



Joint Regional Seminar 2011

Actuaries and communication skills – an oxymoron?

Mark Saunders, FIA, FIAI, FSA, FSAS, FSAT

19 – 29 July 2011

Kuala Lumpur, Bangkok, Taipei, Hong Kong, Beijing

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Mark Saunders, FIA, FIAI, FSA, FSAS, FSAT

**Managing Director, Towers Watson
Asia Pacific Risk Consulting Practice Leader**

- Working in the insurance industry since the 1980s and in Asia since 1989, joining Towers Watson (then Tillinghast) in 1997
- Before Towers Watson he was Asian Regional CEO and Executive Director Board Member of international life insurance operations of a UK-parented insurer including their joint venture in Korea
- Lead advisor of more than 250 actuarial appraisal assessments of economic value of Asian insurers covering every significant insurance market and widely regarded as a leading practitioner in economic value determination, Mergers & Acquisitions and IPOs, of insurers in Asia having been involved in nearly every major M&A deal and capital raising exercise of insurers in Asia since the late 1990s.
- Leader in Actuarial Expert Opinions in Prospectuses for IPOs and Offering Documents of high profile deals of leading (including state-owned) Asian insurance businesses
 - Expertised actuarial advisor for China Life, Korea Life, Vietnam Life, Great Eastern, China Pacific, AIA, AXA...
- Appointed Actuary for ten insurers in Hong Kong, Singapore and Vietnam
- Expert Witness testimonials in the High Court and Independent Actuary for High Court sanctioned business transfers
- Memberships of numerous insurance-related, actuarial, regulatory and professional committees:
 - Regulatory Committees such as Insurance Advisory Committee, the statutory body that oversees the Insurance Authority in HK and the SFC Committee on ILAS & PRFs
 - CIRC and IRDA/IAI committees
 - Professional actuarial committees
- A regular facilitator of training sessions and speaker and chair at conferences and seminars throughout Asia. And author of numerous articles and papers relating to the Asian insurance industry as well making the occasional TV appearance.
- He holds both a BSc (Honours) degree and Post Graduate Certificate of Education in Mathematics from Manchester University, UK. And is a Fellow of six professional actuarial bodies.

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Overview

- Purpose



1. Food for Thought to stimulate your thinking
2. Encourage you to improve your communication
3. Share some personal experiences and tips

Need

Can

- 3 takeaways

1. Required Result: Right Response
2. Short Speech Success
3. Be Pro-active – it's up to you!

- Roadmap for this Presentation

1. Personal Preferences for Presentations
2. Five Forceful Factors
3. 50 "I"s and "P"s

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Handout notes...

- The presentation focussed on verbal communications in the form of speaking and presenting. Of course, the principles apply to other key forms of communication such as the written form. In particular to reports and emails...

- Everybody needs to, and can, improve their written communication...

- IMPORTANT NOTE:

- **THIS PRESENTATION IS INCOMPLETE WITHOUT THE ACCOMPANYING VERBAL EXPLANATION. ANY PARTS TAKEN IN ISOLATION RUN THE RISK OF BEING MISUNDERSTOOD, MISREPRESENTED AND/OR TAKEN OUT OF CONTEXT.**

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1. Personal Preferences for Presentations

- Introduction important
- Context
- Main message(s)
- Roadmap
- Handouts

Become a better communicator – Need and Can

Required Result: Right Response
Short Speech Success
Be Pro-active – it's up to you!

2. Five Forceful Factors

- $W^5 + H$
- Law of 3
- Success: Structure + Short Speech
- Communicate: Connect + Convey
- Required Result: Right Response

Some questions that you need to answer

1. Why am I doing this?
2. What do I want to accomplish?
3. Who is my audience? And what will positively impact them?
4. What will make this a good use of my and their time?
5. What will inspire and convince them?
6. How/what do I want them to do things positively differently?
7. After they hear me what must they walk out and DO, FEEL and KNOW differently?
8. How will what I am communicating make a difference in their lives personally, professionally and spiritually?
9. What is my key message and 3 things I want them to remember in 1 year's time?
10. What action do I want them to take?

Why, What, Who, Where, When,
and How?

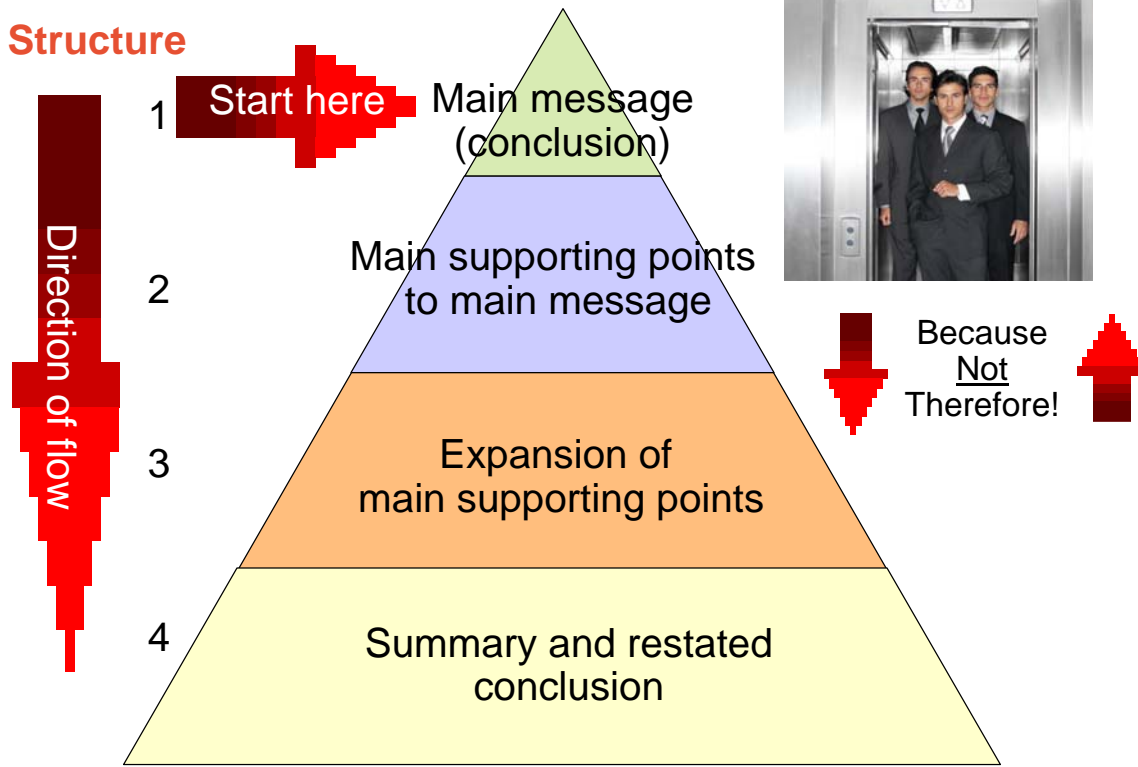
Why, What, Who, Where, When, and How?

The Law of 3

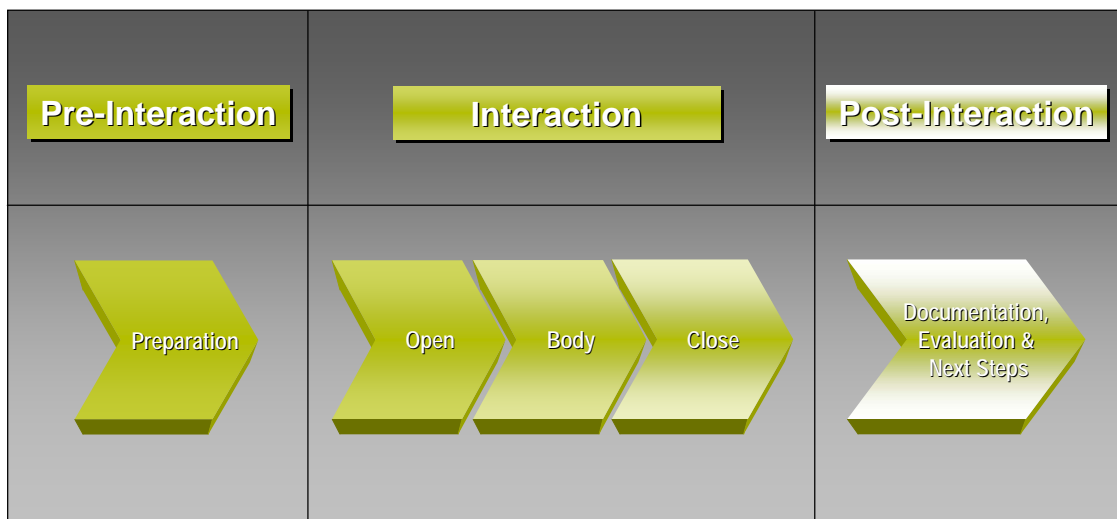
- (1 – 3 –5)
- **Tell them what you're going to tell them**
- **Tell them**
- **Tell them what you've told them**
- Intelligence
- Insight
- Impact
- What
- **So** what
- **Do** what

3

Structure



Components of an Interaction



60x / 8-12x...

Elevator speech – 30 seconds



5 secs

xxxxxxxxxxxxxxxxx PURPOSE line xxxxxxxxxxxxxxxxxxxx

- thing 1
- thing 2
- thing 3

- thing 1

xxxxxxxxxxxxxxxxx sentence 1 xxxxxxxxxxxxxxxxxxxx

- thing 2

xxxxxxxxxxxxxxxxx sentence 2 xxxxxxxxxxxxxxxxxxxx

- thing 3

xxxxxxxxxxxxxxxxx sentence 3 xxxxxxxxxxxxxxxxxxxx

15 secs

xxxxxxxxxxxxxxxxx PURPOSE line xxxxxxxxxxxxxxxxxxxx

thing 1

thing 2

thing 3

xxxxxxxxxxxxxxxxx ACTION line xxxxxxxxxxxxxxxxxxxx

10 secs

Repeat 6+ times and increase the probability of them remembering to closer to 90% from 10%

A structure – for ELEVATOR SPEECH TO PRESENTATION



A structure – for ELEVATOR SPEECH TO PRESENTATION

- Create change – moving minds
 - INTRO
 - BODY
 - CONCLUSION
- Purpose + 3 things must remember to accomplish purpose (5secs)
 - Body – things 1, 2 and 3 with one explanatory sentence each (15secs. 3 bullets with one line each)
 - Conc – repeat intro with a call to action (10secs. One line, 3 bullets and Another one line)



- Building up
 - Intro – add anecdote, visual. Humour, quote, story, poem ... that makes your point
 - Body – 3 things about each of the 3 things – story: humour, heart, visual, participation. Recap by repeating intro after each of the 3 things
 - Conc– add more info to support the points
- How to define purpose/mission?
 1. After they hear me, what must they walk out and DO, FEEL, KNOW differently
 2. How will what you tell them make a change in their lives personally, professionally, spiritually?

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Audience – who?

- 2 way – it takes two to tango...
- Wavelength
- Mars and Venus

2



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Communication ... reminder ...

- So, who do you need to be communicating with?
- Are you an effective communicator?
- What is effective communication?
 - What response or result do you get?
- The meaning of communication lies in the response you get
- You are responsible for communicating effectively
- Four basic skills in communicating ... BUT ... ??

Communicating – connect and convey ... clearly ... (and conversationally)



Eye contact in chunks



Speak in chunks

... so that your
audience listen...



...and
absorb



4 basic skills in communicating ... but ...



Reading



Writing



Speaking



Listening

2.2.3 Basic skill...





Take a Listening test

- Self assess then get assessed...
 - Quite a lot, Occasionally, Seldomly, Very Rarely
1. Listen intently even if not interested?
 2. Paraphrase/repeat what other person has said?
 3. Really try to understand others' point of view if different from yours?
 4. Prepare to react to or counter (an opinion in your head) when someone is speaking?
-- What am I going to say next?
 5. Allow other person to get angry/upset and openly hostile to you without feeling the need to defend yourself?

Quite a lot	Occasion	Seldom	v., rarely	Score

Total

Effective Communication and Relationship Building ... LISTENING is essential

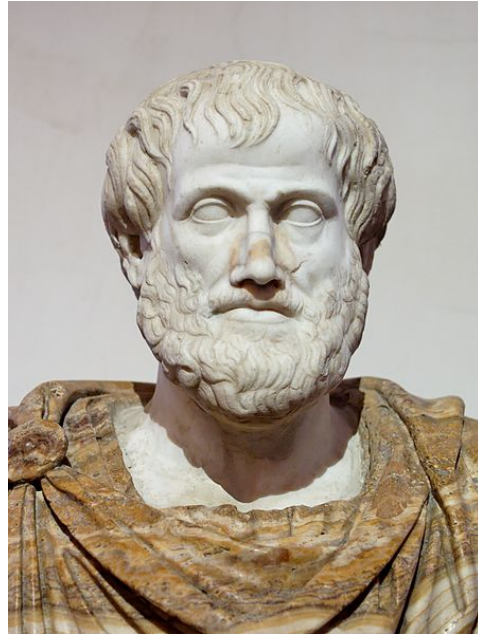
- If you want to interact effectively with me, to influence me you first need to ...
 - UNDERSTAND me
- Similarities
- Empathy
- Listen with the intent to understand not with the intent to reply
- Filtering. Whose paradigm?
- Five levels of "listening":
 1. Ignoring
 2. Pretending
 3. Selective
 4. Attentive
 5. Empathic
- What does effective listening earn you the right to do?



Persuasive Speaking – getting the Right Response

Connect with your audience & Elevator Speech

1. Problem isolation
2. Cause identification
3. Workable solution formulation
4. Speak (logos, pathos, ethos)
 - With logic
 - To the heart
 - From authority
5. Build consensus



Reference:
The Seven Habits of Persuasive Speakers
John Coleman

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Five Forceful Factors

- $W^5 + H$
- Law of 3
- Success: Structure + Short Speech
- Communicate: Connect + Convey
- Required Result: Right Response

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Take ACTION

- Some suggestions:

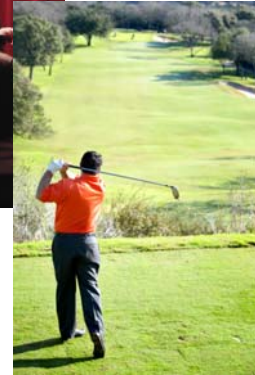
- Lunch and Learns

- Practice

- Out loud to the mirror
- The “dreaded” role play
- **What’s my message?**

- Read that / Listen to this please

- **What am I trying to say?**



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IMPROVING YOUR COMMUNICATION

3 things to remember

Required Result: Right Response
Short Speech Success
Be Pro-active – it’s up to you!

➡ 1. **Objective = get the right response**

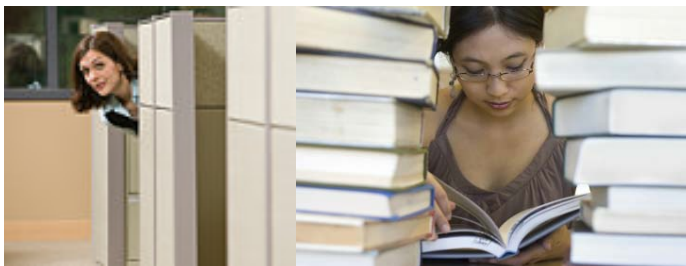
- What’s your key message and call to action?

➡ 2. **Develop your elevator speech**

- If you only had 30 seconds what would you say?

➡ 3. **Be pro-active**

- Work hard, study, observe and practice



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50 “I”s and “P”s

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I v U
Infamous
Irritates
Inadequate
Impress
Interest
Information
Inform
Inspire
Influence
Instruct
Intelligence
Insights
Impact
Ideas
Image
Impression
Introduction
Improve
Internet
Instructions
Illustrations
Interaction

Intellectual Property

Purpose
Poor
Potential
Persuade
Punchline
Persist
People
Perspective
Perception
Percentages
Presentation
Perform
Psyche
Passionate
Position
Powerful
Project
Pause
Powerpoint
Pictures
Perfect
Preparation
Post
Personal
Practice
Perseverance
Pro-active

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Impressive Performance

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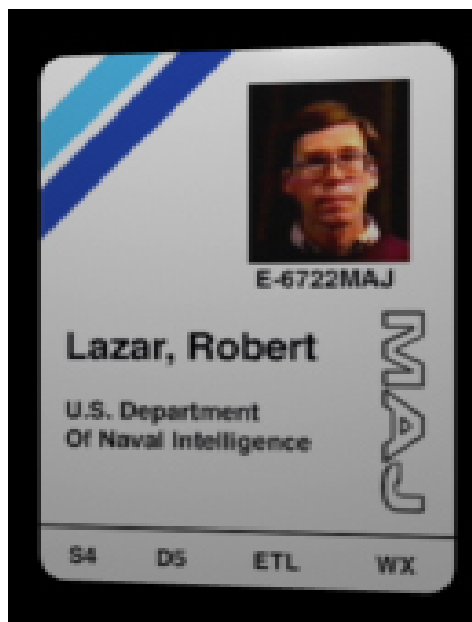
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Handout notes...

- The following slides are selected ones to highlight certain of the 50 “I”s and “P”s.

I v U



So what do you think ... ?

- The infamous two word answer ...

» **It depends...**

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It's not about trying to show others how clever you are...



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Influencers -- Observe



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Instructions/“Rules” for delivery style...

- “The how-to-be of Great Speaking” Hal Persons
- Project confidence non-verbally. Project a positive professional image to correspond with your delivery style...
 - Eh??? How do you DO it?
 1. Dress smart – clean teeth, straight tie, jacket buttoned
 2. Feet firm. 12” apart, parallel. Hands at sides
 3. Scan audience. Look at them. Chunk it.
 4. Deep breath and Pause
 5. Talk loudly (back of the room) and slowly and with expression
 6. Be warm, sincere, enthusiastic, passionate
 7. Smile and enjoy...
 8. ...and RELAX !?!
 - Golf swing...

Yeah ... right!?!



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Instructions/“Rules”: presentation performance flow chart...

- “The how-to-be of Great Speaking” Hal Persons

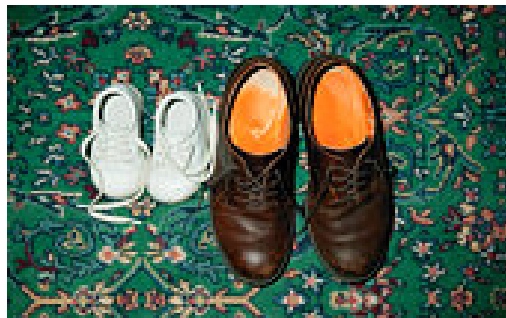
1. **Psyche**
 - energy
2. **Take stage**
 - 2 secs
 - establish rapport
 - tell them the bottom line
3. **Eyeball**
 - 1-2-1 intimacy
4. **Conversational**
 - human
 - tell them what you want to tell them
5. **BIG!**
 - recap
 - ask them to do something
 - 4 secs



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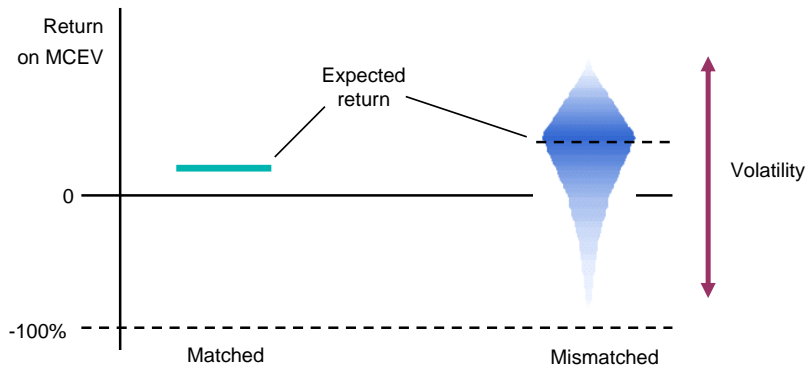
Rules? ... for information purposes only?



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**What is the right amount of value creation?
What type of company do we want to be?
What risks are we taking?**



“Diamond outcome” graphics are a neat way of illustrating stochastic results

INTERACTION

Audience – who?

- 2 way – it takes two to tango...
- Wavelength
- Mars and Venus



- Required Result: Right Response
- The meaning of communication lies in the response you get
- You are responsible!

Some bad news and some good news... !?!

“8 out of 10 actuaries rate actuaries as poor communicators”

“8 out of 10 actuaries rate themselves as good communicators”

?!?

= Problem

Some bad news and some good news...

- ➡ Be the best you can
 - Life happens whilst you're planning it
 - Realise your potential



- ➡ The secret...
 - Hard work!
 - Help is all around you



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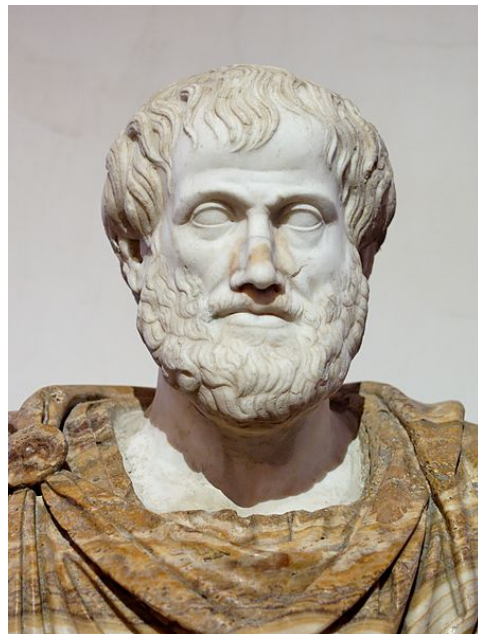
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PUSH AND PULL

Persuasive Speaking --- PUSH?

Connect with your audience
& Elevator Speech

1. Problem isolation
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3. Workable solution formulation
4. Speak (logos, pathos, ethos)
 - With logic
 - To the heart
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Reference:
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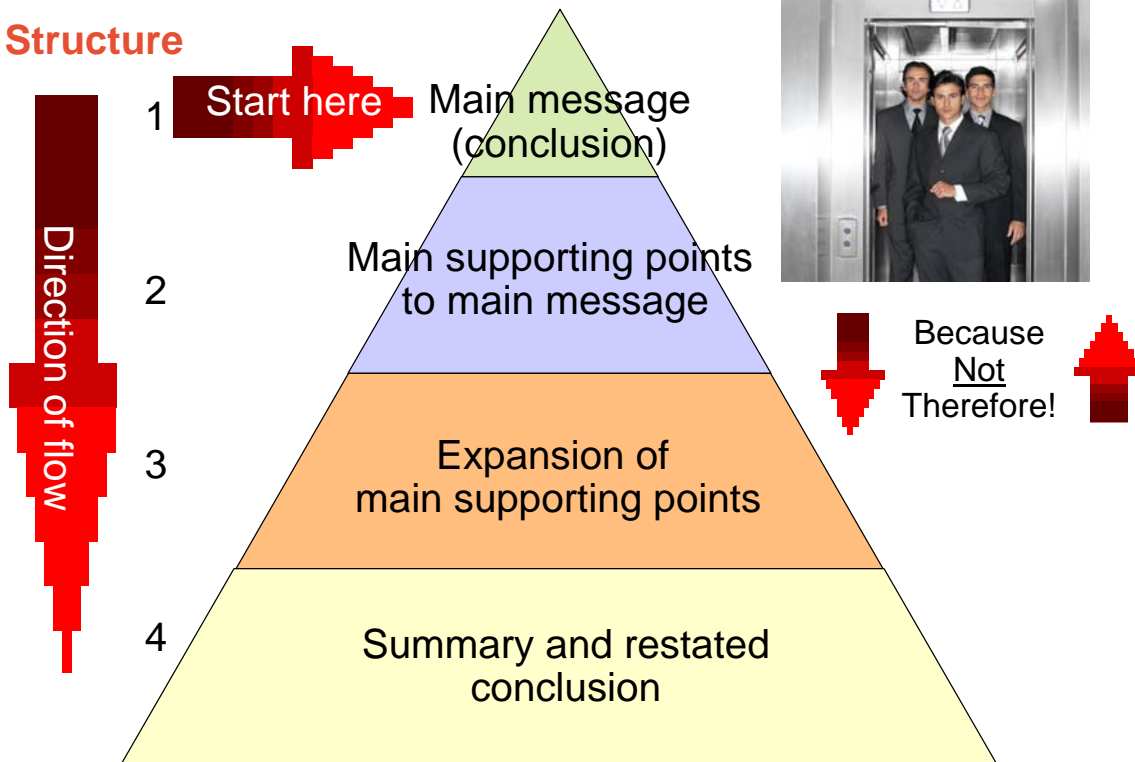
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Influencers – Observe – PULL?

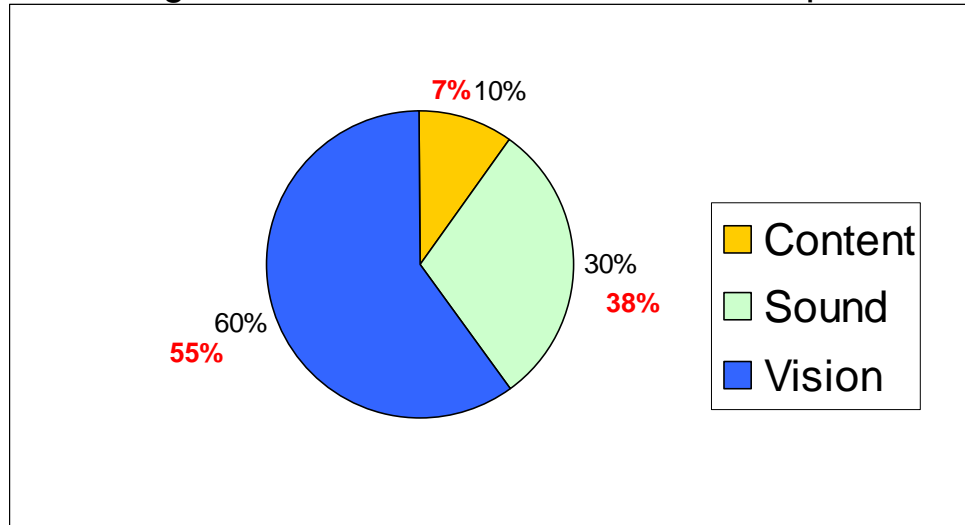


Structure



Communication ... It's the way we do it

Percentage of face-to-face communication represented by:-



So, the way something is communicated tells you much more than the words that are said

Sound ... I didn't know he stole the cake

I didn't know he stole the cake

I **didn't** know he stole the cake

I didn't **know** he stole the cake

I didn't know **he** stole the cake

I didn't know he **stole** the cake

I didn't know he stole **the** cake

I didn't know he stole the **cake**

Handout notes...

- The following slides are to illustrate what not to do and what to do.
- Busy or detailed slides like the following usually mean your audience CANNOT listen to you. You lose their attention. They can't really listen and absorb or assess these slides at the same time.
- So, first, describe what points you're trying to make
 - Use the "W" or "B" keys to blank the screen whilst you explain. Then show the slide which demonstrates your point(s)

To illustrate the point...

The following slides illustrate the use of regression analysis for P/EV against RoEV. To assist to inform parties in assessing values we also use many other such analyses, comparatives and precedents for other components of value and metrics such as aspects of EV earnings, normalised and adjusted value drivers, etc., derived from and related to our extensive and unequalled database, intellectual capital and knowledge relating to economic values of insurers

Without the accompanying verbal explanation and experience the following two slides can be easily misinterpreted so should be treated with great care. The regression fit for Price/EV against RoEV is intuitively obvious but, in practice, not necessarily easy to demonstrate.

Some points to note:

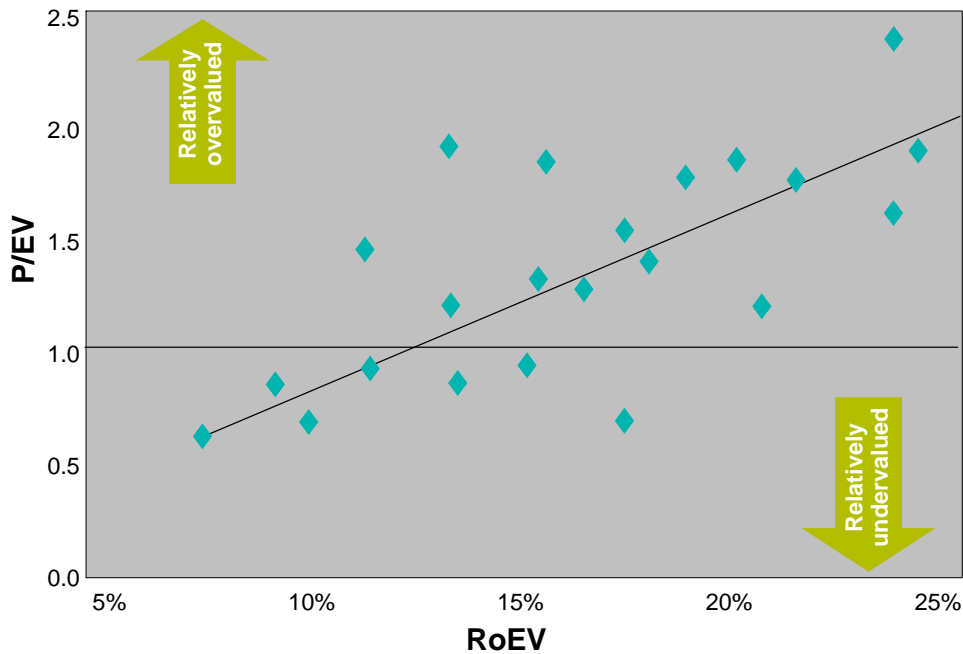
The regression line on the next slide shown is from a specific year for certain business of 22 listed insurers following some internal analysis we carried out. Clearly the regression line changes over time and typically only has reasonable fit when the numbers are reasonably consistently determined and for similar companies and businesses in similar markets at similar points in time.

Furthermore due to our privileged intimate internal knowledge of the insurers and their EV determinations (hence why no names shown) we are extremely well positioned to be able to adjust/"polish" the numbers (EVs and RoEVs) to gain greater consistency. And, candidly, "polishing" results in quite dramatic changes for some insurers (either positively or negatively).

Of course there are perfectly valid and reasonable reasons why companies sit above or below the regression line. Certainly, sitting on the regression line doesn't mean the price is right but one needs to understand and be able to support why an insurer is or should be above or below the line. And so is a good basis for discussion and developing understanding and comfort.

The Credit Suisse graph on the subsequent slide is interesting and it is perfectly natural that the Credit Suisse estimates could be very different from ours when we do this exercise for Asian insurers. The key point here is not so much as to whether the plots are correct but that Analysts are publicly showing and using this themselves now which is a relatively new development in Asia.

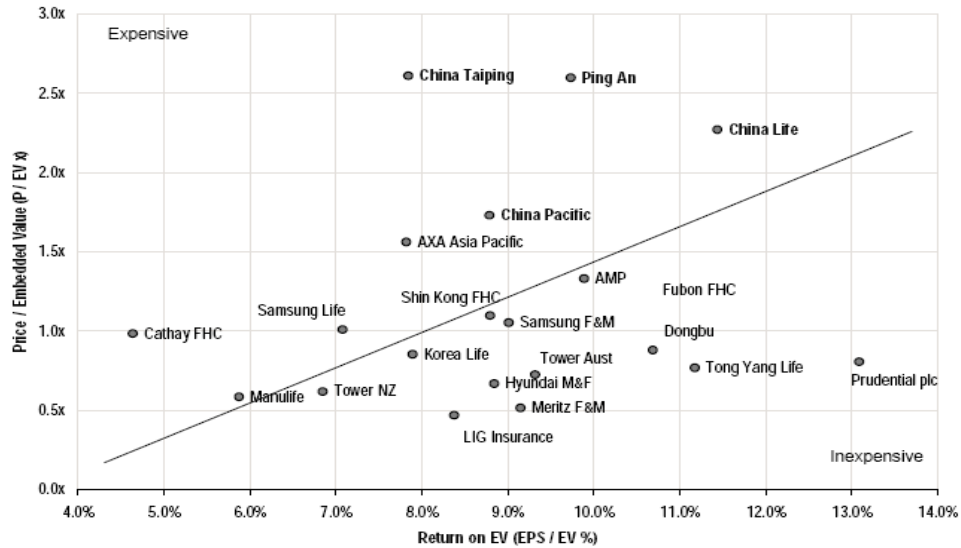
Life Sector Regression: P/EV vs RoEV (for illustrative purposes only)



But this is not as straightforward as it might appear. Polishing for consistency is no mean task!

Turning financial results into share price: Example of an Analyst's insurance company valuation analysis

Figure 81: Price to embedded value (x) vs ROEV (% p.a.)



Source: Company data, Credit Suisse estimates

Source: Credit Suisse report dated 24 November 2010

CARE REQUIRED IN INTERPRETATION AND USE

Tips for presentations – Oceans of advice...



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A picture paints a thousand words ...

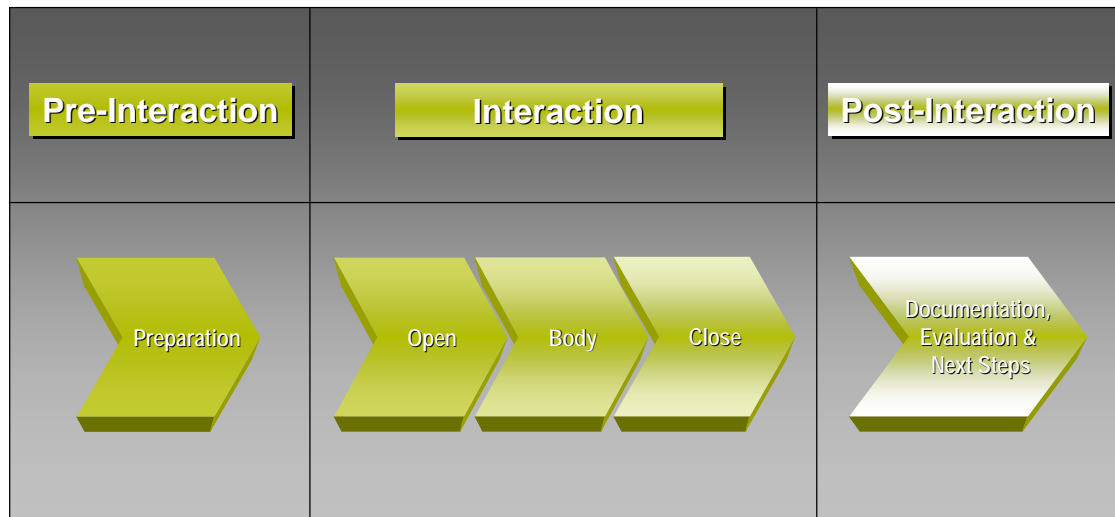
But be careful how and when you use them...

Don't let them distract from you, let them support you

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Components of an Interaction



60x / 8-12x...

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Take ACTION

- Some suggestions:

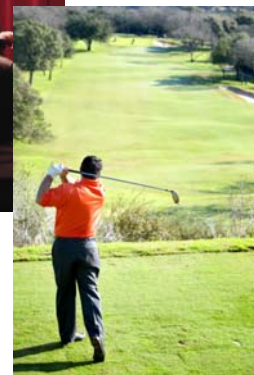
- Lunch and Learns

- Practice

- Out loud to the mirror
- The “dreaded” role play
- What’s my message?

- Read that / Listen to this please

- **What am I trying to say?**



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IMPROVING YOUR COMMUNICATION

3 things to remember

Required Result: Right Response
Short Speech Success
Be Pro-active – it's up to you!

1. Objective = get the right response

- What's your key message and call to action?

2. Develop your elevator speech

- If you only had 30 seconds what would you say?

3. Be pro-active

- Work hard, study, observe and practice



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What next...?

- What one action will you take in the next 7 days to start improving your communication?
- Please write it down now and put it somewhere you'll look at every day

Become a better communicator and keen observer.
Every day make a note of one thing you like and will try when you next communicate



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Become a better communicator...

... it's up to you!

Success and Fortune

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