

# Actuaries Summit



## Take the Lead

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Actuaries  
Institute

## How to Become an Actuarial Thought Leader

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*If you have an apple and I have an apple and we exchange these apples then you and I will still each have one apple. But if you have an idea and I have an idea and we exchange these ideas, then each of us will have two ideas.*

George Bernard Shaw

## How to Become an Actuarial Thought Leader

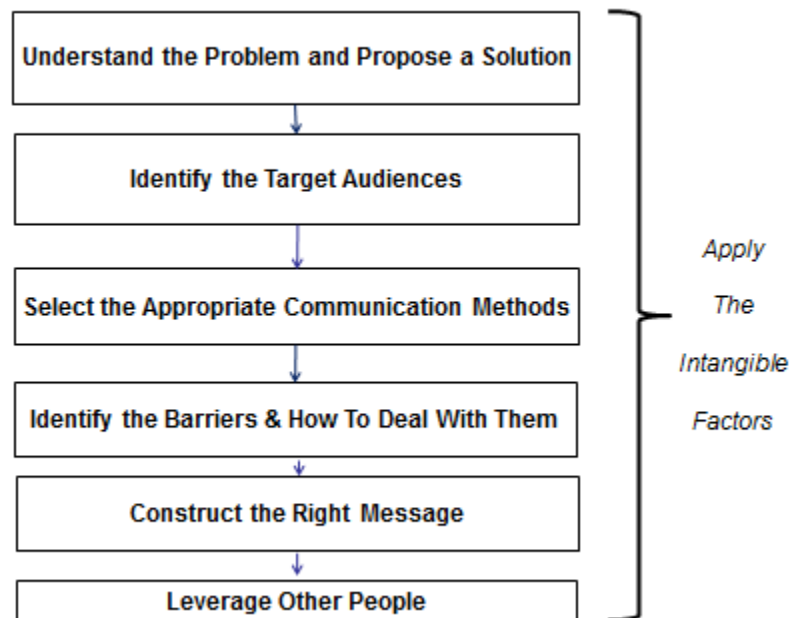
### Abstract

*The value of an idea lies in the using of it.*

Thomas Edison

Actuaries have the talents and skills to solve important problems. These may be addressed in the course of their work and within their formal area of responsibility. More often, especially when the problem lies outside their specific role, the actuary will need to influence other people in order to implement their proposed solution. Whilst the term "thought leader" is not universally embraced, for the purpose of this paper it is defined as someone who can leverage the power of their ideas to influence other people in order to solve a problem.

There are several important stages that an actuary needs to master if they are to be successful in influencing others to adopt their proposal:



A total of eleven case studies have been included to illustrate how the theory has actually been applied in practice in very diverse scenarios. It is hoped that these successes, and their methods, will be instructive and perhaps inspiring.

If individual actuaries can apply thought leadership principles to influence others to solve problems then they will benefit from building their profile and career prospects, as well as their sense of achievement. If many actuaries become thought leaders the whole profession will enjoy an enhanced reputation.

## How to Become an Actuarial Thought Leader

### Introduction – The Concept of Thought Leadership

*No matter what people tell you, words and ideas can change the world.*

Robin Williams

Let's start by acknowledging that not everyone likes the expression "thought leader". According to Wikipedia (1), the expression was first coined in 1994 in a Booz & Co magazine, "Strategy and Business", so there is a risk that is merely a trendy business jargon term. A scathing article by "New York Times" columnist David Brooks (2) sums up the caricature of a thought leader as "a highflying, good-doing, yacht-to-yacht concept peddler." Even a valuable book on thought leadership that I will quote from is titled "Sell Your Thoughts" (3) which appears to diminish the altruistic purposes of thought leadership.

Nevertheless, I have chosen to use the expression for this paper because it is current and it combines the value of innovative thinking and the value of leadership. In its more positive perspective, an article in "Forbes" magazine discusses the question of "what is a thought leader" (4). My synthesis of their two-part, complex definition is "a thought leader is an individual who is recognised as one of the foremost authorities in a selected specialist area". For me there is something missing in this definition. Another "Forbes" magazine article on this subject suggests that "thought leadership is simply about becoming an authority on relevant topics by delivering answers to the biggest questions in the minds of your target audience" (5). This is closer to my experience because it considers the practical application of ideas to the problems facing other people.

At a higher level, Janet Aizenstros (6), identifies three types of thought leaders:

<b>Thought Leading Visionaries</b>	<b>Thought Leading Innovators</b>	<b>Thought Leading Problem-Solvers</b>
Shifting society's beliefs and inspiring broader possibilities	Creating new markets and expanding an industry's horizons	Delivering innovative solutions and overcoming specific challenges
eg Martin Luther King	eg Steve Jobs	eg Thomas Edison

I believe that thought leadership is very relevant for actuaries in their role as trusted advisers. Since the beginning of the profession, actuaries have demonstrated their ability to think critically and develop new methods, new techniques and new ways of thinking. They have also shown a willingness to apply them in practice.

My concern is that not enough actuaries are currently taking the opportunity to become thought leaders. One could speculate on the possible causes:

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- The lack of direct authority that actuaries may have through the formal responsibilities defined in their role. That may often be the case but I don't consider that making a difference through the conduct of one's normal job is thought leadership. However, it may be that not enough actuaries are obtaining experience at making decisions that shift beliefs, create new markets or solve problems in their official roles.
- The external perception of actuaries as "highly technical, intelligent, problem solvers who are not always commercial and who do not communicate well" (7) may be a constraint on the ability to influence or may limit access to decision makers. I think we can overcome that perception.
- The weight of competition from other professionals who are seeking to exert their influence in the business world. We need to accept that is the reality.
- Individual actuaries may, for the three reasons above or otherwise, lack the courage or confidence to harness their great ideas to make a difference. That may be exacerbated by actuaries' typical preference for hard evidence, which may be difficult to develop when working with a formative idea. This possible cause may be harder to deal with.

In the context of the model of three types of thought leaders, I believe that there is great scope for actuaries to play important roles in the first two categories. As a collective, there is significant evidence of that opportunity in the profession's involvement in public policy. For the majority of actuaries, especially those who have not yet bought into the potential for harnessing their ideas, I believe that the strongest opportunity is to become thought-leading problem solvers.

The purpose of this paper is to provide some theoretical guidance and some practical case studies to equip more actuaries to become thought leaders. I am hoping that the real life examples may provide a higher level of encouragement and even inspiration to make a difference.

With that purpose in mind, my definition of an actuarial thought leader (ATL) is:

*Someone who can leverage the power of their ideas  
to influence other people  
in order to solve a problem.*

## How to Become an Actuarial Thought Leader

### Part 1 – Theory – How to Influence

*"You can have brilliant ideas, but if you can't get them across, your ideas won't get you anywhere."*

Lee Iacocca

The source of thought leadership is not creativity but the drive, vision or insight to adapt, modify and apply existing ideas, thinking and methods to different problems. The starting point for becoming a thought leader is, therefore, to identify a problem and to develop a solution to that problem. This is *not* a paper on problem-solving so I will not discuss the nature of problems. Similarly, this is *not* a paper on generating ideas so I will not discuss the development of solutions. Suffice to say that the ideas that may be able to solve the problem are very unlikely to be original.

If we can assume that the potential thought leader already has an idea for solving a real problem then we can examine the critical skill of influencing, persuading, guiding or cajoling others to implement their recommended solution. In my experience, actuaries have no shortage of problems to work on - and plenty of ideas to work with that might solve at least a few of those problems. The core challenge for an ATL is to make a difference when there is no direct authority or power to take action.

#### a. The Target Audience

An ATL will need to think about three possible audiences that he/she may need to influence:

<b>The Decision Maker(s)</b>	<b>Direct Stakeholders</b>	<b>Indirect Stakeholders</b>
Identify the person or the group that has the formal power to decide to implement the solution	Identify the people or the groups of people that will be directly involved in making the decision or implementing the solution	Identify the people or the groups of people that will be indirectly impacted by the implementation of the solution

For example, let's say that a Group Life pricing actuary has a great idea for a new total and permanent disablement (TPD) definition that will at least partly solve the problem of long delays in claim notification for his or her life insurance company. The three possible audiences may be:

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<b>The Decision Maker(s)</b>	<b>Direct Stakeholders</b>	<b>Indirect Stakeholders</b>
The Head of Group Life Insurance in the Company	Product Manager Claims Manager Underwriting Manager IT Manager Appointed Actuary Chief Risk Officer Compliance/Legal Team Board of Directors	Lawyers Regulators Superannuation Fund: - Trustees - Administrators - Members

The order of dealing with these three audiences will depend upon the nature of the problem and the solution, and will also depend upon the personality styles of the key people involved. Unfortunately, if the wrong people are identified (or important people are omitted) the idea may be doomed to failure. Similarly, if the wrong order is selected the path to success may be very difficult.

In the above example, let's say that the Underwriting Manager was not included. Depending on the character of the individual he or she may torpedo the concept, justifiably or not, before it is finalised. Let's also say that the Claims Manager is very experienced and very influential. If that person is not a priority in the early exploration of the idea then the task of gaining support or shaping the optimal solution will be more difficult than if they had been enlisted at the beginning of the process.

Please think carefully about who to influence and when to engage with them, before you progress to the next step.

### **b. Communication Methods**

An ATL has many potential communication methods at their disposal and it would be wise to consider a wide range - and the possible combinations - that will be most effective to persuade the target audience to adopt his or her solution. Obviously the choice of methods - and combinations - will again depend on the nature of the problem, the solution and especially the target audience.

Here is a generic set of possibilities that an ATL should be at least familiar with, even if they are not all natural choices for that individual:

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<b>Group Mode</b>	<b>Delivery Method</b>	<b>Individual Mode</b>
<b>Speaker:</b> Team or Cross Team Meeting Company Offsite Insights Session Institute Summit/Conference Industry Seminar/Conference Webinar	<i>Tell</i> <i>(The Content)</i>	<b>Author:</b> Letters or Blogs White papers/Research papers Articles in "Actuaries" Articles in industry journals Comments/posts on forums (eg LinkedIn, Twitter, Facebook)
<b>Trainer:</b> Run a workshop Conduct a trial or demonstration	<i>Show</i> <i>(The Concept)</i>	<b>Mentor:</b> One-on-one demonstration YouTube explanation
<b>Facilitator:</b> Clarify the problem in a group Brainstorm potential solutions	<i>Ask</i> <i>(The Context)</i>	<b>Coach:</b> Test implementation plans on a relevant individual

Source: "Delivery Mode Model" (8), as applied to the actuarial profession

Remember that the communication method for the decision maker(s) is likely to be different to that adopted for the direct stakeholders and very different to that adopted for the indirect stakeholders. This is where some planning and testing is valuable.

The choice of methods must be driven by the preferences of the target audience, not the preferences of the ATL. If the preferences of the audience are unknown then the ATL should ask. For example, let's say that the final step in achieving approval for implementation of the idea is a presentation to the ATL's executive team. Let's also say that the ATL has never before presented to the executive team. It would be very dangerous to assume that the executive team is expecting a Powerpoint presentation and a stand-up delivery. This would be a situation where it would be critical to enquire about the preferences or expectations of the audience.

The combination of two or more methods can be powerful. An obvious example of a standard combination is the writing of a paper for a conference (author) combined with the presentation at the same conference (speaker). How might this be leveraged further? Possibilities include:



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- A follow up article in "Actuaries" magazine with links to the paper and /or presentation and/or audio from the session
- A follow up tweet or a thread in the Actuaries Group on LinkedIn, again with links to the paper/presentation/audio
- An offer to present to another group: Within the organisation; in a client's organisation; or at a related industry seminar/conference
- An offer to conduct a workshop or demonstration with a client
- Letters to the editor of relevant journals in response to their articles on "the problem"
- Distribution of an e-version of the paper (or an executive summary) to interested parties

There may be methods that are tempting but are inappropriate or simply a waste of time. On the other hand, there are methods that may be easily dismissed on the basis of the individual ATL's personal perception.

Please seek guidance from experts – marketing, communication and public relations – to maximise the impact on your target audience. Do not be constrained by your own experience (or lack thereof).

### **c. Components of the Message**

The methods of communication are not, of course, the full story. The actual message from an ATL needs to be clear. No matter what mode is adopted, the message needs to cover the following components:

#### **1. The Problem**

The audience needs to understand the specific problem that the ATL is addressing. It would be helpful if this differentiated symptoms from the core problem.

#### **2. The Solution**

The audience needs to understand the solution that is being proposed. This component may also include some of the other options that have been considered or already tried.

#### **3. The Benefits**

The articulation of the benefits may be crucial in securing support for the solution. These may or may not be quantified, depending on the situation.

#### **4. Implementation**

There needs to be some reference to the practical adoption of the solution. This certainly does not need to be a detailed project plan but the audience is more likely to be supportive if there is some reference to timeframes, resources, risks and/or challenges.

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### 5. The Punch Line

The wrap up of the message needs to be powerful if it is to have any impact. Tony Bulmer (9) recommends that the final conclusion needs to clearly state what the audience should be thinking or doing as a result and the over-riding relevance or benefit to them.

The ATL needs to give plenty of thought about how to package these components. The amount of weight on each will vary greatly, depending on the situation. How each is presented will also vary greatly depending on the mode of communication. It is also important to remember that these components do *not* represent the contents page, agenda or slide headings for the message. The message needs to be appropriate for the situation, the target audience and the communication method. It also must be tailored to the unique style of the ATL.

Please use this list of components as a checklist not a recipe for formulating the message.

#### **d. Identify The Barriers and How to Deal With Them**

It is inevitable that there will be some degree of resistance to the solution being proposed by the ATL. A vital step in the process is for the ATL to accept that there will be opposition and then plans how to address the barriers. The source of the resistance may be existing entrenched views, parties with vested interests, people who will be impacted by the implementation or the natural reluctance to embrace change. In any scenario, the ATL needs to ask questions like:

- Why would this solution not be accepted?
- Who would feel threatened by this idea?
- What could go wrong in practice?

The ATL then needs to develop an answer to each of the objections. There may be some barriers where there is no easy fix but, at a minimum, the ATL must acknowledge the issue somewhere in their communication.

Please be prepared to consider the likely opposition to your idea.

#### **e. Leveraging Other People**

The many actuaries that I consulted with in preparing this paper were all very, very keen to emphasise that thought leadership for actuaries is rarely an individual pursuit but almost always involves at least some degree of teamwork. Whilst an individual ATL may start with their own ideas to solve a problem an important success factor in making a difference is the extent to which they actively involve other people in their mission.

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### Other Actuaries

The actuarial network is usually very supportive and willing to share so an ATL should make the most of this open culture. The practice of “peer review” is ingrained so it would be expected that early in the process the ATL would run his or her ideas past a suitable respected colleague. The “road testing” of the solution at an early stage may provide useful shaping and identify potential barriers. There may well be intangible benefits (eg confidence) from validating the proposed solution.

At the next stage, and depending on the nature of the situation, the ATL may benefit from adopting a team approach. The appropriate team may be an existing Institute committee, sub-committee or task force. Whilst it should be a simple process to engage the team if the ATL is an existing member, the committee/task force may or may not be open to new ideas if the ATL is not a current member.

Alternatively, and depending on the nature of the situation, it may be more effective to draft an informal team of actuaries who share the ATL's interest in solving the particular problem. That informal team may be conscripted from fellow employees or identified by the ATL with reference to his or her professional network.

In either scenario, the team can help develop the solution, influence the target audience, expand the communication channels, identify issues and generally encourage and support the ATL. The sharing of the workload may be the difference between success and failure.

### Non-Actuaries

There are many possible sources of additional assistance for the ATL in their quest. The following questions may help identify important relevant people:

- Who is a person with significant influence on the target audience?
- Who has specialist skills (eg IT, HR, Marketing) that could assist with formulating, testing or communicating the solution?
- Who else believes in the importance of solving this problem and can act as a mentor or motivator?
- Who can get things done and facilitate or project manage all or part of the journey to success?

Please remember that thought leadership does not have to be a lonely, personal crusade. There are many people, actuaries and non-actuaries, who are willing and able to help.

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### f. The Intangible Ingredients

I feel that there is still something missing. One could readily imagine an actuary who has identified a serious problem, adapted some great ideas to develop a potential solution, understands the target audience, appreciates the appropriate communication methods, can structure their message well, knows the barriers and is willing to leverage his or her networks – and still is unsuccessful in convincing other people to implement the solution.

I suggest that there are some intangible factors that may be the difference between success and failure. Depending on the situation, at least some of the following may represent subtle success factors:

- Passion (or at least some motivation)
- Courage (or at least some willingness to stand up)
- Confidence (or at least some healthy self-esteem)
- Persistence (or at least some degree of commitment)
- Optimism (or at least some resilience to setbacks)

Please acknowledge that there is something about their human character that is intrinsic to successful thought leaders.

### Note on Application of Theory to Practice

I have used terms like “depending on the situation” frequently in this section on Theory. There are eleven case studies that have been drafted in the next section to illustrate how a sample of actuarial thought leaders have made a difference. They are all very different, not least of all because they focus on different individuals.

I hope that the problems that have been addressed in the case studies are of interest. However, the prime purpose of their inclusion is to allow the reader to examine how each ATL has applied the theory so, in addition to the subject matter, I would urge the reader to look for evidence about how each ATL has:

- adapted ideas to develop a potential solution
- understood the target audiences
- selected appropriate communication methods
- structured their message well
- identified the potential barriers; and
- leveraged his or her networks

Please pay particular attention to any evidence of “intangible ingredients”.

**Part 2 – Practice – How it Has Worked in Real Life**

*You don't make progress by standing on the sidelines, whimpering and complaining. You make progress by implementing ideas.*

Shirley Chisholm

**a. The Case Studies**

In order to illustrate how actuaries have applied the theory in real situations I invited a number of actuaries to tell their story. Many were reluctant to be highlighted because they felt that the achievement that I wanted to explore was a team effort. In framing the questions that I put to them I have had a strong focus on their influencing techniques rather than the content of each situation. Hence, this section is *not* meant to represent a catalogue of the achievements of individual members of our profession. Furthermore, this section does *not* purport to identify the "best" actuarial thought leaders. This is merely a sample that is a function of the reach of my network.

With those disclaimers in mind, I trust that the following case studies will provide useful illustrations.....

**CS1 – Peter Vinson - Reform of Life Insurance Industry**

*1. Context & Situation*

In the 1980s, the Australian life insurance industry had very little transparency. This applied to financial reporting, product design and illustrations for consumers. Peter was ashamed of the industry but he also cared about it and was motivated to "do something". There were many barriers to progress, including industry inertia, the regulatory framework and vested interests. Peter worked with many like-minded people to address these barriers over the next decade.

*2. Influencing Tactics and Approach*

Initially Peter saw himself as a "nobody", yet he had the courage to take a dissenting view on the dominant traditional products and related non-disclosure at some of his first Institute meetings. His ensuing reputation for being controversial provided an informal mandate to engage and build relationships with key players.

There were many bodies that needed to implement material change if the industry was to be transformed. The regulator was critical to support legislative change. Accountants and auditors needed to support a new financial reporting framework. The actuarial profession needed to develop new standards and methods. Senior executives needed to embrace new disclosure standards and products.

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The source of Peter's approach was passion and commitment (and available time). To start with, he communicated through writing papers. As he gained confidence he started using workshops. A vital success factor was being able to identify interested parties – especially those with conflicting views. He would invite them all to "informal workshops" under his chairmanship. He would conduct group discussions "with dignity" and patience until a strong consensus emerged. That enabled everyone to have time to think, to listen, and to clearly understand each issue. In the process, the emerging consensus view would reflect his, become his or change his personal view. Subsequently he would advocate that consensus view strongly and widely. Peter was then invited by the regulator to chair a number of official taskforces.

### *3. Reflections*

The outcome was the 1995 Life Insurance Act, the Life Insurance Actuarial Standards Board, Institute professional standards, full disclosure, transparency and the transformation of the industry. Peter is delighted with that and his shame has gone. He privately holds considerable inner personal satisfaction about his contribution.

Although Peter does now see that he was a "thought leader" he feels he did not "push" his views to start with. He feels that he needed the consensus to ensure there would be many advocates and negligible opposition.

## **CS 2 – John Walsh**

### **Shaping of Accident Compensation, Health and Disability Schemes**

#### *1. Context & Situation*

John's case study does not lie a single event but in his long term desire to think differently and work more holistically in system design in the areas of accident compensation, health and disability. The original source of his ideas was related to his personal experience with these systems "and their apparent lack of cohesive analyses and planning in many areas". He felt that better outcomes could be achieved for people with severe disabilities and chronic health problems.

#### *2. Influencing Tactics and Approach*

John did not set out to specifically influence anyone but rather to publish ideas and to bring new methodologies into his work. His early success was triggered by an Institute Sessional Paper in 1984 (10) which led to research being funded into disability statistical analysis. During this time he published many papers and reported to his funders. Through the influence of his published material John became part of the disability and health systems, conducting research and acting on government committees and taskforces, boards of not-for-profit organisations and boards of accident compensation schemes.

## **How to Become an Actuarial Thought Leader**

There is no doubt that John clearly understood, and could convince other people of, the benefits of applying systems of monitoring and control cycle into health and disability systems. However, John's most valuable impact on others' thinking was in implementing traditional financial planning and reporting into non-traditional systems (particularly disability and accident compensation), and supplementing it with reporting on the personal goals of injured people or people with a disability, and the human outcomes in achieving those goals.

With support from progressive government officers and politicians, John's approach led first to a proposal for a National Long Term Care Scheme for people with major injuries, then the NSW Lifetime Care and Support Scheme, and finally the National Disability Insurance Scheme and a proposal for a National Injury Insurance Scheme.

### *3. Reflections*

The main constraint that John met was (and is) that "progressive government officers and politicians are somewhat rare and in their absence inertia is a very powerful force in system growth and development (or lack thereof)".

John has never thought of himself as anything other than "a catalyst" who, through meaningful evidence and analysis, "can support system design to unlock the potential of people disadvantaged in some way".

## **CS 3 – Richard Cumpston - The First Accident Compensation Seminar**

### *1. Context & Situation*

The first general insurance seminar in Australia was conducted in December 1979, and their subsequent success led to Richard proposing that a separate seminar be scheduled for the accident compensation sector. The idea was to focus on the specific issues of that sector and to invite non-actuaries to attend. No thought was given to the risk of competition with the general insurance seminar.

### *2. Influencing Tactics and Approach*

In 1988 the Institute had a general insurance working group, with Sydney members, but with no formal role in the governance structure. Richard first pitched the proposal to that group, but it was rejected.

Richard persisted and took the idea to Owen Roach, then President of the Institute. Owen had attended the 1987 general insurance seminar in Hobart, and liked the concept of both actuaries and industry members attending.

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One critical success factor that Richard highlights was his invitation to Sir Owen Woodhouse, architect of the NZ accident compensation scheme. Sir Owen accepted the invitation and opened the first seminar, which was held at a holiday resort south of Adelaide, in 1988. Richard also invited the heads of the accident compensation bodies in Australia, some of which had only recently been established.

The hard work of organising the conference was done by Brian Daniels, then in the office of the South Australian Public Actuary.

### *3. Reflections*

Richard was pleased that the first accident compensation seminar was followed by others, but stopped attending when he started Cumpston Sarjeant Pty Ltd with Hugh Sarjeant. Richard does not see himself as a “thought leader”, but rather as a small-time entrepreneur.

## **CS 4 – Chris White - Introduction of Asset Consulting Practice**

### *1. Context & Situation*

In the late 1980s, Chris was working with Towers Perrin Australia (TP), providing consulting advice to generally large, substantially defined benefit, employer-sponsored superannuation funds. Chris' interest in asset consulting was motivated by a desire to do better than just measure investment performance. In particular, he wished to obtain a better sense of the financial and other implications of the interactive variability of investment returns. The idea was to provide high quality strategic investment advice on issues such as asset allocation, manager selection, asset-liability modelling and risk-adjusted performance measures. One of the obstacles was retaining skilled investment consultants, and there was some internal opposition, based on TP's then US practice of largely avoiding asset consulting because of relationships with investment managers.

### *2. Influencing Tactics and Approach*

The decision-makers were the 10-15 principals within the firm, who were being asked to invest in the development of a new area, including transferring personal billable time. The other main stakeholders were the 20-50 relevant clients who were being asked to consider and hopefully commission new types of work. There were also other opinion leaders to influence, including agenda setters for ASFA and the Institute, plus attendees at conferences/seminars and financial journalists.



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A range of communication methods were employed including articles published in a wide range of media, seminars for individual or groups of clients, industry conferences and workshops/demonstrations for clients. The Australian principals generally supported the development, mostly regarding the US reservations as inappropriate in the Australian context.

Chris feels that the key success factor was “the articulate espousal by high quality consultants of the benefits of better quantitative and qualitative investment approaches”. The appointment of qualified people was also critical, evidenced by the continuing “TP asset consulting diaspora” in an array of senior roles in investment management.

### *3. Reflections*

Chris is happy that TP played a significant role in the transition in the Australian institutional investment consulting and asset management businesses. In hindsight, he is not sure that TP fully capitalised on the opportunity that was available, largely due to the difficulties of retaining high quality staff and not offering a more comprehensive service.

Chris does not see himself as a “thought leader” but is content to reflect on his and TP Australia's role in changing the industry.

## **CS 5 – David Knox - Introduction of New Actuarial Control Cycle Course**

### *1. Context & Situation*

In the 1990s, David was concerned that the professional exams had taken a “silo” framework. At the same time the Education Management Committee (EMC) was exploring how to better equip actuaries for more broadly based roles. David's aim was to develop a more holistic and cross-discipline solution, motivated by his desire to achieve “the best for graduates and the profession”. The catalyst for the idea of introducing a Part 2 course, the Actuarial Control Cycle (ACC), was Jeremy Goford's paper of the same name (11). The two key obstacles confronting the idea were the requisite radical change in structure for Australian actuarial education (including extending its length) and the increased reliance on Universities to deliver a new, consistent course.

### *2. Influencing Tactics and Approach*

The decision-making body that needed to be convinced in order to provide their approval was the Institute Council. However, David was conscious that this fundamental change required the support of the members so the aim of the EMC was to seek broad endorsement before putting a proposal to Council. The key vehicle for selling the idea was a Sessional Paper. This was prepared in a very thorough manner by the EMC. By including an implementation plan they were able to anticipate objections and explicitly address them in the paper.

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The crucial forums were the Sessional Meetings in Sydney and Melbourne in 1995. There was no lobbying of individuals in advance of the meeting as the EMC believed that transparency of process was important and the concept should be judged on its merits. The proposal did receive the support of the attendees at both meetings and the subsequent approval from Council was smooth. Interestingly, David thinks that one of the success factors at the meeting was the endorsement of a senior actuary, John Trowbridge, based on his experience in the engineering profession.

### *3. Reflections*

David is proud of the success of the initiative, not only based on its continued place in the education system, but on the international interest in the course and the wide use of the textbook. In hindsight, David thinks that there should have been more emphasis on the word "actuarial" in the ACC to better differentiate it from generic control cycle thinking. He also thinks that a success factor was his trial of the concept with Honours students at Melbourne University to road test the course.

David does see himself as a thought leader, and uses the term in his business, but he also likes describing such a role as a "director of ideas and innovation".

## **CS 6 – Mike Sherris - Launch of Actuarial Studies at UNSW**

### *1. Context & Situation*

In 1998, Mike was appointed to establish a new actuarial program at the University of New South Wales. Mike saw a great opportunity at a highly ranked international university with the strongest business school in the country to achieve some specific goals:

- To emphasise a broader business perspective
- To involve industry through the UNSW Coop program and industry talks
- To attract students with a broad range of skills including communication and leadership
- To develop an international research profile consistent with that of a leading research based university
- To gain internal recognition for excellence in teaching, research and contribution to the university

The two key obstacles confronting Mike were the implications for the existing Sydney based actuarial program and the natural resistance from the Institute.

## **How to Become an Actuarial Thought Leader**

### *2. Influencing Tactics and Approach*

The decision-makers were the Dean of the Commerce and Economics Faculty and the senior academics in the relevant academic committees, about a dozen people directly and up to 40 or so others. The other important stakeholders were the actuarial profession in Australia and internationally, particularly those involved with accreditation and recognition of academic programs. Finally, one of Mike's goals was to influence key industry representatives of the major employers.

A range of communication methods was employed for each audience. He, in conjunction with the Coop Director, met with about 50 employers of actuaries to discuss the program and their needs and to get them involved with the program. Within UNSW a written proposal document was required and that formed the basis for a process of consultation in person with a wide range of interested parties including heads of schools. Meetings with interested parties were conducted and formal approval required presentations at larger committee meetings. The most valuable asset was the support of a number of senior academics.

### *3. Reflections*

Mike is pleased with the success of the UNSW actuarial program, based on the international reputation the program has developed with academics and the high regard the students and program have at UNSW.

Mike thinks of himself as a thought leader, although not so much in this context as in his commitment to sharing ideas through quality research in specialist areas.

## **CS 7 – Chris Latham - Altering Reporting for Accident Compensation Schemes**

### *1. Context & Situation*

In the early 2000s Chris was advising the two Victorian accident compensation schemes (TAC and WorkCover) on balance sheet provisions and premium setting. He was trying to encourage the schemes to better understand the factors affecting their balance sheet provisions and to focus on those factors over which they had some control. His concern was that management was being distracted by undue emphasis on factors beyond their control. The basic issue was the confusion in interpreting financial year result that arose from the need to report using inappropriate accounting standards.

## **How to Become an Actuarial Thought Leader**

### *2. Influencing Tactics and Approach*

Scheme management needed to be convinced that it was appropriate to focus on a result which ignored the economic factors that could swamp results. (ie Changes in both prescribed discount rates and market asset values.) In turn, they needed to convince their Board and their political masters. This was a real challenge as the political masters in particular were initially very sceptical.

The most valuable communication technique was being able to listen to management's problems and to be able to communicate effectively all of the various issues, both actuarial and non-actuarial. With management on board, Chris met with the scheme chairmen and then attended meetings with Treasury and Finance.

No esoteric model was involved. The skill was in convincing stakeholders that this was not just "smoke and mirrors" but rather a practical development that would improve scheme management. A key player was the Auditor-General who was initially quite reluctant, thinking that the schemes wanted to opt out of AASB 1023. Ultimately, he was persuaded to present alternative numbers in the accounts provided that they were not seen to supersede the 1023 results.

### *3. Reflections*

The schemes' annual reports were in time changed to include two sets of results: One to comply with the accounting standards and another which measured a "Profit from Insurance Operations". The latter identified the effect of management of claims, the primary focus of the scheme. No other scheme in Australia had published results on this basis so Victoria was breaking new ground. Chris is delighted that it is now firmly embedded into the management of each scheme and he continues to try to extend the practice to other schemes.

Chris does not think of himself as a "thought leader" but a useful and practical "influencer". In this case, he felt fortunate to be working with open-minded people who could be influenced.

## **CS 8 – Geoff Atkins - Tort Reform in Australia**

### *1. Context & Situation*

Following the collapse of HIH, there was a crisis surrounding the availability of liability cover for businesses and individuals in Australia in 2002. This was also a problem for the insurance industry and its reputation. Geoff set out to give government and its stakeholders a sound understanding of the problem and its causes. The second objective was to help them work out how to tackle the problem. The two main challenges were to avoid blaming anyone and to overcome the influence of the legal profession.

## **How to Become an Actuarial Thought Leader**

### *2. Influencing Tactics and Approach*

The primary target audience was the nine relevant Ministers. It was also important to influence their officials and, ultimately, “every politician in the country”. The starting point was an assignment from Federal Treasury to prepare background material for a Ministerial Summit. The main communication methods that were employed were two carefully written reports, multiple presentations and responding to lots of questions. Progress was constrained by the time needed to build credibility, especially among government advisers that “thought they could do everything themselves”.

The key success factor was being able to combine evidence and explanations without attaching blame. Another key step was the establishment of the Ipp Committee which was helpful in limiting the power of the lawyers. More generally, an important skill was communicating at a level that was suitable for the audience. Geoff was happy to give advice and stay out of the political or media fray.

### *3. Reflections*

Following the Ipp Report there was the most comprehensive program of tort reform ever, all completed in less than two years. More than a decade later, the success in terms of sustainability was beyond Geoff’s most optimistic dreams.

Geoff is happy to use the term thought leader. He stresses the ability to apply the evidence and go in two directions – “backwards to root causes and forwards to solutions”.

## **CS 9 – Naomi Edwards - A Fresh Look At The Financial Viability of a Pulp Mill**

### *1. Context & Situation*

In 2007-08 Naomi was advising The Wilderness Society on financial risks involving the proposed Gunns pulp mill at Bell Bay in Tasmania. The Wilderness Society wanted to strengthen its campaign by addressing the financial viability aspects of the mill. Naomi wanted to help them as she was concerned that the economic aspects of large scale forestry projects were often not well understood by the community, politicians or environmental campaigners.

The two key obstacles confronting Naomi were the difficulty of persuading financial analysts to let go of their valuation assumptions and the embedded opposition to what were perceived as narrow environmental interests without regard to economic benefits.

## **How to Become an Actuarial Thought Leader**

### *2. Influencing Tactics and Approach*

Naomi wanted to influence the financial analysts who were covering the stock. Even though these people would not be the ultimate financial backers of the pulp mill, their opinions would receive coverage in the media and would be seriously considered by potential investors. Naomi started by telephoning the analysts and explaining that she was writing a paper covering the financial viability of the pulp mill (i.e. where it would sit on global pulp production cost curves). She then wrote a paper, taking great care to ensure that it was factual and in a format that would be familiar to stock analysts, addressing the same metrics that they used in their own analyses. She and her colleagues visited the analysts with the research paper, giving them the opportunity to argue about the assumptions and question the data.

The key to Naomi's success was presenting her views in a format familiar to the analysts. A willingness to discuss the cost assumptions then enabled The Wilderness Society to speak to the analysts about the environmental risks.

### *3. Reflections*

Naomi is happy that she convinced the analysts to start thinking about an alternate way of looking at the pulp mill viability. This then trickled through, along with a great many other initiatives, to the potential investors. A financier was never found for the mill.

Naomi's role here was not so much a thought leader but that of "a mediator helping to conduct a conversation between two groups who had differing outlooks on a situation".

## **CS 10 – Peter Martin - Enshrining the Role of Actuary in the NDIS Legislation**

### *1. Context & Situation*

After a long gestation period the National Disability Insurance Scheme (NDIS) was finally put to the House of Representatives in 2013. Peter had noted that the original NDIS Bill provided, in section 3, that "in order to give effect to an insurance-based approach, actions and decisions of the Agency would need to be informed by actuarial analysis". It was great for the profession that the importance of actuarial analysis was recognised on the first page of the Bill. However, beyond this initial section, there was little reference at all to actuarial analysis so Peter set out to include the role of Actuary explicitly in the legislation.

## **How to Become an Actuarial Thought Leader**

### *2. Influencing Tactics and Approach*

In Peter's experience the art of influencing government boils down to three main factors: getting the timing right; knowing the right people; and having credibility. The opportunity to introduce amendments to the legislation provided ideal timing. Peter's experience in Government meant that he knew the right people and he understood how they worked. In terms of credibility, the actuarial profession has been generally well regarded by government. It is seen as thoughtful, intelligent and, importantly, not usually representative of any particular vested interest.

Peter's critical advice is that important people are busy so you need to get your message across succinctly, powerfully and unarguably. The key success factor in the NDIS case was being able to point to what Peter described as "a legislative mismatch between the stated objectives in section 3 and the rest of the Bill". He then suggested the Bill should adequately provide for the role of a Scheme Actuary. Rather than leaving this to chance, he argued that explicit provision would ensure that the Agency and its Board will, indeed, have regard to actuarial analysis when making decisions.

The message struck a chord and from there he worked with the relevant people to flesh out the role of Actuary. Ultimately the government introduced the necessary amendments "and the rest is history".

### *3. Reflections*

In Peter's mind, successfully influencing government decisions requires a bit of luck. Indeed, "the best you can do is to try to maximise the likelihood that something you contribute might make a difference. That is, forget about the idea that there is a sure-fire way to influence governments. There isn't."

## **CS 11 – Michael Rice - Introduction of Joint Superannuation Accounts**

### *1. Context & Situation*

Rice Warner provides research and advice to the superannuation and wealth management industries. One of the many problems that its research has uncovered is the high number of superannuation accounts in Australia: 32 million accounts for about 15 million Australians. Michael has proposed introducing joint superannuation accounts for married couples to reduce the number of accounts and produce a significant improvement in the industry's efficiency.

There should also be consequential benefits for couples who take this option in terms of improved, shared retirement planning. Whilst there are no formal tax or regulatory barriers, there may be some opposition based on alternate views on the financial behaviour of married couples.

### *2. Influencing Tactics and Approach*

Ultimately, the decision-making body that can implement the solution is the Australian Government. However, in Michael's experience there are many stakeholders to influence before a legislative change can be made. Michael began by seeking informal feedback on his proposal from respected industry figures, including actuaries, and from the then Assistant Treasurer. The next step was to publish the proposal in the Rice Warner newsletter (12) which was distributed to about 4,000 people, including journalists who were happy to report the story. Michael also took the opportunity to outline the proposal at relevant forums and conferences where he had been invited to speak. More formally, the proposal formed part of a pre-Budget submission to Treasury and Michael has met with senior politicians with the aim of the proposal being adopted as "party policy". Social media was not used to spread the message, other than a blog on the Rice Warner site.

The critical success factor for Michael lies in the reputation of his business for providing evidence-based opinion and advice, rather than acting as lobbyists.

### *3. Reflections*

It is too early to determine whether Michael will achieve his aim of legislated support for joint superannuation accounts. The process of influence in Canberra will continue.

Michael prefers not to use labels like "thought leader" or even "opinion leader". The measure of his influence lies in the perceptions of others and the frequency with which he is invited to participate in debates on Australia's superannuation policies.



### b. Lessons from the Case Studies

I am assuming that readers drew their own conclusions from their reading of the case studies. The following observations are simply my reflections on the common themes. They are not the definitive word and are presented primarily to further provoke the reader's thinking....

The subject matter of the case studies is very different and varies by time and duration, size and complexity, extent and style of target audience, communication methods and degree of support. However, there were five common themes that I would like to highlight:

- The motivation of each thought leader was different and yet there is something about the *belief* in the *value* of their individual cause that provided each person with the drive to achieve their mission.
- Each thought leader had to overcome different barriers. The barriers were not usually legal, technical or technological but were based on prevailing *attitudes and behaviours* that needed to be countered.
- Each thought leader invoked different types of support in their cause but it is instructive to recognise that *no-one achieved their objective on their own*.
- Each thought leader was invited to identify a key success factor and, whilst they are all different, the common theme is that it was something clever that they did to *overcome at least one of the barriers*.
- All of the case studies were successful to at least some extent. What I found powerful is that none of the thought leaders received direct material benefit from their success and yet all shared some degree of *personal satisfaction* with their achievement.

Please note that whilst the case studies do feature success stories, there are no guarantees of success when it comes to thought leadership.

## **Conclusion – So What?**

*A mediocre idea that generates enthusiasm will go further than a great idea that inspires no one.*

Mary Kay Ash

There is plenty of evidence to suggest that the actuarial profession enjoys an enviable reputation for being objective, intelligent problem-solvers. However, I am not sure that enough actuaries are currently deploying their talents to make a material difference, either in the course of their work or elsewhere. Whether or not the term “thought leader” is applied, I believe that there is great potential for actuaries of all levels of experience to leverage the power of their ideas to influence other people in order to solve problems.

The benefit for the individual may not necessarily be reflected in direct or immediate reward. However, the individual may enjoy a great deal of personal satisfaction from their achievement. Longer term, the reputation of the individual is likely to be enhanced and the related confidence, network and/or opportunities may deliver significant rewards.

I would like to think that utilising a few of the ideas in Part 1 may enhance the quality of thought leadership and a few of the case studies in Part 2 may inspire other actuaries to make a difference.

As a result, I would like to think that the reputation of the whole profession will be enhanced through a larger body of members who are making a positive contribution to the world.

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*Often the difference between a successful person and a failure is not one has better abilities or ideas, but the courage that one has to bet on one's ideas, to take a calculated risk – and to act.*

Andre Malraux

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