship—17.98 percent. We further divide that by the percentage of students who pass their first exam, which is 50 percent.⁷

Putting it all together, to produce 25 new fellows each year, we will need $25/17.98\%/50\% = 278$ first-exam candidates each year. For simplicity, we can round up to 300.

Now imagine a pipeline that has approximately 300 black students per class year, from high school year one to college year four, and you have an idea of how big the pipeline needs to be to attain our stated goal:

$$300 \text{ black students} \times 8 \text{ years} = 2,400 \text{ black students a year}$$

Assuming the same goal for Latinx actuaries, double all of those counts. Our pipeline is now around 4,800 African American and Latinx students. It takes actuaries, on average, 10 years to become a full actuary. Working backward from 2050, then, to the first year of high school, we have roughly 20 years—one generation—to build this pipeline. That is why we must start now.

Doing the Work

When discussing how exactly we can build a pipeline such as this, the consensus is that we need to penetrate high schools and colleges so that we can influence students' career choices early on. Some argue that we need to be in middle schools, that even high school might be too late.

To date, however, diversity has been addressed by a relatively small number of dedicated volunteers. The IABA, founded

in 1992, now has between 200 and 300 members. The Joint Committee on Career Encouragement and Actuarial Diversity, which grew out of the IABA's scholarship program, has about 20 members.

Building and maintaining relationships with dozens of high schools and colleges across the country will require much more than a few volunteers. To ensure continuity of effort, we need permanent staff to perform these tasks. Coordination with philanthropic organizations should also be leveraged to finance and staff this effort.

CALL TO ARMS

I call on the actuarial profession to construct an actuarial diversity pipeline that is comprehensive (addressing all five recommendations from the research) and goal-oriented, with the goal being sufficient to solve the problem of minority underrepresentation. This will require the hiring of staff and leveraging the profession's great reputation to partner with philanthropic organizations interested in promoting the actuarial profession and/or STEM in general. At some point, a pipeline of 4,800 students will need volunteer mentors, so every one of us actuaries who is interested can have a role in this adventure.

We can do this, and we should. ■

The opinions expressed in this article are the author's and do not necessarily reflect those of his employer or the Society of Actuaries.



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BUSINESS MANAGEMENT

Servant Leadership: Leading by Lifting

By James Clark

Growing up in rural southwest Idaho, I spent my summers working for my father in his agricultural business. Over the years I have seen parallels between what is required to produce a successful crop and what is required for success as a team in a business setting. What I learned relates directly to elements of servant leadership and can serve as a framework for exploring some of the concepts behind this leadership philosophy.

Servant leadership was first introduced as a specific phrase in a 1970 essay by Robert K. Greenleaf, who later founded the Greenleaf Center for Servant Leadership. The concept has become widespread and deeply explored over the past 50 years. A simple internet search for “servant leadership” turns up nearly a quarter million hits.

A “top down” leadership style focuses on the success of the organization and views the employees as cogs in the machine driving toward that success. In contrast, servant leadership is a philosophy in which the first goal of leaders is to serve and enrich the lives of their employees, with company or organizational objectives as the secondary goal. A servant leader acts to unleash the potential of the employees and recognizes that the organization will rise as a natural consequence of employee engagement. This focus creates a more vibrant and sustainable organization in which employees can grow and develop their careers, while the organization is benefited by their engagement.

PREPARE THE SOIL: CREATE AN ENVIRONMENT FOR EMPLOYEE GROWTH

For a crop to thrive, the soil in which it is planted needs to be properly prepared. It needs to be plowed so the soil is loosened, allowing seeds to germinate and establish a healthy root system. The soil needs to be provided with water and proper nutrients for seedlings to be able to quickly develop and strengthen.

Servant leaders will likewise prepare the soil for their employees. The leader has a responsibility to create an environment in

which employees can be creative and bring forward ideas that will help the organization succeed in its goals.

The first step is to take the time to make sure everyone understands both the long-term and intermediate goals of the company. For the second step, the leader needs to take the time to listen to the employees and sincerely consider their suggestions. A servant leader will also work to draw out input from employees who may be hesitant and help them find the courage to speak up. This demonstrates that they recognize the group achieves optimal solutions when multiple options are considered. In return, the employees learn to trust the leader as they participate in the process of setting direction and recognize that their ideas are listened to, even if something they brought up is not ultimately implemented.

FEED AND WATER THE CROP: PROVIDE EMPLOYEES WHAT THEY NEED TO THRIVE

Once plants have been established, they need water and nutrients to continue to grow. Without light, warmth, a proper amount of water and careful fertilization, plants will fail to reach their full potential. They may continue to grow if these essential elements are out of balance, but they will likely be subject to disease or will be feeble and unable to withstand a harsh spell of weather. Crops subject to these problems ultimately have reduced or no yield.

Servant leaders think of their employees first, not themselves. They will seek to nourish and strengthen their employees continually. They listen to them, seriously consider input and encourage their employees to strengthen their skills and knowledge.

When employees have the goals of the company explained and illustrated so that they internalize them and clearly visualize their role in accomplishing them, they become further engaged. They begin to work for those goals out of a desire to see them achieved, rather than working for goals that have been imposed on them by a manager, and only because they “have to” or because “it’s a job.” Truly engaged employees begin to work better as a team and leverage each other’s unique talents as they develop an esprit de corps and create a cycle of success.

DON’T ALLOW WEEDS AND INSECTS TO FLOURISH: REMOVE OBSTACLES TO EMPLOYEE ACHIEVEMENT

Crops are inevitably subject to competition from weeds and damage from insects. Pests such as these limit growth and, in some cases, kill the crop—either by rerouting necessary nutrients or by direct attack. Weeds and insects need to be dealt with so that the intended crop is not damaged.



Like weeds and insects in a field, any human enterprise is subject to problems that need to be dealt with. Problems that limit growth and adversely impact a team can come from both inside and outside the organization.

Examples of internal problems are personality conflicts, roadblocks created by other parts of the organization or noncooperation by individuals important to a process or project. Servant leaders address these and clear the way for their team members so they are not hindered in moving their work forward. This may require the leader to work cross-functionally, engage with other leaders to help reach a resolution or mediate a conflict.

Servant leaders also care enough about their employees to help them through problems that arise from outside of work. While generally not being able to solve such problems, they can sit down with their employees and lend a listening and sympathetic ear, sensitively dealing with issues that are impacting them from outside of work. Work-life balance issues can appear anytime and may require flexibility on the part of the leader. Employees who know that their leader cares about them personally and will be there to support them will show superior loyalty. They will be less stressed and therefore more productive while at work.

ENCOURAGE PRODUCTION: HELP EMPLOYEES REACH ORGANIZATIONAL AND PERSONAL GOALS

The ultimate success of a crop is measured by the yield and the quality of the harvest, which determines the value to the farmer. The goal is to maximize both measures. All the work expended over the growing season leads to the harvest. A farmer will do all that he or she can to encourage productive growth and enable the crop to mature and be fruitful by clearing the way for the crop, carefully responding to the needs of the crop and humbly recognizing that his or her success rests on the growth of the crop, aided by his or her work to help the goal be achieved. A wise farmer understands the law of the harvest—you reap what you sow.

True success in an organization is measured both by the achievement of organizational goals and by the growth of its employees. High-quality, engaged employees who successfully help an organization achieve its goals become the next generation of leaders for that company. These new leaders can then help newer employees travel the same path they have traveled.

Servant leaders see it as a primary duty to help grow and develop other leaders and recognize, with humility, that their success is not just from their own actions but from the actions of others as well. Servant leaders seek out opportunities to lift others, and by so doing elevate the entire organization. They sow the seeds of trust, creativity, shared vision, listening, job skills and personal attention, and reap a strong, vibrant, sustainable organization.

It has been my experience that by incorporating these characteristics as a leader, teams can be lifted, energized and engaged, and they can accomplish more than the sum of the parts. They create a sustainable culture that ensures organizational success over time and individual success now and in the future.

Like a high-yielding, high-quality crop, successful completion of organizational goals and development of people are the fruits of consistent, caring labor on the part of a servant leader. The days I spent working in my father's fields were sometimes long, hot and difficult, but there was a satisfaction that came from a job well done and a sense of fulfillment in a successful harvest. Likewise, the work of a servant leader is often difficult and requires consistent effort. However, the work is worthwhile and satisfying. Most important, there is joy when there is a successful harvest of both organizational goals and employee growth. ■



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BUSINESS MANAGEMENT

Building a High-Performance Culture

Part I: Acquiring the Best Talent

By Raymond E. DiDonna

Editor's note: This article is the first in a three-part series. Our next issue of The Stepping Stone will include Part II, which will focus on how to make sure your business or team is set up to have the right environment for your team members to excel.

The true value of any leader is measured by how much they are able to accomplish through the work of their team. Actuaries in leadership roles are no different. But, to get the most out of teams, leaders must first focus on building a high-performance culture—one that rewards measurable success and challenges everyone to reach farther all the time.

There is no easy path to building a high-performance culture, but a leader's efforts will pay substantial dividends for the team, the leader and the company. This three-part series of articles is intended to educate actuarial professionals on how to build a high-performance culture and achieve outstanding results.

As a leader, you should consider three critical steps in the process: acquiring the best talent, building the right organizational environment and growing your people. This article focuses on making sure the right people are coming in the door.

SOURCING CANDIDATES

How many times have you heard, “Our people are our most important asset”? While I wholeheartedly agree, too often a leader's actions do not match that sentiment when it comes to bringing new, talented employees into their organization. A lot of the time, recruiting is driven by expediency and cost considerations, which leads to settling for mediocrity. Before we can go any further, however, we need to review what a leader should do even before meeting potential candidates.

One important facet of bringing great employees into your company is building a talent pipeline. Think about this the same way you would a business development pipeline. Your sales team

is always on the lookout for new deals, so why shouldn't a leader be on the lookout for new employees ... before they are needed with urgency because of a resignation?

The key here is to constantly network and get to know as many people around your industry as possible. You never know whom you might find until you start looking. And you never know when an opportunity will come up to reach out to an industry colleague to see if they are interested in joining your organization. As a leader, you also need to engage your managers to do the same—build their network of contacts.

In addition, a great way to find new, talented employees is to incent your entire staff to help the cause by instituting an employee referral program. Putting a program in place that rewards employees for finding new colleagues works from two angles: First, you motivate employees to action by offering a reward. And, second, you'll find better talent because employees will not typically recommend new hires unless they are sure they will be good fits for the organization and excellent performers. By making a recommendation, they are putting their own credibility on the line, something most people are not willing to risk unless they have real confidence in the colleague they are referring.

Now, when you start getting resumes in the door and begin reviewing them, pay attention to one critical item. That is, always focus on resumes that show results—real results. Too often, most of what you see is a simple regurgitation of past and present job descriptions. While it's important in a resume to describe job responsibilities, the focus should be on what the prospective employee actually accomplished, in real, quantifiable terms. Look for someone who is ready and able to present, on paper, what they delivered on—not simply descriptions of what teams they were on, what groups they were a part of, and so forth, but what their impact was. Be very careful if someone cannot articulate what they achieved.

Finally, you need to face a critical fact when it comes to hiring the best people: You need to get ready to pay well. The best people don't come cheap and the least costly potential employees are rarely the best you can find. If your company tends to pay below market rates, you will likely have a difficult time attracting the best talent.

Also remember that compensation comes in many different forms, and prospective employees are focused on different things. Some may value more vacation time than they currently have, others will be focused on base compensation, while still others will be concerned with the entire package of benefits. When you have narrowed your field of potential hires, understanding what's most important to them is essential. But, before



you can narrow the field, you need to meet and interview your top candidates.

INTERVIEWING EFFECTIVELY

The first things I look at with candidates I bring in for interviews is their level of energy, their attitude and their initiative. An interview is a huge moment for any candidate. Through the screening process, they have made it to the face-to-face phase. They should be as “up” as ever for this day. Whatever energy level you see that day should be the highest it might ever be. And whatever attitude they display should be the best it might ever be. So, if you are sitting across from someone you find to have low energy and a questionable attitude, no matter what else you see in that person, don’t ever expect them to have more energy or a better attitude on a regular basis.

Connecting back to looking for resumes that show results, ask candidates questions that allow them to describe the initiative they have taken in previous roles. Let them talk about what they (personally) have done and what they’ve achieved. If they end up discussing their job description—what they were supposed to be doing—and not what they actually did, beware.

Additionally, look for candidates who are self-aware. Always ask candidates about areas upon which they need to improve. If they struggle to answer, that can be a red flag. Any good candidate should be well aware of, and ready to discuss, both their greatest strengths and the areas of development they see for themselves. If they can’t think of anything to talk about in terms of developmental needs, put them on the spot a bit; ask them to take their

time, and see what they come up with. This is a critical moment in an interview that may separate a really good candidate from one you should no longer consider.

Now, here’s the easiest trap to fall into during the hiring process: settling. There are a lot of pretty good candidates out there and it’s not hard to convince yourself that pretty good is good enough. And it is good enough if you are interested in building a medium-performance culture. But, if you truly want a high-performance culture, then you must have as much patience as it takes to find a truly great candidate.

The challenge is that you have all these forces working against you while you try to find the best candidate: You have no one in the role, you and others are filling in, HR is utilizing resources to find a candidate, recruiting is taking up your and others’ time. All of these forces point to settling for the first pretty good candidate you find. But building a high-performance culture is not easy, and not settling is critical. Generally speaking, very few new employees surprise us by being a lot better than we thought during the interview process. More often, people we thought (hoped) might be really good, turn out to be average. Not bad, but not great.

Here’s one more thing you should not do during the hiring process: Don’t ever hire a jerk. Now, you are probably thinking that you would never hire a jerk in the first place, right? But let me frame it up this way: What do you do if you are faced with a really talented, incredibly experienced jerk?

You've been searching for a while and it's getting tough to go without someone in the role any longer, and you find a great new resume that has everything and more. The only problem is that the candidate is absolutely not a good fit for your organization. You know right away this person won't do well because of how they present themselves. This is an extremely important signal, one you cannot dismiss. At this point, please remind yourself that you can't really change people and if this candidate is coming off poorly right now, in an interview setting, imagine how they are going to come off every day, on your team, in your company.

RECAP

To wrap up the first installment of this series, let's remember that in the process of acquiring great talent, there are a few things to do before you meet candidates:

- build a talent pipeline,
- get employee referrals,

- look for resumes that show results and
- get ready to pay well.

And there are a few things to do when you meet candidates:

- look for energy, attitude, initiative, and self-awareness;
- don't settle for average and
- never hire a jerk.

Once you have your team in place, you will be ready to focus on the next element in building a high-performance culture: creating an organizational environment that supports growth and excellence. ■



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March 1–4 | Las Vegas, NV

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May 4–5 | Saint Louis, MO

Health Meeting

June 8–10 | Chicago, IL

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Aug. 31–Sept. 1 | New Orleans, LA

Annual Meeting & Exhibit

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BUSINESS MANAGEMENT

Five Quick Ways to Improve Your Leadership in 2020

By Brian Pauley

If you are reading this, you most likely desire to be more effective in 2020. If you are in a leadership role, it is important that you strive toward this goal not every year, but every day. Increasing your effectiveness doesn't happen automatically. You must be intentional about it.

This sounds simple, but as you reflect on last year, you may feel you could have done a better job. I believe one of the main reasons for this is that we stretch too far and overcomplicate our desire to improve. For example, when setting goals at work, I often see people come up with five to 10 goals when excelling at three to five would yield far better results.

Increasing your effectiveness doesn't happen automatically. You must be intentional about it.

Here are five simple steps that every leader can take to be more effective in 2020.

1. BECOME A "POSITIVE WARRIOR"

I seem to be hearing much about positivity in leadership nowadays. That excites me because positivity is a leadership fundamental. I love the term "positive warrior," which I heard from author and speaker Jon Gordon, who focuses on positivity in success strategies.

Gordon defines the term as "someone who demonstrates positivity, belief and courage; someone whose actions positively impact others." I especially like the last part of the definition because as a leader, it is important that you positively impact

others. Without that, you are just doing a job. Be intentional here and find ways each week to have a positive impact on those under your leadership. Soon you'll find your influence growing by leaps and bounds.

2. PRACTICE GRATITUDE

Gratitude has become a big focus of mine lately. In fact, it is one of my daily five things to focus on as a person and a leader. As I have become more focused on this for myself, I have become aware of how absent it is in many situations.

Let's face it, everyone wants to feel valued and appreciated. As a leader, you need to champion that. We have so much to be grateful for. Gratitude is like a muscle: The more you work it, the stronger it becomes. This year, be plentiful with your thanks, tell your team how much you appreciate them and look for whatever other ways you can show your gratitude for the opportunity to be a leader in your organization.

3. AVOID THE BUSY TRAP

I recently worked to schedule a meeting with someone several weeks out regarding a top priority. This person was available for one 30-minute window that entire week. If this was top priority, shouldn't most of the week have been available?

Unfortunately, this is all too common in today's busy business world. Our priorities for the day are driven by what has filled our calendar. Instead, our calendar should be filled with what we determine to be our priorities. Take time each morning to determine your top one or two priorities and ensure there is time on your calendar for them. Do this and you will find yourself more effective and less busy and tired.

4. CULTURE > STRATEGY

Ask for your organization's strategic plan and you'll get something. Ask for the culture plan and you'll likely get nothing. But, as leadership expert John Maxwell says, "culture eats strategy for lunch." Why? Because without the right culture, the support system to accomplish the strategy won't be there.

My suggestion here is not to go in for a massive overhaul, but instead to find small things you can do each week to emphasize culture. Over time, you can become a culture-centric leader with much more strategic success.

5. BE GROWTH ORIENTED, NOT GOAL ORIENTED

It is likely that you have already set your performance goals for yourself and your team at work. Goals are important as a way to measure whether the year was a success. However, I believe this process usually leaves out something just as important: growth.



I like to use a sports analogy to illustrate what this means. Let's say you are the manager of an NFL football team. Your goal is probably to win your division or maybe even the Super Bowl. This gives your team something to focus on and strive for. But many things outside of your control, such as injuries or another team going 16–0, can get in the way of your goal. Not winning the division or Super Bowl can leave you and the team deflated. If instead the focus is on getting better each day, helping your teammates, getting stronger and so forth, you not only get better, but you put success within your control.

By focusing on these quick yet effective ways to improve your leadership, you will be amazed at the results when you reflect back on the coming year! ■



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PEOPLE MANAGEMENT

Effective Use of Personality Profiles

By Scott D. Haglund

You are not a box, a number, a letter nor a description. You are an individual, with many characteristics, actions/reactions and likes/dislikes. You are uniquely you, different from the other people around you. How is that for an introduction to a discussion of personality tests? Read on to find out why you should use a personality profile in your personal and professional life.

Recently, I had a group at work complete a DISC profile as part of staff development.¹ If you're not familiar with DISC, here is a brief summary. It is a personality profile that places individuals into four behavior categories (or combinations of them). The categories are defined by two axes: people-task oriented vs. active-passive spectrum. The four quadrants that form the DISC acronym are:

- D (directing, demanding, determined, decisive)—active, task-oriented;
- I (inspiring, influencing, interactive)—active, people-oriented;
- S (steady, stable, submissive, specialist)—passive, people-oriented; and
- C (cautious, competent, calculating, contemplative)—passive, task-oriented.

The majority of the people won't just have one category, so if you think about yourself, you may find you're a blend of two or more of these types.

A key note is that none of these categories is preferred; none is better than another. An effective leader can be in any category. Similarly, you can't "blame" your personality profile for your poor behavior; your profile doesn't control how you treat others, you do.



With the personality profile in hand, I find several ways it can be of use:

- understanding yourself;
- understanding coworkers, family members, others in your life; and
- understanding your manager and those you manage.

UNDERSTANDING YOURSELF

Reviewing your profile will allow you to see some of your tendencies, of which you may or may not be aware. You could discover that you are very steady, dependable and giving. Or that you are not very gentle, humble and compassionate. The DISC analysis will provide you with insight into the weaker areas of your personality type you may need to develop (for example, be

more positive or be more sensitive). You can then create a plan to improve your relationships with others.

UNDERSTANDING COWORKERS, FAMILY MEMBERS, OTHERS IN YOUR LIFE

Have you ever wondered why you get along great with some people and struggle with others? Understanding of your personality, along with others' personalities, provides insight into why that can occur. For example:

- I's can have a tendency to talk over each other. Both may want attention, and both could be emotional. When dealing with another I, consciously decide to take turns talking. You may even want to record what is being said so you can agree upon it later. Work on listening, since your tendency is to talk.
- When a D works with an S, the D will want to tell the S what to do (and the S would tend to agree to do that). The D needs to agree to direct, but not dominate the situation. The S needs to be more willing to let the D know when they have overstepped a boundary, when the other is out of control.

Having insight into personality tendencies will allow you to better understand how your personality may influence another, as well as what the other personality type needs to do to be effective.

UNDERSTANDING YOUR MANAGER AND THOSE YOU MANAGE

If you are a manager, the profile can provide you with key information on how best to work with an employee. You will be better prepared for their particular learning style, and you will have

insights into their leadership strengths and development areas. Work assignments and objectives can be more effectively presented to them in the way in which they will be most receptive. In working with your own manager, the insights will allow you to present information in the other's learning style. This should make communication clearer and more tailored, increasing your own influence.

What is key in all of these areas is transparency and honesty. To be the most effective in the workplace (and home life), you need to be vulnerable, allowing the other to better understand what you need. Instead of just assuming the other person "knows" what you need, be willing to share what does and doesn't work for you.

It is important to better understand yourself and other individuals. However, it is more important to see them as people, not as D's or S's. We are all unique and meant to be ourselves, not what others are telling us to be. Viewed from a perspective that this is just another (but powerful) tool, a DISC profile can be valuable in continuing your personal development. ■



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ENDNOTE

1 Many DISC assessments are now available. See, for example, DISC Overview. *DISCprofile.com*, <https://www.discprofile.com/what-is-disc/overview/> (accessed September 10, 2019).

PEOPLE MANAGEMENT

The Four Roles of a Leader: Performance Problem Remedies

By David C. Miller

It's not unusual for leaders to encounter an employee who is performing below their potential. It's common to label this individual as "they don't care" or "they're just not good." But this could be a costly mistake.

We owe it to our people to make a better assessment as to the cause of poor performance, and even more important, give them the leadership support they need to correct the situation.

DIAGNOSE THE ROOT CAUSE OF POOR PERFORMANCE

If you have a poor performer on your team, it's because of one or more of the following four situations:

1. **They are Unaware.** They lack some vital piece of information that would dramatically improve their performance.
2. **They are Unable.** They lack the skills, knowledge, experience or core resources required to do the job well.
3. **They are Unwilling.** They may be fully aware and fully able, but, for a wide variety of reasons, they are unwilling to do the job at the required level.
4. **They are Unsuitable.** There is a mismatch between the employee and the task they are being asked to do. Unlike someone who is unable, no amount of training or education will get someone who is unsuitable to the performance level needed. They are just not wired to do that particular task.

It's important to diagnose the root cause, and not stop at the secondary causes for the performance problems, if you wish to help turn the performance around. For example, someone may be unwilling because they lack the ability (i.e., the root cause) and therefore the confidence to perform the task. Or someone

It's important to diagnose the root cause and not stop at the secondary causes for the performance problems.

may appear unable, but the root cause is that they are unaware of certain expectations of the task.

THE REMEDIES FOR POOR PERFORMANCE

The remedies for these root causes are what I call the Four Roles of a Leader: the Manager, the Trainer, the True Leader and the Counselor. As the team leader, you need to serve the appropriate role to help your employee once you diagnose the root cause (or causes) of their subpar performance (see Figure 1).

Figure 1
The Four Roles of Leadership in Remediating Poor Performance

Root Cause of Poor Performance	The Leader's Role to Remedy It
Unaware	The Manager
Unable	The Trainer
Unwilling	The True Leader
Unsuitable	The Counselor

Here is how it works:

- **When someone is Unaware, you need to be the Manager.** Awareness is at the core of what management is. A manager's job is to keep people aware of what is required for good performance: performance expectations, practices, policies, approaches, resource availability, deadlines, the big picture and many other things. If this is the diagnosed issue, more and better communication is required from the leader.
- **When someone is Unable, you need to be the Trainer.** Do they need to hone certain skills or develop deeper insights about the work they are doing? The Trainer makes sure the employee is equipped with the necessary skills and knowledge to succeed. As the Trainer, you must provide the resources to help your employee increase their ability, whether you provide that training personally or help guide the employee to the resources that will help them. The Trainer also helps simplify the task by providing a road map or breaking the task into smaller steps.



- **When someone is Unwilling, you need to be the True Leader.** Here you need to unlock a person's internal drive about achieving results. Finding their mission, casting a compelling vision, taking a risk, feeling that they are part of something greater than themselves—these and so many more techniques are ways a leader can awaken desire in the employee to perform in greater ways.
- **When someone is Unsuitable, you need to be the Counselor.** What's needed here is the compassion and creativity to help your employee find a position that's right for them—whether that means restructuring their current position to fit them better or finding a new position inside or outside the organization. I've witnessed many subpar performers become aces overnight when they are plugged into the right

position. In the more extreme case where a job change is required, this may be difficult news for your employee to receive. But in the long run they will be better off being in a situation where they can thrive and succeed.

When dealing with employees who are struggling to perform, one-size-fits-all leadership won't work. First, diagnose the root cause of the poor performance and then utilize the appropriate leadership role to help your employees grow and succeed! ■



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PEOPLE MANAGEMENT

Give Feedback That Helps People Excel

By Doreen Stern, Ph.D.

“This is s——!’ Steve Jobs yelled. ‘It’s advertising agency s—— and I hate it.’ It was the first time the young copywriter had met Jobs, and he stood there mute. He never went back.”¹

Most of us would agree that Steve Jobs’ notorious way of exploding at people wasn’t the best way to motivate them to improve. Yet that’s exactly how some “hard-edged” and “fearlessly candid” feedback systems function at fast-growing firms like Netflix and Bridgewater Associates, assert Marcus Buckingham and Ashley Goodall in a *Harvard Business Review* article titled “The Feedback Fallacy.”² They argue that a different paradigm should drive the feedback process.

Excelling at work requires more than complying with company policies, completing projects on time and answering emails within 24 hours.

WHAT QUALIFIES BUCKINGHAM AND GOODALL TO PROVIDE ADVICE CONCERNING OPTIMAL WAYS TO GIVE FEEDBACK?

Marcus Buckingham is the head of people and performance research at the ADP Research Institute and coauthor of the forthcoming book *Nine Lies About Work: A Freethinking Leader’s Guide to the Real World*. An earlier volume Buckingham coauthored in 1999, *How to Break All the Rules*, was included on a list of the best business books of all time. It describes what the world’s greatest managers do differently. In total, Buckingham has penned nine books, including *Go Put Your Strengths to Work*.³

Ashley Goodall is senior vice president of Leadership and Team Intelligence at Cisco Systems, Inc. Prior to joining Cisco, Goodall was responsible for leadership development and performance management redesign at Deloitte.⁴ He is coauthor of *Nine Lies About Work*.

The authors’ experience suggests they have considerable knowledge about the feedback process. This article concerns what they believe the purpose of feedback to be as well as techniques they recommend using to provide it.

WHAT’S THE PURPOSE OF GIVING FEEDBACK?

From Buckingham and Goodall’s perspective, the objective of providing feedback is straightforward: “to help people do better.”⁵ Accordingly, managers should ask themselves: “How can we help each person thrive and excel?”⁶

WHAT DOES HELPING EACH PERSON EXCEL MEAN?

Here’s an example from my own life that illustrates this concept. Long ago, when I was about to get behind the wheel of a car for the first time, my father gave me these instructions:

- Stay within the speed limit;
- signal before turning or changing lanes;
- leave one car length between my vehicle and the one in front of me for every 10 miles per hour of driving speed and
- turn on my car’s headlights at dusk.

Naturally, my dad’s tips were geared toward helping me comply with state laws. That’s key for an 18-year-old. But would his advice make me an excellent driver? Hardly.

As you and I will likely agree, focus and awareness are essential to being a skilled driver. Now, more than ever, we can’t predict when a distracted driver’s car might veer into our lane, traveling at 70 miles an hour, on an interstate. It happened to me at 11:30 one night. EEK!!!

Similarly, excelling at work requires more than complying with company policies, completing projects on time and answering emails within 24 hours. Rather, Buckingham and Goodall argue that *excellence depends upon each individual using their unique strengths*.⁷

WHAT ARE UNIQUE STRENGTHS?

Buckingham and Goodall claim that “excellence is idiosyncratic.”⁸ When they say this, they are expressing the view that excellence is inextricably entwined with our own individuality.



Thus the goal of feedback is to help us excel at using our personal strengths.

To understand this notion, the authors ask us to consider the comedians Steve Martin, Jerry Seinfeld and Sarah Silverman. The three exhibit dramatically different approaches to doing stand-up, based on who they are.

In his memoir, *Born Standing Up*, Martin proudly admits that he “was seeking comic originality and fame fell on [him] as a by-product.”⁹ He couldn’t sing or dance, yet at age 18 he taught himself to play the banjo “by slowing down banjo records on his turntable and picking out songs note by note.”¹⁰ Soon banjo playing became one of the unique attributes of his comedy act.

Because Martin loves playing so much, he continued doing it long after his stand-up career ended in 1981. In 2009, his album “The Crow: Songs for the 5-String Banjo” won a Grammy; in 2011 the International Bluegrass Music Association recognized him as Entertainer of the Year; in 2013 he and singer-songwriter Edie Brickell released a bluegrass album called “Love Has Come

for You” and started touring together. In 2015 they collaborated on the music and lyrics for the Broadway production of *Bright Lights*.¹¹ I was lucky enough to attend both the concert and musical. I was in heaven.

For his part, Jerry Seinfeld developed his own style of observational humor and witty banter. He makes it look easy; however, *he credits writing every day for an hour and developing a chain on his calendar as essential to his success*.¹² Like Steve Martin, Seinfeld extended his career by creating a new droll comedy series in 2012 called “Comedians in Cars Getting Coffee.”

Sarah Silverman rose to success by talking about taboo topics. For instance, she writes in the foreword of her memoir, *The Bedwetter*, that she’d “peed on mattresses up and down the Northeast Corridor and had used the topic of human excrement to vault her from obscurity into the global fame she enjoys today.”¹³ Who describes themselves that way?

The bottom line is these three individuals *do exceptional work in their own idiosyncratic ways*. As long as the audience is laughing,

there’s no predetermined way to be a comedian. Of course, few of us are signing up to tell jokes on stage. No matter, the authors ask us to extend this concept to our own work, too—to bring our whole selves in service of our calling!

WHAT TECHNIQUES DO BUCKINGHAM AND GOODALL RECOMMEND FOR HELPING PEOPLE EXCEL?

1. **Use different language when providing feedback.** “There’s nothing more believable and more authoritative than sharing what you saw . . . and how it made you feel.”¹⁴ So *share your personal reactions*, rather than prescriptions for how something should be done, as this chart excerpted from “The Feedback Fallacy” demonstrates:¹⁵

Rather Than	Try This
Can I give you some feedback?	May I share my reactions?
Good job!	Here are three things that really worked for me.
Here’s what you should do.	Here’s what I would do.
Here’s where you need to improve.	Here’s what worked for me, and here’s why.
That didn’t work.	I didn’t get that.
You need to improve your communication skills.	Here’s where I got lost.
You need to be more responsive.	When I don’t hear from you, I worry that we’re not on the same page.
You lack strategic thinking.	I’m struggling to understand your plan.

Source: Buckingham, M., and A. Goodall. 2019. The Feedback Fallacy: Why Feedback Rarely Does What It’s Meant To. *Harvard Business Review* (April–May), <https://hbr.org/2019/03/the-feedback-fallacy> (accessed September 3, 2019). Reprinted by permission.

2. **Call out excellence when you see it.** Since excellence is an outcome, be on the lookout for it, say Buckingham and Goodall. Turn to the person who created it and immediately call attention to it: “That! Yes, that!”¹⁶ By doing so, you’ll stop the natural flow and pull your colleague’s attention toward what worked. Then dissect it. They’ll experience a flush of pleasure, which will help them remember it.
3. **Ask questions.** The best information often comes from the person under the microscope. It can strengthen their sense of agency (feeling in control of their lives). Questions can grease the skids. These exist on a present, past and future continuum.

If, for example, someone solicits your advice, try asking them to tell you three things that are working *right now*. Doing so will

alter the person’s brain chemistry so they can be more open to new solutions, as well as to new ways of thinking and acting.

Try looking back into the *past, too*. Ask the person: “When you had a problem like this in the past, what did you do that worked?”¹⁷ This helps a person solve their own problem and gives them the confidence to move forward.

Finally, look to the *future*. Ask: “What do you already know works in this situation?”¹⁸ Be patient, yet operate under the assumption that the person already knows the answer. You’re merely the tour guide helping them uncover buried treasure. ■



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PERSONAL DEVELOPMENT

On the Several Risks of Working in a Silo

By Frank Grossman

Editor's note: An earlier version of this article was published in the April 2018 issue of the Canadian Institute of Actuaries (e)Bulletin.

Silos have long been a familiar landmark on the rural scene. Nowadays, they are large, multistory concrete structures used to store hundreds of thousands of bushels of grain on farms. Despite their pastoral association, there are a couple of obvious risks of working in and around silos—namely, the threat of a small spark causing a dust explosion, as well as the presence of noxious and combustible gases released by fermenting grain.

THE HIDDEN DANGERS OF SILOS

There is another peril known in the lingo of agricultural workplace safety as “engulfment” or “entrapment.” This peril frequently results in the suffocation or crushing to death of farm workers who are literally buried alive inside a silo with little or no warning by a sudden avalanche of grain. Such silo fatalities are more prevalent in the corn-growing Midwestern states, disproportionately casting teenage boys in the role of victims. Whether due to insouciance, ignorance or the mere presumption of immortality, young men will make the risky decision to climb into a silo to loosen clumps of damp corn caked to the inside walls without taking necessary precautions. They should probably know better, yet the fact remains that in these situations a risk is taken and too often the worst happens.

Aside from their physical presence, silos exist in metaphorical form too. These are the figurative silos that wall off and impair communication and knowledge sharing within organizations. Contemporary management treatises routinely bemoan the negative effect of silos on corporate innovation and growth. However, and at a personal level, working in a corporate silo can

“The specialist knows more and more about less and less and finally knows everything about nothing.”

be an effective way to safeguard one’s expertise—and thereby preserve one’s job as well as a helpful paycheck. These welcome benefits are in sharp contrast to management’s abiding concern that organizational silos, particularly when combined with scant documentation, can translate into significant key-person risk.

Closer to home, what effect might working in a silo have on the individual actuary? There’s a natural tendency to double down on a sure bet in a given practice area, eschewing professional diversification, even though textbooks say spreading risk is the prudent thing to do. And keeping one’s head down, ignoring broader contextual issues and their implications—all in the furtherance of keeping one’s current job—is okay when things are working well but may not be as successful in an evolving workplace in which things are not working quite so well.

THE BENEFITS OF VENTURING OUTSIDE ONE’S SILO

Taking a broader interest in actuarial matters may seem incompatible with the wall-to-wall workaday demands that allow no spare time or energy for diversions. Yet taking a professional interest outside one’s silo—by reading an article or attending a session or webinar beyond one’s traditional ambit—can yield benefits—if only an appreciation of how other actuaries live. It’s been said that learning a second language leads to a deeper understanding of one’s first language. In the same way, delving into the world of catastrophic event modeling, or embedded policyholder options, or the paradox of pension funding, for example, when one doesn’t work in those areas, can yield new insights into actuarial practice writ large and may translate into greater effectiveness in one’s daily work too.

Konrad Lorenz, the noted Austrian behaviorist and Nobel Prize winner, once observed:

Every man gets a narrower and narrower field of knowledge in which he must be an expert in order to compete with other people. The specialist knows more and more about less and less and finally knows everything about nothing.

In two brief sentences, Lorenz has neatly described the motivation that underlies an open-eyed and deliberate pursuit of specialization. Though an actuary may take justifiable pride in his or her ability to deal with myriad detail and technical complexity, this can be a risky approach. After all, it’s nearly impossible to keep abreast of every development in one’s silo—akin to Lewis Carroll’s Red Queen, who runs and runs but is fated to remain in the same place. And what happens if circumstances should change unexpectedly someday? How—or perhaps how well—might the specialized actuary adapt in a new environment?



THE HYPHENATED ACTUARY

A practical consequence of actuarial silos is the use of terms like health actuary, investment actuary and so on—hence the birth of the hyphenated actuary, something we very much take for granted today. On reflection, actuarial specialization is entirely consistent with the economic principle of the division of labor, a hallmark of the Industrial Revolution. Using the well-known example of the pinmaker, Adam Smith, in the first chapter of his *The Wealth of Nations*, described how specialization translates into greater productivity. And it seems pretty clear that relying on the division of labor to deliver economic efficiencies, as a business strategy, is still with us in our modern Information Age.

Smith picks up the division of labor thread later on in his work when discussing education, and he includes an interesting comment on a potentially limiting countereffect:

[T]he understandings of the greater part of men are necessarily formed by their ordinary employments. The man whose whole life is spent in performing a few simple operations, of which the effects too are, perhaps, always the same, or very nearly the same, has no occasion to exert his understanding, or to exert his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion,

and generally becomes as stupid and ignorant as it is possible for a human creature to become.¹

So, and perhaps not too surprisingly, there is some tension inherent in professional specialization—between dealing with the exigencies of the day and preparing for an uncertain tomorrow. A typically actuarial trade-off.

I wonder what it was like before actuarial silos came to be—before the advent of the hyphenated actuary, in a time when generalists ruled. And what may come afterward is open to conjecture. Will it be the Lorenz-type expert who “knows everything about nothing” endgame? No one can say for certain. Yet in this light, silo safety, as it were, seems a good idea worth bearing in mind, if only to ensure that one’s chosen silo doesn’t accidentally become an inadvertent tomb. ■



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PERSONAL DEVELOPMENT

Unconscious Biases: An Actuarial Example

By J. Patrick Kinney

In my lifetime, researchers have discovered quite a bit about how the human brain works. In particular, psychologists and behavioral economists have identified many unconscious biases that affect the way we respond and make decisions in business and in daily life. As business leaders, we should make an effort to be aware of these biases to help avoid faulty decisions. When we know we are susceptible to unconscious error, we may be able to pause and seek out data before jumping to conclusions. This article provides an example of this data-driven approach.

I've presented on this topic a few times at Society of Actuaries (SOA) and internal company meetings. Here's a scenario I give the audience:

Picture a randomly selected financial services professional whom I'll call "Pat"—even though it's not me that I am talking about. Pat has been participating in a 360-degree feedback process at work. Here's a representative sample of comments from Pat's leaders and colleagues:

- "Pat comes across as shy and introverted."
- "Pat has a passion for detail."
- "Very good with numbers; not that good with people."

Is Pat more likely to be an accountant or an actuary?

Okay, which answer popped into your head? When I've given this presentation, about three-quarters of each actuarial audience chose "actuary." It would not surprise me to get the same or stronger result in a broader business audience.

However, according to the U.S. Bureau of Labor Statistics, there are approximately 60 times as many accountants¹ in the country as there are actuaries.² I said Pat was a randomly selected financial services professional, didn't I? So, even if all actuaries are such classic introverts, and only 10 percent of accountants are, Pat is still 6 times more likely to be an accountant than an actuary! Yet audiences strongly skew the other way.



Food for thought, no?

I borrowed and expanded upon an example developed by Tversky and Kahneman,³ which illustrates the effect of at least two unconscious biases. The way I framed this scenario triggers the so-called "representativeness" and "availability" heuristics.⁴

My description of Pat is representative of the stereotype of the introverted actuary. We've all heard the jokes. This makes it easy for our brains to jump to a conclusion that is completely at odds with data-driven probabilities—without even thinking about accountants at all.

Similarly, the availability heuristic is our propensity to rely on immediate examples when forming quick judgments. Even though I specified that this Pat wasn't me, to an audience (or a reader) I'm a readily available example of an actuary, which only adds to the likelihood of going astray.

Now this leads to my second question: Is Pat more likely to be male or female? Note that I carefully avoided any pronouns when referring to Pat (shades of the old recurring “Saturday Night Live” sketch!⁵). The usual audience response is that about three-fourths say male. Given the heuristics already mentioned, this should not surprise anyone. The result could well be different if a female “Pat” were the presenter.

But you might be surprised—as I was, naturally—to learn that, according to available U.S. Census statistics, a random Pat is actually three times more likely to be female than male. “Patricia” was the number two female name in the 1990 U.S. census,⁶ with “Patrick” far behind at number 42 in the male listing.

The main point is that everyone experiences some unconscious bias when thinking of this randomly selected person—and almost nobody thinks any deeper about it before answering the questions. It takes mental effort to engage the higher-level cognitive processes, as Kahneman discusses extensively in his book. In the real world, actuaries should. The data is there. With increased awareness of unconscious mental biases, we can take steps to avoid faulty decisions from the snap judgments hard-wired into our human brains.

Sometimes all it takes is to slow down and, as they say, think twice before responding to a business situation. Ask yourself, am I reacting too quickly based on limited information? Is there any

data to better support a decision one way or the other? And if you ever come across a resume from an accountant named Pat, forget this article; evaluate her based on talent and experience rather than the example I’ve created! ■



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PERSONAL DEVELOPMENT

The Zen Actuary Installment 15: “The Challenge of Transitions, Part 1”

By Rich Lauria

*Author’s note: This is the continuation of a series¹ adapted from the book *Awake at Work* by Michael Carroll, covering the application of Buddhist teachings to situations encountered in a modern corporate workplace setting. This series addresses challenges frequently encountered by practicing actuaries.*

During an outdoor yoga retreat I had the pleasure of attending early on in my exploration of the practice, the instructor gave a complex sequence of poses and breathing cues:

Stand tall in mountain pose, with the crown of the head reaching toward the sky and taking nice deep breaths. Place equal weight into all four corners of each foot. Now on an inhale gently step the right foot back a comfortable distance at a 45-degree angle facing the upper right corner of the mat. Keeping the hips square, raise the arms comfortably overhead into Warrior 1 and breathe through the rib cage while maintaining relaxed shoulders. Be sure to press into the outer edge of the back foot and bring the navel to the spine. Now on your next exhale, press into the left foot, bring the right foot forward, rotate the right hip externally while keeping the right leg lifted and arms lifted, and place the sole of the right foot anywhere on the inside of the left leg other than the knee joint. Find your balance standing on the left leg. Make this transition into tree pose nice and smooth. Accept wherever the right foot lands; do not force it to be higher.

My recollection of that transition is one of sheer frustration. I had been making progress on tree pose as a stand-alone pose by getting that darn foot high up onto the thigh, keeping my hips nice and square. But now I had to step into it from Warrior 1. Sheer horror! I was lucky to get that foot to settle on the inner

calf, with a lot of body shaking and stumbling. The transition between the two poses was not something I had contemplated before, and doing this gracefully proved quite difficult.

Careers of all kinds consist of multiple transitions. For actuaries, the early stages typically consist of internships and entry-level work with lots of supervision and very limited authority to make decisions. As competence is demonstrated, the reins are gradually removed and the actuary takes on more responsibility, usually as an individual contributor with some independence to make decisions, especially on technical matters. Many then advance into management, using their individual expertise while also supervising more junior professionals. This mix gradually transitions to more supervision and mentoring and less direct modeling.

Although this is a fairly standard set of career steps, there is no guarantee that it will automatically unfold that way. And when and how any transition occurs is anything but assured. I have seen more than one highly successful individual contributor struggle with managing people.

The transition between the two roles is not trivial (not unlike transitioning from a grounded standing yoga pose to balancing on one leg without the assistance of one’s hands). One can know how to build a model without being able to communicate that skill to others, or evaluate another’s capabilities in that area. I went through my fair share of growing pains as a manager. And going from middle management to a senior role brings into play a whole other set of skills in influence and negotiation that often move the actuarial professional further away from his or her comfort zone. That was certainly the case for me!

Part of me loves being comfortable and knowing what comes next. I feel able, competent, productive and secure in my place in the world. I observe that to be a fairly common trait among human beings. I believe it connects to something told to me by a neuroscientist with whom I will be co-teaching this fall: “All human behavior is essentially geared around two things: survival and procreation.” The desire to be secure and comfortable is a manifestation of the will to survive.

That’s what makes transitions so challenging, whether in yoga, career or life in general. We are at point A, nice and comfortable, and want to get to point B, hopefully nice and comfortable as well. Getting there is where things can get a bit shaky, even when the path from A to B is fairly common, as illustrated by the following standard sequence of yoga postures.

- Lying flat on the back, on an inhale, lift the legs up straight and if able, lift the hips as well.



- Catch the lower back with the palms of the hands and bring the elbows closer in toward each other.
- Engage the pelvic floor as the toes reach toward the ceiling in a shoulder stand. Take a few deep breaths into the rib cage while holding the posture.
- From here, on an exhale, lower the knees toward the forehead or extend the legs overhead with toes reaching the floor in plow pose.
- Breathe into the lower back and backs of the legs for a few cycles. Enjoy the stretch.
- Then inhale and begin lowering the legs back to the mat in a lying flat position, rolling down one vertebra at a time, using the belly muscles to control the descent.
- When lying flat on the back again, place the hands underneath the buttocks, palms down.
- On the next exhale, press into the elbows to lift the heart, placing the crown or back of the head on the mat. Breathe into the rib cage for a few breaths in fish pose.
- Release the pose by bringing chin to chest and removing the hands from underneath the body.

Anyone who has done yoga for some period of time is familiar with this sequence. It often is done right before corpse pose—the final relaxation pose. Having practiced it for many years, I know the transitions are critical to creating a state of relaxation.

In my early years of practice, I often struggled to move from shoulder stand to plow as my legs shook like a jellyfish. And transitioning from plow to fish was always accompanied by a crash due to my chronically weak low belly muscles (see Zen Actuary Installment 14 about the importance of a strong core!). These difficulties in transition often disturbed that final relaxation, which is a vital part of the practice.

How often do we struggle moving from one project to the next? Are we still thinking about a point made in a meeting this morning when we are reviewing a model built by one of our direct reports? Is that model conversion from Version X.1 to Version X.2 of our favorite actuarial software taking a lot longer than it should? Are we stuck trying to translate our experience study findings into rate changes that we can sell profitably?

In fact, much of our effort goes into making such transitions work because once completed, we usually know what to do and the level of required effort is reduced considerably. We also know that if we do not pay attention and use our “actuarial belly muscles” in making these transitions, we can create future problems:

- Transitioning too abruptly from a prior project can leave the first project incomplete.
- Dwelling too long on the prior project can put the new project critically behind schedule.
- Hanging on to a prior conversation robs us of the present moment and keeps us from performing our best in whatever we are doing now.
- System conversions can be quite costly in terms of time and money if not handled with proper care and management.
- Data analysis is only as good as one’s ability to convert it into actionable insights.

Other transitions are much less common and can be exceedingly difficult to navigate. They involve aspects of personal management and career development that are off the beaten path of most professionals. They may require the actuary to develop skills not covered in the actuarial education system.

These more difficult transitions tend to occur for more seasoned actuaries. The blessed curse of establishing professional success is that it often opens doors not anticipated by the actuary when beginning the journey. While the resulting opportunities are

often exciting and invigorating for one’s career, they usually require the actuary to seek other sources of education and training to meet the new demands. In addition to managing people, skills in influence and persuasion, strategic communication, sales, collaboration and conflict resolution become vital to ultimate success in these nontraditional roles.

I am currently in the midst of my own major career transition. I recently joined the full-time faculty in the Enterprise Risk Management program of the School of Professional Studies at Columbia University. Although I am teaching material that I have used extensively in many years of corporate practice, the transition from corporate to academic life has been anything but trivial.

I will explore the evolution of this transition, and my current experiences and impressions, in the next installment. I will also describe more physically demanding yoga asana transitions to further illustrate the challenges involved in making such a change. Stay tuned! ■



Rich Lauria, FSA, CFA, MAAA, is lecturer and associate director of ERM at Columbia University. He was previously SVP in enterprise risk and actuarial roles at Assurant. He enjoys integrating Eastern philosophy into the hectic demands of Western life. He can be reached at rl2764@columbia.edu.

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- 1 The first 13 installments in the Zen Actuary series were published in the November 2013 through November 2017 issues of *The Stepping Stone*. Subsequent installments begin in March 2019. All issues are available online at www.soa.org/sections/leadership-development/.

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