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Actuaries in Nontraditional Roles

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Summary: Have you ever thought of venturing beyond a traditional career? Come hear about the experiences of a panel of actuaries who have broken the bonds of tradition and ventured out into new and exciting careers using their actuarial knowledge and expertise.

Mr. Paul V. Bruce: I am with American Express in Minneapolis. The presenters are going to talk about who they are, what they do, and how they got where they are. I think you will find there are four different stories about careers and hopefully what you will take away from this is a few of the many ways you can branch outside of what we would consider a traditional actuarial role.

The first speaker will be Kent Bergene. Kent is one of my work mates in Minneapolis at American Express Financial Advisers. He will be followed by Bob Katz, who is with the World Bank in Washington, D.C. Finally Bob Ochsner is with the Hay Management Consulting Group.

Mr. Kent M. Bergene: I work for the company formerly known as IDS. I have three topics that I would like to cover. First, I will describe the role I currently play at American Express Financial Advisers. Second, I will discuss one approach to career planning and skill building that has worked well for me. Third, I'll share with you some sources of information that I have found helpful in building those complementary skills.

Currently I do business planning and business development in our variable assets department. To define those technical terms, our variable assets department is the product management or the product manufacturing and management function for mutual funds, variable annuities and other retail managed asset products such as a securities product which we offer. Within that variable asset department, I have three major areas of responsibility. The first of those is business planning and this is not the annual operating planning process. An example of some of the work that I would be called on to do which we have characterized as strategic planning is an in-depth analysis of the mutual fund industry. We look at who is gaining market share and who is growing assets the most rapidly; conversely, who is losing market share and who is growing more slowly. There are a couple of companies losing assets in real terms. More interestingly, why is this going on? What strategies are companies employing that are succeeding in the marketplace? What programs, tactics, and other aspects of the business do they have in place that have enabled them to gain market share? What works, and what does not? Then, after simulating all that, we would make recommendations for the firm as to which, if any of those, would be transferable to our particular business.

The second area of responsibility is new business design. An example of that would be a direct channel variable annuity that we introduced in early 1996. The responsibility that I had in that particular assignment was to start with a blank yellow pad and identify a target market, marketing strategies, and a product design conceptually. Then I had to think through all of the details at a fairly high level of the organizational impact. We did an organizational impact assessment, which would describe the impact on all parts of the business, of adding this new business or product or distribution avenue to the firm's business. This would be incorporated into a proposal and handed off to the project manager to make it real.

A third area of responsibility is to align those parts of our current business across functions which may not necessarily have been fully and completely in alignment. An example of this would be a review of a management decision a year ago to expand a list of nonproprietary or outside funds which our advisors could offer. We added AIM, Putnam, Franklin, Templeton, and Oppenheimer to the list of funds they could offer; the previous list had consisted of only IDS funds. That is a fairly major conceptual shift and a fairly large paradigm shift for almost everyone involved in the business.

I was charged with understanding the impact on the business that decision has had and what to do about it going forward. It is a very interesting role. From the pros side of it, it has a fairly significant ability to impact the course of the firm. A lot of breath and scope for those who find that appealing. It does not get much broader, and I think there is a blank page sense of freedom. You also are not fixing someone

else's mistakes. The cons of this would be that there is life on the edge in the business development group. You are going to have failures. You are going to try something new and sometimes it is not going to work in a fairly significant percentage of the time. It is an easy area to cut if the firm runs into financial difficulties and chooses to reduce the level of core/overhead expenses. The other con is not a problem for me, but some people may find it difficult to work with a long elapsed time between the contribution that you make and the results. Most of my work on the variable annuity came two years ago and ended about a year-and-a-half ago and we just launched early this year. It will be three-to-five years before we know if we made a good decision.

The second topic is an approach that I have used for career development. There are three major components to that approach and the first of those is to think about what really excites you. I listen carefully to the inner voices, if you will, and apply that test so that at the end of the day, when I am leaving the office, I have as much energy as when I started the day. That is a test that I use fairly often.

A second component to career development that has been very important to me is assessing myself honestly. What am I really good at? I pretend to interview myself for any particular job that I might be interested in doing. I interview myself about whether I have the skills required in that particular dimension. Get input. I have actually designed surveys for such input, and they elicit both positive and negative feedback. About five years ago people kept telling me that they thought I was creative. It took me a while to realize that they were being positive. Once I got over that hurdle, I realized that it was actually positive, and it was an area that would be beneficial to consider developing.

The third part of the approach to career development that I have used is to build complementary skills one at a time. In particular that has had the benefit of allowing me to focus on one thing at a time and not try to re-invent who I am or what I am good at. There is a safety net, I can go back if I change my mind. Anyone starting with an actuarial background has a lot going for them. I felt that way about myself. At the same time, I felt I could contribute the most to the firm by some type of nontraditional process. An example of how I built skills one at a time goes back to ten years ago. I had worked in the IDS life company for six years, had been in a variety of product development and financial reporting/corporate planning positions. These were positions that were backed by an intense study of an actuarial syllabus. I did not start out by saying in ten years I want to be doing business development. I did say, though, that I wanted to build one thing at a time and an array of skills that I thought would be valuable in the future business world.

The first thing that I decided I wanted to build was leadership, particularly the ability to influence groups of people without authority, figuring that influencing without having authority is much more difficult than influencing with authority. I decided that would be the more challenging way to go, so I did both formal and applied leadership right away. Building on that, I obtained a Certified Financial Planner (CFP) designation. In our business that is the paradigm for the advisors, and the designation that most are pursuing. It enabled me to speak the language, so when I am talking about a new life insurance product with them, I am understanding more clearly the selling process that is being used, and in essence, I'm doing some backward integration from the product into the selling process that is used for that.

Through a creative process, (which led to a re-engineering project for our underwriting processes) and a technology planning process (which has gotten me to a business development position) and mainly as a result of building each of these things one at a time, I have a fairly good understanding of the business end. I am not an expert on any one part of it, and as of right now, I turn over any and all actuarial analysis to our product actuaries who do a better job of it than I would. However, I know enough about it to jump start their work, to think some of the things that are likely to be danger spots which they might not have thought of.

The third topic would be sources of skill building. In particular, one of the books that I found to be most helpful is Joseph Campbell's, *Power of Myth*, Doubleday, 1991. In particular in leading teams and groups, some of the things that he talks about are heroes and identifying heroes as very useful in getting people to acknowledge that they do not have all the answers when they are starting something. They do not know what it is likely to be, but if they are on a journey, by the time they are done with whatever activity or assignment that they have gotten, they will know. I have found that very useful.

Another book is one by Michael E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, Free Press, 1980. He is a professor in the school of business at Wharton University and my boss recommended this book. It helped me speak the language with the MBAs. Marketing and management are the predominant people I work with in that role. Another book that I found very helpful in dealing with ambiguity, uncertainty, life on the edge, as it were, is called *Emotional Intelligence* by Daniel Goleman, Bantam, 1996. The central premise of the book is that there are other types of intelligence, emotional intelligence being one of those, which do not show up in our traditional means of measuring intelligence. It says in particular that the ability to be resilient and to learn fast and get over a mistake that you have made and to learn from it and move on is an important quality. It is part of emotional intelligence, but is not measured by our traditional

means of intelligence measurement. I found it to be very useful and thought provoking. It has helped me to work with people and to help them deal with things that have not worked.

Another book has helped me with change. *Becoming a Technical Leader: An Organic Problem-Solving Approach* by Gerald Weinberg, Dorset House Publishing Company, 1986. *New Manager's Handbook* by Brad L. Thompson, Briefcase Books, 1994, has a chapter on Conflict Resolutions Restructuring. Those are some good sources.

Mr. Robert M. Katz: I think I am an actuary in a nontraditional role, but maybe I am a nontraditional actuary. We need to start with background. My career started in life insurance as did the careers of many people of my vintage. I have entitled my talk, "It's Not Where You Are But What You Do." You will note that the things I work in were not at all what you would have expected from the traditional actuarial, policy service, investment, modeling systems, and marketing. I was very lucky to get into those things and very hungry to do that, because it was a lot more interesting to get into some new areas instead of working traditionally. Part of that was being in the right place at the right time, which I guess is true for a lot of career developments. You will see a bit of a pattern in this as we go on.

I did the next traditional step in the career of going from life insurance to benefits consulting, but back then I was working on starting this business called defined-contribution plans, which, back in the 1970s, was this brand new thing that not a lot of people thought about doing. In fact, the actuarial profession still does not recognize it as being an actuarial job, which is fine. I worked a great deal in business development, which was one of the things necessary at that time, because it was a brand new business. I did some of that and I think this probably gives you some idea of how I was doing things a little bit differently. I ended up where I least expected to.

I just had my time allocated to actuarial responsibilities upped from 25% to 33%, but I think that was more for budget, because I have so many different bosses that they were fighting over how much each one of them had to contribute to my salary. I actually do work on the World Bank employees pension plan and other benefit plans and that is reasonably traditional. I will talk a bit more about why that is not so traditional next. Also, working at the World Bank and working on the employees pension plan is like being a consultant with one big client. Some of the other jobs that I do are plan administration, communications, accounting, and practice law.

Movie directing is actually one of the other things I do and it is an exciting field for those of you who have ever gone to the movies. I directed a movie introducing our

staff retirement plan to new employees. Just to give you an idea of how much work is involved, we did a combination of graphics and used a professional narrator on camera. We used one location for the narrator to be on camera, several different set ups, but one general location. For approximately five minutes of the narrator on camera, from the time we started setting up until we finished filming took eight hours, and that was with an almost stationary talking head. I look at movies now and I cannot believe how difficult they are to make.

Part of my job requires involvement with our staff retirement plan, and there are a number of things that we do that do not get covered in the traditional syllabus. What I have said is if it does not exist, invent it. The first item is national gross salaries. World Bank's staff is about three quarters non-U.S. residents and those folks do not have to pay income taxes in the U.S., but U.S. staff members do. A pension plan uses a national growth salary, because pensions will be taxable for most of our folks. We had to create a system of gross salaries. There was a system in place when I came, but we had to make some radical changes to it. Basically, I had to invent a methodology to come up with the gross salary in a way that we can sell to our board to tell them there was some scientific process in doing it, but at the same time that was all a smoke screen for accomplishing the political needs of making the salaries come out right at different salary levels, and making the changes from the last formula work out OK. We paid benefits in something like 24 currencies around the world and those benefits are indexed to local inflation. That is a liability problem that I do not think is covered too well in the syllabus unless they have made some radical changes since I last looked at it.

In this case again, it was a matter of taking a problem, expanding the dimensions of it and then figuring out how to do it. That was something I have gotten to work on that was fun. As another example, we funded our retiree medical plan. World Bank is fortunate in not having to be too concerned about tax problems, so we could fund our retiree medical plan. I dare say we are probably the only funded retiree medical plan that uses an open group aggregate funding method for it. It made sense for the pension plan, so we figured it would make sense for retiree medical. This is an example of taking some basic actuarial knowledge and expanding upon it and making it happen for business.

I think we all heard about the things actuaries are supposed to do. I have a list of my essential skills for an actuary, and you will note that none of them has anything to do with mathematics or risk management or anything like that. The reason I list these as the essential skills is because they are precisely the ones that you do not study in the text books, but we probably should.

Writing. I cannot tell you how many times I have had to rewrite consultants reports because actuaries in general have a very difficult time writing, speaking, and thinking in the English language. Unfortunately that is true in most businesses. I am not going to single out actuaries. I would say that learning good business writing skills is probably the single most important thing that we can do. If you are comfortable speaking, it will make your life much easier. You might have to speak up in front of a crowd. It may be in a business meeting, or it may be in a face-to-face interview for a job. Getting comfortable with the idea of speaking is really important and there is nothing like just doing it. A hint on speaking is get up, take control of your audiences, and in most cases, they will listen to you.

Thinking. You may think that is an essential skill; thinking is obvious. Sometimes you have to stop and think before you act, and in business in particular, too often we want to jump right into something without thinking about it and thinking first is a good idea.

Adapting. None of us have the luxury anymore of dealing in fixed situations.

Finally, being creative is probably the single most important thing that we can do as actuaries, because we have a great background from which to do it. Our foundation of knowledge and skills is really good, so we ought to be creative.

Having finished with the serious part of this, I do have a few other things to share. It does not matter how fantastic a job you do or how wonderful or involved or scientific your actuarial work is. If you cannot explain it to somebody, it has no value whatsoever. I work with a group of people who know nothing about actuarial science and do not want to know anything about it. What they want to be able to do is say, "Go out and do all this work which we know you have to do and then come back and tell us what the answer is and what it means. Do not bother us with the details." I can do the greatest job in the world, but if I cannot explain it, it has no value whatsoever. Life is simple. I love to listen to people talking about all these models that they create and basically what I come down to is this. If you cannot justify it from common sense, maybe you ought to check the numbers. There is very little that we do that you cannot justify with common sense. You can spend days and weeks poring through all kinds of things to come up with a solution, but then ultimately, you have got to be able to justify that with common sense. I would say that if anything I do does not pass the common sense test, I must go back and look at it again.

If you are thinking about trends and what might be happening, I would say band-wagons are for jumping off as well as jumping on. I think it is a great idea to see a new idea, go along with it, get involved with it, and start it if you can, but I also do

not think that you need stay on that bandwagon if it looks like it is going in the wrong direction or the idea is getting old.

Who you know is more important than what you know. If you think about getting clients and getting jobs, it is very important. For those of you who are involved in the client business, a referred lead is worth infinitely more than a cold call. If you are looking for a job, knowing someone and having a connection gets you a lot further than sending out resumes. I know it is not always that easy, but that really does work and I would strongly suggest that you think about that as you go on your way.

Get involved. The actuarial profession needs all of us to be involved. Go out and speak to the public, write articles, volunteer, get on committees, and get on task forces. Believe it or not, there are a lot of things going on within the profession and even outside of the profession and all of you are needed. It is not a bad way to make connections. When all else fails, ask an actuary. There is nothing you cannot do if you set your mind to it. I firmly believe that. I have tried to do that in my career and will continue to do so.

Mr. Robert C. Ochsner: I started out going to college. I got a degree in abstract math. I was interested in several things, but I chose to major in math because essentially it had a finite body of knowledge; if you learned it you could pass. If you went into the other things which were language and liberal arts related you had to understand the whole world and how it worked, and that sounded expansive. I wanted to have a finite part of my week devoted to education, so I majored in math. That led to taking a job with a benefits consulting firm when I got out of college. You could get an MBA at that time, but few people did, so I went right to work. I started taking actuarial exams, mainly because I was in the actuarial department there. For the two-and-a-half years that it took to get to an Associate of the Society of Actuaries (ASA) designation, my education and my job went in tandem—I increased my knowledge of the content of the profession, and I increased my job responsibility.

The year after I got my ASA, I went into a family real estate business and started buying, selling, and leasing real estate and learned about commercial law. Three years later, I went back to consulting, but I went back as a general benefits consultant, not really an actuarial track. My actuarial education ceased and never started again. I dropped the idea of going for a Fellowship before I got too invested in it and felt I had to continue. I was doing fine on the consulting side.

Five years after I went back to consulting, I made a career change, and moved from New York to Atlanta. With the staffing that we had, that meant I had to go back to

being a working pension actuary, which involved supervising mostly valuations and turning them out. I went through the Employee Retirement Income Security Act of 1974 (ERISA) and went through about four years down there doing that, and got all of our clients through ERISA. In 1976, I joined a general management consulting firm, Hay, which I have been with for 20 years. We did total reward consulting, including direct compensation and I moved into the executive compensation area from the benefits area. The last valuation I did was in 1980. Somewhere in the 1980s, the ceiling and the floor collided in terms of what you could deduct for qualified plans in this country. I decided it was not something I wanted to go back to.

The shift from being a pension actuary to the executive compensation area is not a shift from qualified plans to nonqualified plans. One aspect of executive compensation does concern itself generally with deferred compensation. However, most of the interest is not in the deferral of fixed dollars or supplemental benefit promises, but in the creation of contingent rights to equity compensation. That is the biggest part of the package today for top management. From 1976 to 1986, I would have made more money as a pension actuary from what I can tell of pay rates and so on within our own firm, but since then it has tilted in the direction of executive compensation and it looks as though that may be permanent at least for my lifetime.

There are a number of things that are similar about what I do. For example, I think at the bottom of all of the consultative professions is a love of problem solving. If you do not have that, you will not be able to put up with the other things that are negative about a consultant's life. You have to like it for its own sake, because you do not get a lot of feedback from clients. Occasionally you get positive feedback, occasionally you get negative feedback, but most of the time they pay the bill and seem to be happy and you should feel satisfied. You have to feel good about what you are doing yourself, because it does not get reinforced.

The other thing that is in common is that essentially we are all in the business of making mathematical projections. In employment turnover, we do not typically separate out mortality rates as part of that turnover because in the active working years that we are dealing with the mortality rate is a relatively small part of the total turnover rate of management, which may be 5% or even 10% a year in some industries. There are many similarities. The calculation of present values and the manipulation of numbers, and the ability to quickly see the framework within which you have to set up and do the calculation is a great benefit. I was brought up to, in effect, create worksheets to solve problems—when computer worksheets came along they were not anything new. I remember big green sheets and whenever you made a mistake or wanted to change something, you did it over and you taped the new column on top of the column you were changing.

There are some differences in what I do. For one thing, corporate finance and the actions of the financial markets and the meanings of the terms and the types of instruments that they use is at the center of what I do. It is in some branches for actuaries concerned with internal financial investment strategies and so on within insurance companies or other entities, but it is not true for pension actuaries as a whole.

Previous speakers have talked about communication, and the need to be able to communicate as being one of the four competencies of an actuary. I agree with that, but it is exacerbated by the fact that executives are not a cross section of the American population. They are successful, they tend to be rather strong-willed individuals, and they are not used to being told they are wrong. Many use the ready, fire, aim school of managing meetings and deliberations; therefore, they do not stop and think and once they have said something none of the people around them are likely to challenge it. They may try to end run it or deep six it or do something else with it. Sometimes as a consultant you have to in effect say, that is not the way I look at it, and substitute a more rationally based way of thinking.

You have to communicate clearly, without lingo. You do not have a pedestal that you can stand on that the pension actuary sometimes does that says I have this huge model, we do millions of calculations, and it comes out with this answer. We can change the assumptions, but basically you have to accept the answer. What we do is always subject to common sense checks and even less than common sense checks by people who think they know as much about it as their consultants do. It is a constant challenge and you do most of it invisibly out in front of the client. As a result, you are not at your desk much and you cannot marshal the kind of support that you might be used to getting in many actuarial circles. Everyday you have to think of the three things that you have to communicate back to the office and have somebody doing.

On our outline that the speakers were given, there were a couple of questions. One of them was would you change any of the actuarial education and training based on your experience. Yes, I think the education process could give students a better total picture of what is out there as far as careers. I do not think it is oriented to doing that. It is not exactly failing, but there could be a little more total career preparation. I know there is a sleep away seminar at the end where you are supposed to get in-depth grounding, but that is too late. Students need to know earlier on about the framework of occupations.

I noticed in the new syllabus for the education program and in the current issue of *The Actuary*, that there is an offensive being planned to take back areas of financial projection that we have been ceding to other professions after developing the basic

theory. I think that is highly desirable and very encouraging. We ought to define the profession to be more broadly connected with financial analysis and future values. There have been several attempts at a definition, but I have not seen one in simple terms in one or two sentences that could be generally accepted.

Second, they asked what advice would you give to someone just starting actuarial education. The basic thing that I learned was that developing the core skills to the level of mastery, (that is, understanding how to do typical calculations of present values, premiums, retirement contributions, or for whatever the line of risk might be) is the main thing that you can take away. You can take away that in the first three to five years of your education, and it is a skill that you will be able to use in many different ways, in many different kinds of occupations.

Third, what advice would you give to a qualified actuary, which I guess is the mid-career actuary, who is seeking to branch outside the traditional actuarial career path? What I wrote down was to look deep into your soul. That is because the question asked was could other actuaries do what you were doing? Sure. A lot of them could. When we look at employees to find prospective hires for the consulting profession and not for benefits consulting or other actuarial consulting, but just for general consulting on human resource issues, we find plenty of people who can do the work. We find that out of every ten that could do the work, about three will succeed at it and the other seven are probably equally split as those who like the battle better than the victory. They, in effect, see the consulting profession as a way of working out whatever feelings they may have had for their parents or other authority figures and they love to use the fact that there are open issues and sometimes serious issues that have to be vented in the course of going through a project to create a war that they want to win at all costs. The other groups who do not succeed are the ones who like the victory better than the battle. They show up when the prizes are being awarded, but when the hard work is being done to get you to victory, they are in their tents. There are also people who do not see work as their first priority. If you do not, you will not succeed in consulting. If you are planning a career change at mid-career, look deep in your soul, and find out if it will give you enough of what you want so you are willing to give up or do what you have to do.

Mr. Bruce: I think you might have noticed that we have all taken different approaches in discussing the topic and I think you have also noticed we have all taken different approaches to our careers. Maybe that difference is worth something or at least worth noting. I am going to take the same approach that Bob Ochsner took. Do things chronologically because I think it tells the story a little bit of how I got where I am.

My title is director of audit operations for American Express Financial Advisors. I started on my actuarial journey in graduate school, working on a master's in mathematics. Some of you may remember far enough back to what life was like back then. I passed one exam, collected some job offers, picked one and went to work. It was not quite the competitive environment that we are in today in terms of getting into the field. My first job was with a small life insurance company, where I think I picked up some of my interest in nonactuarial work very early on. Due to the size of the company and the nature of the work I did, I was the only actuarial student, for at least part of my career there. I did a lot of work with nonactuaries and before I could be entrenched in the school of thought that actuaries are always right and the only ones who are right, I developed a real appreciation for other people's perspectives on the business. I appreciated how they looked at things. I stayed for five years and moved on to IDS Life just after getting my Associateship.

IDS Life is a subsidiary of what was then IDS, and now is American Express Financial Advisors. Our bread and butter is fee-based financial planning, coupled with the sale of a wide variety of financial products, mutual funds, certificates, brokerage products, life insurance, property/casualty insurance, and other things.

When I was in the trenches, I did some product development work at various times, but focused largely on the finance side—the valuation work. For instance, in the late 1980s, I signed the statutory books for IDS Life and its subsidiaries. That in turn, led to an opportunity that I could not turn down. We were in dire need of a new valuation system. The information we were getting to compute our reserves and to use for other financial reporting, month after month, was getting shakier and shakier. I agreed to take that on. My boss and I had some good conversations about that project and a few things came to light. One was the opportunity to work with a lot of nonactuaries, obviously systems people. We worked from time to time with outside consultants with various skills and various professions. These were people around the company and others who had a different perspective on the business. It took me about two-and-a-half years to grind through that. We had to start from the mission and purpose of the department and figure out what we were trying to do and what technology we needed to do that.

When I took that job, one of the things I had to think hard about was the fact that it was a job with a definite sunset. I knew when that was over, I would not have a job. The first time you do that, it is scary. Very cognizant that was the deal and for everything the company and my boss could say about safety nets, he and I both very quickly came to grips with the fact that he was not in a position to guarantee me anything. He could say he would, but he really could not. As that project was winding down, I was spending some time looking at opportunities. A position in the internal audit department opened up, I applied for it, and got it. That job was

purely an operational audit job or a process improvement internal consulting job, which I found very fascinating. A year later, they would not let me do just that anymore. I kept that job and added a bunch of financial audit responsibilities.

I always think of being hired and taking the job in terms of making a deal. The general auditor for American Express Financial Advisors wanted to strengthen his ability to audit the life insurance operations, and within a big mutual fund complex, the life insurance business is always a bit of a mystery to the people outside it. They have actuaries, and they have a bunch of other stuff the larger company does not understand, but if it's making money they leave it alone. He needed to audit that operation. He needed to understand it well enough to pass judgment on the internal controls and other aspects of the business. He believed that an actuary could do that for him because of the actuarial credentials, and through the interview process, he believed that I could add and learn enough about auditing and learn that aspect of the business well enough to do what he needed to get done.

Why was I interested in the job? I saw it as an opportunity to do two things. One was to take my actuarial skills, my life company knowledge, and the other things I had picked up in working in a small company, leverage all of it and provide good value to the organization. I honestly believed this was a position in which I could contribute. If you want to have job security and you want to make sure you are going to keep your job, figure out a way to contribute. The other reason was it was a chance to learn a new discipline, and a chance to see the business from a new perspective and to look at the world outside the life company. I could see the mutual fund business and the other operations.

One piece of my job that is a little different is there are three of us at my level in the organization, who report to the general auditor, who run the department on a day-to-day basis. We have our 25 or so auditors in a pool. We each have some direct reports for administrative purposes, but we plan and schedule all the audits. We mix and match, and we put all types of auditors on these various projects. We send them out to do the work in the organization. It requires very close work with other people. One of the other gentlemen I work with is a career internal auditor, and the other one, because it is a technical auditor role is somebody from the systems world. There are some issues right there in terms of dealing in a cross-functional organization.

One of the other things that has been an advantage in my job in auditing has been the ability to take on some very interesting and very challenging audits. Shortly after I went to the department, I put together a team of talented individuals and did an audit of our asset/liability management process. We did not determine whether we had the right assets and liabilities; rather we determined whether our as-

set/liability matching processes were protecting the company. Were there checks and balances in how we did that? Was there good discussion? Were the right people involved? Did we have any risks we were facing as an organization because we had the wrong people making decisions at too low a level, too high a level, etc.? We did a good job with that. We obtained good feedback, eliminated a couple of issues that the organization has dealt with, and I think we strengthened our asset/liability management processes.

Through 1995 we did another special audit. We were asked by the president of IDS Life to look at our market conduct situation. Where were the risks to the organization in relation to market conduct? Again, good process, good people. We had to think like heck about how to audit that. Again, starting with a group of people who are used to doing fairly traditional audits, we sometimes had to invent what we were doing on a day-by-day basis to make it work.

Another thing I do from my perch in internal auditing is occasionally, because auditors are known to harbor some good skills and because of my particular skill base in the life company, I work on some special projects. Kent and I worked on this big systems project a few years ago to determine which route to take for a new life system for our traditional life and annuity products. We worked with outside consultants and internal systems people and others on that. Last fall, I was the project manager for the sale of one of our life insurance subsidiaries, working with people in four different organizations from New York to Minneapolis to San Rafael, California. I was fortunate to get that fascinating project.

Do I use my actuarial skills and background in what I do? I would say sometimes yes and sometimes no. I think I use my actuarial skills more than I apply it to actual actuarial work, particularly in special projects, some of the audits in the life company, and auditing our property/casualty companies, where there are a lot of analytical things to sort through. I think I add a lot of value to what the audit team brings to the audit. I also work closely with our external auditors. I hope that bridges some communications gaps as I work with the people who have to sign the books.

Is this an opportunity for other actuaries? I have to say definitely yes. My highest observation after four years in the internal audit department is that for any life insurance company in particular, an actuary at almost any level inside that internal audit department could be of value just because of their knowledge of the business, their analytical skills, and the way they look at things. The other presenters have talked about the communications aspect of it. I am the only actuary in the internal audit department. That means I spend 90–99% of my time communicating with nonactuaries. That means the whole jargon and vocabulary thing is gone. I have to

communicate very well because I am the only one who thinks like I do. I am the only one with the background I have and I have to convey ideas and sell things to other people in the organization.

What might this mean to other people—Kent recommended some books and a career process that made sense for him. I will throw out my own thoughts on that and I do not think they are in disagreement at all. I think that opportunities for actuaries will continue to broaden if we take advantage of that. I think what comes with that is a need for broader skill sets. I know everybody can do that because one thing I learned from the exams is that I can learn. The exam content of certain exams more than others, is almost inconsequential. If you are going to branch out, you need to make up your mind, you are going to compete with nonactuaries. The downside is while we were taking exams, they were learning how to compete for jobs. That is a real thing you have to face. The key to that is networking, presentation skills, social and interpersonal skills, and basically learning how to sell yourself. The fact you are an actuary does not sell itself once you get outside of traditional areas. That does not mean anything to people outside an insurance company.

The good news is we are probably better off than a lot of the typical mid-level managers who make *The Wall Street Journal* and their local daily papers with stories about outsourcing, especially if we have the good in-depth technical skills in a lot of areas, and a strong ability to learn.

I will offer a little piece of unsolicited advice. I think that in today's world, whether you are looking to go into nontraditional careers or not, you need to think about your career almost daily. It wasn't like that ten or fifteen years ago. You have to actively manage your career. You cannot just pass exams and assume everything will take care of itself. Take an honest assessment of your strengths and weaknesses, sell those strengths without overplaying them, and figure out what you are going to do about your weaknesses. I recommend some serious career planning. There are a lot of good books on the market. Kent mentioned some of them. I have some others that I have used. If I did not like to learn from books, I would not be an actuary, and I found books to be the most in depth and useful.

Research these areas—know what you want to get into and know what you are talking about when you go to look for a job. Networking may not get you a job, but it will introduce you to people who can.

Many of you are not simply entry-level people. Informational interviews are a valuable tool. Give them as well as get them. Make sure the people have an opportunity to learn from you as well. You never know when that could be a benefit. Be sure you know your financial risk tolerances. Some of you probably

have families, mortgages, and all that stuff. Do not assume that what you are doing is a risk-free prospect.

Mr. Alvin W. Aki: I just want to clarify something you said. When you say we must like the battle better than the victory, is that something that is good for consultants?

Mr. Ochsner: No. You have to like the battle and the victory equally; that was the point I was trying to make. If you like one better than the other, you will fall by the wayside, because the world is looking for a seamless product.

From the Floor: You made a comment which surprised me. You said that while we were studying for the exams, other people were out there competing for jobs. I do not have that impression of our profession. We are one of the few professions that works while studying.

Mr. Bruce: Let me try to clarify that. The type of energy many other professions put into the networking and the social interaction types of things were what we scoffed at as we looked at our own rigorous development processes. Those people who have worked at developing those skills have an edge, because the name of the game is selling yourself. I think there has been a paradigm shift over the last 10 or 15 years. The actuarial credentials of an FSA designation used to sell itself. In today's world, I am not so sure that is true. I think you need to be able to interact with people, to communicate, to do presentations, to do all the things that indicate that you can be successful in an MBA marketplace.

Mr. Aki: I was curious about that book *Emotional Intelligence*. Was that referring also to intuition? I would like more information about that.

Mr. Bergene: I do not recall any of the particular topics in the book discussing intuition. At the same time I believe there is a lot of room for intuition. I am strongly intuitive on a Meyers Briggs type indicator scale. In addition to things being always obvious and intuitively obvious, I have found intuition valuable, as it allows me to focus my energy and effort on the things that are most likely to be important. You could think of that as a kind of intelligence, but it is hard to measure as well. The book did not discuss intuition.

Mr. Bruce: If you are interested in figuring out what to do for the rest of your life, there is a book entitled, *The Power Of Purpose* by Richard Liedler. Another one that he wrote with Jean Hagberg is entitled, *The Inventurers*, which is a soul searching type book. The other one that I have used is a Meyers Briggs based book which is entitled, *Do What You Are*. All of those are good books, because to go

nontraditional you need to be thinking about what you enjoy doing on a day-to-day basis. If you do not enjoy what you are doing all day, every day, it just is too draining a way to spend your life. Whether you plan to stay traditional or go nontraditional, some self-assessment is essential to make sure you are doing what makes sense to you so you go home with as much energy as you come to work with.

Mr. John M. Weum: I am a newer employee and I would reiterate that you need to keep thinking about your career and what lies ahead. I just went through that job search process last year rather unexpectedly. Part of what I see in the nontraditional roles of actuaries is they are being hired as skilled business professionals first and not necessarily sought after as an actuary. Do you see any areas where actuaries are being more sought after? What might be some of the areas that are nontraditional roles that might be traditional roles in the future for an actuary? Maybe part of the way of answering this is, if you were to leave your position, what would your employer look for in an actuary to replace you?

Mr. Ochsner: It has seemed to a lot of us that when Wall Street companies hired physicists and other people with other mathematical education to calculate values of financial instruments, they could just as well have been looking for actuaries, but they do not seem to be and that is something that needs some prompting. To the last question, the answer I think is a resounding no. If I were to leave my position, would my employer look for another actuary to fill it, no. I happened there by chance because I happened to be inside this consulting firm and had the skills and a financial perspective that I could use for my job. It is not the only way you can get there. The point is there are a lot of professions that are somewhat centered that actuaries could get into by doing a lateral move like I did if they thought about doing it. You have to know somebody or be within the same firm or within a controlled group to make that very feasible.

Mr. Katz: My boss at one point said we should hire more actuaries. This boss has nothing to do with my actuarial role, it is with all the others, but he thought somehow the way I was doing my job was representative of an actuary. For that part of my job, it would not need an actuary, but I think he would probably look to an actuary just because he liked the model that he had.

Mr. Bergene: I agree with Bob about the investment side of the world. That seems like a place that may have formerly been considered nontraditional but is rapidly becoming traditional. In my particular case, I think the answer is maybe. The group that I work in is a group of people that complement each other very well. Someone who brought the same perspectives as I do to the same business would

not have to be an actuary, but I think it would perhaps complement the MBAs which I work with fairly well.

Mr. Bruce: I do not think my boss would specifically look for an actuary. I think he would look at the people who applied for the job and if one was an actuary, that would be OK. I do not think I turned him around to the point where he would not hire anybody but an actuary for what I do. I think he has seen the value of that business perspective and hopefully would not say no to an actuary because of his experience in the department, but it is certainly not a requirement either.

Mr. Akiva Zohar: There are many uses for actuaries in our changing environment, but I think there are even more if you look beyond not only nontraditional roles, but nontraditional places. The changes that we are seeing in the U.S. and Canada in the financial industry are nothing compared to what you see in Eastern Europe or the Pacific Rim. You can use your skills in a wider variety of places.

From the Floor: Due to my origins, it is gratifying to note that the investment community in the U.S. is recognizing the value of actuaries in the investment field, because they have been practicing in the U.K. for 50 or 60 years.