

# **Addressing the Communication Challenges Faced by Actuaries**

**By Martin Mulcare, FIAA**

**“Better Relationships  
– Better Understanding  
– Better Careers”**

## Executive Summary

*“Actuaries are people of great detail... but they find it hard to verbalise in easy-to-understand language”*

### Introduction

There has been considerable discussion in recent years within the actuarial profession about its communication capabilities. This has taken place informally, at various forums and within specific committees. The word “communication” spans many aspects of life and many aspects of business and I was keen to explore the issue to gain a better understanding. Accordingly I conducted a number of interviews with actuaries (and one non-actuary) at the end of 2008. My aim was to obtain some insight into the question of the communication challenges faced by actuaries, the potential to address those challenges and the benefits that might be obtained if we were successful. This paper represents a summary of those insights and liberally sprinkles the exact words of the interviewees to illustrate the issues.

### The Challenges

I have synthesized the challenges that were identified under five headings:

#### **1. Technical Specialists**

The challenges that are associated with being skillful in a detailed or analytical field.

#### **2. Translation for Non-Actuaries**

The related challenges of conveying complex conclusions to a less sophisticated audience.

#### **3. Perceptions of Style**

The challenges that need to be overcome because of pre-existing expectations of actuaries.

#### **4. Business Relationships**

The challenges associated with interacting with different people in business.

#### **5. Actuaries from Non-English Speaking Backgrounds**

The special challenges faced by a growing subset of the actuarial membership.

## **The Benefits**

The potential upside from addressing these challenges is clearly evident on two levels:

- At an individual level, there is greater scope for career progression and job satisfaction
- At a group level, there is scope to improve the perception of the profession.

On the flipside, however, if the challenges are not successfully addressed then there are serious risks associated with both of those levels:

- Individuals may not achieve their true potential, in either a business or personal context.
- The profession risks becoming marginalised in its future contribution to society.

## **The Solution**

There is no doubt that, provided the individual really wants to improve their communication skills, training and practice can be successful. Given the nature of today's business environment, this is less likely to be delivered "on the job" as there is now less time available for mentoring and internal training. If individuals can effectively and demonstrably improve their skills then the image of the whole profession stands to gain.

## Key Challenges

### 1. Technical Specialists

*“Some can’t see the wood for the trees... it’s their way of thinking”*

One of the great strengths of the actuarial profession is the excellent technical skills that result from the lengthy education process. These skills are widely respected but they can inhibit effective communication. The focus on detail can, on occasion, result in an inability to recognise the broader picture. As one interviewee said, *“there is a tendency to go into detail a little too much”*. Hence, there is a challenge to rise above the granular or to establish context when it comes to solving problems and, more importantly, in communicating results. As another interviewee admitted, *“we can get so caught up in the accuracy and precision that we forget what we are trying to do”*.

This technical proficiency produces other implications. The majority of people do not appreciate the complexity of many actuarial problems and have a strong preference for simple explanations and simple solutions. It is not easy to provide a quick summary. As one interviewee expressed it, *“the world’s love of Powerpoint doesn’t work well for actuaries”*. Actuarial advice may be misleading, or even negligent, if key points are cut out of a piece of communication.

### 2. Translation for Non-Actuaries

*“It’s important to be able to explain the metrics, not just to be useful but to be credible”*

A logical progression from the previous point is the challenge of translating conclusions and recommendations to non-actuarial business people. It is one thing to eliminate the actuarial jargon and another thing to ensure that the non-actuarial recipient actually understands the advice. How can an actuary’s work be translated without “dumbing it down”? After all, most of the people that actuaries work with are intelligent professionals in their own right. As in all communication, there are two parties who both need to contribute to ensure that there is good understanding. Many actuaries, as one interviewee noted, *“have not applied great effort to put in layman’s terms what they do”*.

At the same time, the non-actuary needs to look past the apparent “mysticism” and focus on the core issues. When the non-actuary asks a clarifying question the next challenge for the actuary, as one interviewee explained, *“...is to interpret the question – what do they need to know?”* The value of genuine listening is often greater than the value of effective speaking!

### 3. Perceptions of Style

*“Actuaries are pigeon-holed very easily”*

Stereotyping of actuaries may be unfair but perception, as they say, is reality. Actuaries need to overcome those perceptions (or prejudices) that prevent the listener from giving the actuary a fair hearing. The following negative expectations were identified by the interviewees:

- Actuaries are perceived as *“conservative”*
- Actuaries have a *“pretty big ego”*
- Actuaries enjoy the *“mystique”* associated with their work
- Actuaries are introverts and *“less able to present”*

There may, of course, be other unfair perceptions. Even if we conclude that they have no basis in reality, they need to be recognised in advance and corrected wherever possible with an alternative experience for the non-actuary.

### 4. Business Relationships

*“Some just don’t have the ability to have the chit-chat, the ice-breakers that are helpful when forming business relationships”*

Most people would accept that to be successful in an organisation it is important to cultivate relationships across teams and perhaps across business units or departments. Certainly, for those actuaries interested in career paths that extend beyond the actuarial team, it is critical to build some profile across the business. Actuaries need to *“speak their language”* if they are going to relate effectively to a broader audience. It seems that they have not always been successful and one interviewee believes that there is a perception in some companies that *“actuaries are not seen to interact with non-actuaries”*.

Hence, there is a challenge to develop the interpersonal skills required to initiate and enhance the relationships necessary for an enjoyable working environment and perhaps achieve a desired career path. It may be as simple, as one interviewee suggested, as pausing to think: *“Where is that Marketing person coming from?”*

## 5. Actuaries from Non-English Speaking Backgrounds

*“Is it confidence or lack of practice?”*

In introducing this challenge, it should be noted that there is some sensitivity associated with this subject. The research was deliberately positioned in the context of the Australian business environment and so this section may have little relevance in another environment....

The changing demographics of the profession have resulted in an increasing number of actuaries in Australia coming from non-English speaking backgrounds. Whilst it is difficult to quantify the size of this segment, there is no doubt that they experience another type of communication challenge. Often the challenge is one of perception, as their English is technically correct but is delivered with an uncertainty or an accent (or both) that fails to connect with the listener. On occasion, sadly, this perception is really a prejudice as the listener had already made up his/her mind about the actuary's communication ability on the basis of their name or appearance.

The challenge may not be just about language but about culture. One interviewee observed that actuarial students from South East Asia believe that *“if they work hard they will do well”*. The reality in Australia is that they may need more than hard work to succeed in a competitive business environment.

## Benefits from Improvement?

*“They will like their job more!”*

There were some fascinating insights into the potential benefits that might be enjoyed if actuaries were successful in improving their communication skills. It quickly became evident that the benefits took two different dimensions:

### 1. Benefits for the Individual Actuary

There was no doubt that enhanced communication skills were critical to undertaking a broader career path. Career progression no longer happens automatically for, as one interviewee observed, *“companies are no longer looking in the actuarial pool for future leaders”*. It is vital for the individual seeking broader advancement to be able to promote themselves, their ambitions and their abilities and this requires talent and confidence in communication.

At a more personal level, actuaries who succeed in improving their skills may enjoy their work more, even if they have no career aspirations. The improvement in relationships, at a minimum, will enhance the work environment. Situations that are currently stressful may become more tolerable, even if not actually enjoyable, with the right training. One telling example was provided by an interviewee who confided that *“people get nervous about going to meetings”*. Some tools, skills and practice may reduce this nervousness and make them feel better. They may also feel more confident that they understand their brief and are working on the right problem rather than the wrong problem.

*“Clear communication is when actuaries do not waste time doing the wrong thing”.*

### 2. Benefits for the Actuarial Profession

It was evident that the perception of the profession is still sub-optimal when it comes to communication. It was agreed that it was important to shift this adverse perception and it was also clear that this was not going to be achieved through a marketing or labelling effort. The non-actuary’s experience of the profession comes from their experience of individual members of the profession and so perception will only shift when the sum total of those individual experiences shifts. One interviewee neatly encapsulated it:

*“The success of the profession in changing perceptions and broadening our appeal really comes down to the quality of the individuals”.*

## Capacity for Improvement?

*"I think there is a lack of appreciation that interpersonal communication is important."*

A fundamental question arises – can communication skills be learnt or do they evolve with experience? There certainly are some individual qualities and personality traits that provide some natural advantage. At the same time it would be negligent to ignore the potential to improve with access to tools, tips, feedback and practice. The latter is particularly potent. When discussing the presentation skills of actuaries, for example, one interviewer was optimistic that so called introverts could become very proficient: *"The more you do it the easier it becomes"*.

At the same time, it was recognised that not everyone will be given a chance to perform in real situations, given the risks that may be involved. As one interviewee pleaded, *"we need to create situations where they have a chance to practice"*. Furthermore, opportunities for learning and development appear to have reduced. One interviewee identified the decline in the number of senior people that had time to mentor junior staff. Another claimed that *"on the job training had fallen off"*. There was an overarching concern that actuaries were not being given the same time and resources to develop their non-technical skills that they once were.

It was clear from the interviews that access to training and practice opportunities is not in itself sufficient. All of the interviewees were firm in their view that it was still up to the individual to be sufficiently motivated. The individual needed to firstly recognise the need for change and then personally commit to improving their skills. In short, as one interviewee put it, *"they've got to be there mentally"*. One important practice that is valuable in cementing improvement, and provides evidence of a willingness to improve, is asking for genuine feedback.

There was an interesting divergence in views regarding the best person to identify the candidates for communications training. On one hand, it was argued that the employee's manager could recognise potential and was in the best position to nominate and encourage the employee. On the other hand, it was felt that the importance of the individual's motivation was such that it was better left to the individual employee to nominate themselves.

Subject to a person adopting the right mindset, I firmly believe that the right learning environment can provide a safe environment:

- to test out some new skills
- to hone those skills
- to gain confidence in their application and, finally,
- to set action plans (hopefully with some accountability) to apply them in real life.



## **About the Author**

Martin Mulcare is a Fellow of the Institute of Actuaries of Australia. He has had more than 25 years experience in the financial services industry, including as an actuarial consultant and as an Appointed Actuary. The ten years from 1995 were focused on executive financial and general management roles with Mercantile Mutual/ING and BT/Westpac. Specific roles during that time included Chief Actuary, Chief Financial Officer and General Manager Life Insurance. Martin left Westpac/BT at the end of 2005 to embark on a career in training, facilitation and business advice.

Martin is currently enjoying a portfolio of activities. In this context, he presents the Business Essentials Program on behalf of The Edg, a program that delivers both theory and practice for people interested in improving their interaction with other human beings. He also presents training programs for financial advisers, including coaching of relationship skills, on behalf of Strategic Coaching and Training. He leads workshops for companies implementing customer service initiatives on behalf of Servus. Martin also acts as a business adviser to a number of companies, including his role as a member of the Board of Macquarie Life.

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