

“Um, Uh, Well, Uh, Um, Uh” OR Thinking on Your Feet

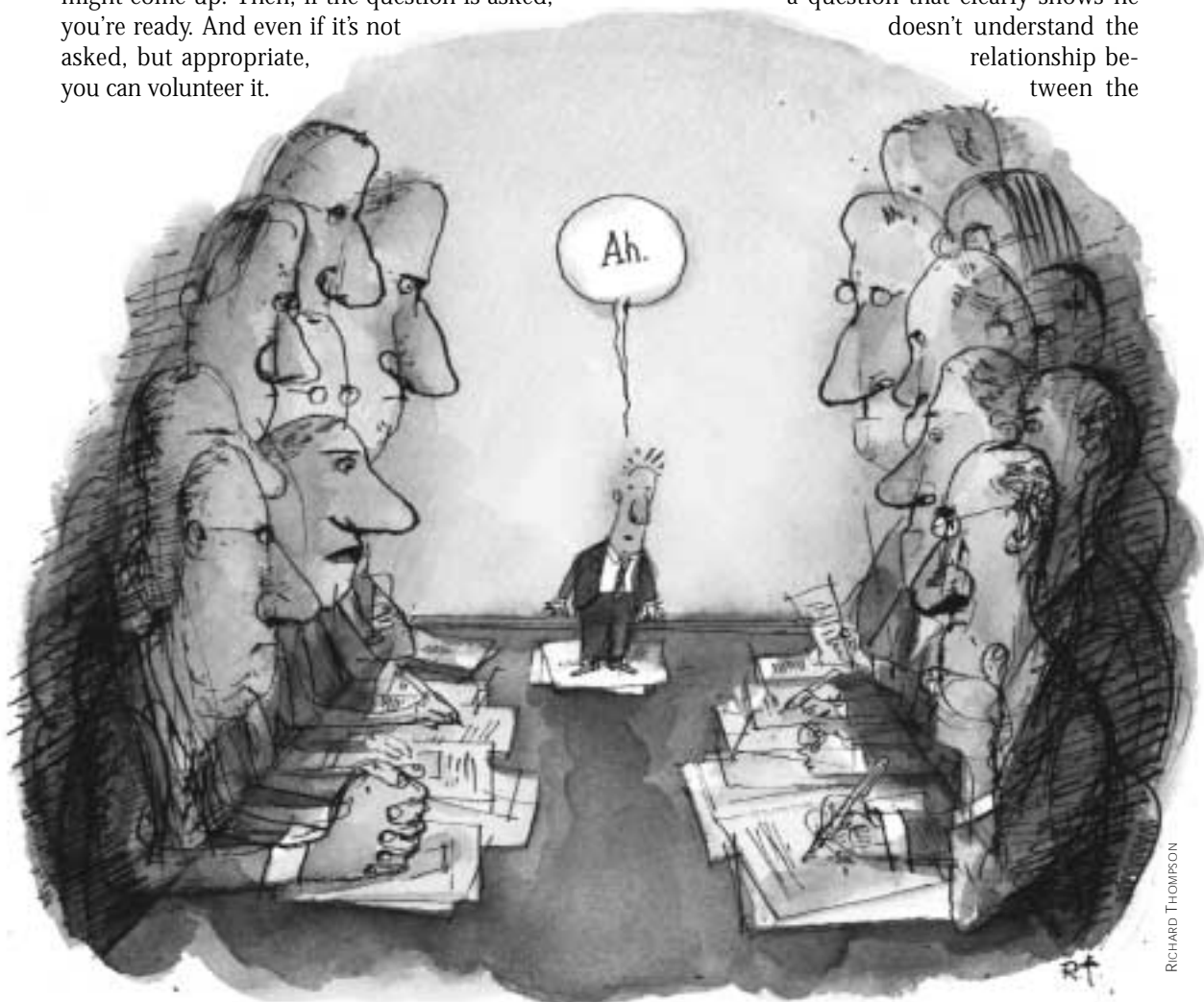
ACTUARIES TEND TO BE ORGANIZED, DETAIL-ORIENTED PEOPLE. When we're called on to present specific material in a structured manner, with adequate lead time, we do a good job. But what happens in a meeting with peers or superiors when a sudden question comes our way? Or someone makes a comment we disagree with? What happens when we're suddenly put “on the spot” with no preparation?

We fall apart, that's what.

But it really isn't necessary. It's possible to prepare yourself for the unexpected in these situations. You may not know the exact questions that will be thrown your way, but if you can find out beforehand what the meeting will cover, even if it's only 5 or 10 minutes ahead of time, you can guess what questions might come up. Then, if the question is asked, you're ready. And even if it's not asked, but appropriate, you can volunteer it.

Categorizing the Question

Imagine this. You're in a meeting with the president of your company and a group of top executives, including the chief actuary, a doctor who heads up medical management, and the vice presidents for sales and underwriting. You're discussing the experience of an individual health product. The doctor asks you a question that clearly shows he doesn't understand the relationship between the



RICHARD THOMPSON

pricing of an individual health product and strict underwriting and fraud analysis of applications. How do you answer?

Questions can be organized into four general categories:

• Yes-no questions. These are the most common type of question. Did we meet or exceed our first-quarter profit target this year? Will you give me at least a 20 percent discount on this proposed per hour consulting fee if we commit to using your services for at least 100 billable hours?

Yes-no questions don't establish rapport, and the answer usually ends the dialogue as well as opportunities for more information exchange. If the answer doesn't fulfill the questioner's expectations, he may feel you're withholding information on purpose, and you really ought to know what he meant to ask.

• Closed information questions. Still specific, but broader than yes-no. Where is the meeting taking place? What is the phone number for the conference call? What is your e-mail address, and what is your fax number?

Closed information questions have the same problems as yes-no questions. Not much conversation is taking place. The questioner may feel as if you're giving him a brush-off to get rid of him quickly. Many times at least a little more information is wanted.

• Open information questions. These encourage you to share more information (how, why, what). What are the main topics of the meeting? How can I help you prepare for the meeting? Why did our reserves increase by 50 percent over the past six months?

Information is exchanged and rapport is built. This category of question encourages more hypothesizing. To some extent you must share something about the way you perceived and worked on the problem (even if it's just in the way you're answering the question). You share more about yourself than is possible with yes-no and closed information questions. There may not be any one "right" answer.

• Open-ended questions. These invite

you to share research and expertise. Longer answers are expected. You're being asked to think through an answer, and you decide where to begin and what to emphasize. "Tell me about the initial three-month results of the new product. How does it look so far?" "How could the loss ratio have increased by 10 percent in the past six months? What happened? What can we do now to fix it in time for year-end results?" "What kind of services can you offer my company?"

The Ideal Response?

With all these different types of questions, and no sure way to tell what the questioner intends, is there any "formula" for the correct response? Yes, but like a recursive solution, you have to feel your way into it by giving part of the response, and then judging the reaction to it.

Most responders give two types of answers—too short and too long. Too short makes the questioner interrogate you (an unpleasant experience for both). Too long an answer may bore or distract the questioner from the information he or she was looking for.

So what's the ideal response? Give the answer and one piece of support (a reason, justification, statistic, quotation, fact, or opinion) and stop. You're anticipating the "real" question; you're having a conversation rather than a Q&A period, and you're not making a speech until you're asked to.

Why give only one piece of support if you have lots of significant, complex, interrelated information? Because you'll be telling the questioner more than he may want to hear. And if you do that often enough, with top managers who have full plates, they may stop asking you at all!

Second, build in a clue. This indicates that you have more detail to your answer if your questioner requests it. For example, "The major reason for the 20 percent

rate increase for this thousand-member group was their increase in the use of services that are not capitated."

This answers the question but hints that there are other reasons for the rate increase if more detail is needed. It's still a conversation, not a lecture, and if there are no other questions, then your answer was satisfactory.

Buying Time

How many times have you blurted out something when you were on the spot, only to realize seconds later that you could have responded much more effectively if only you'd had a little time to think first? How do you answer in a polished fashion when all you have is a gut feeling? Or when you don't want to answer at that moment with the current group of people? You must find an acceptable way to give yourself a little time to think.

About four months ago, at a Toastmasters' meeting, a member asked me why health care rates were going up so much. Before I could respond, one of the other guests said, "Oh, it's Medicare that's causing it."

Annoyed that he'd jumped in, I blurted out, "That's not it!" And of course, I instantly regretted my outburst.

I should have paused to organize a more appropriate response. Instead, I quickly backpedaled with an apology for overreacting. But I used the time it took to apologize to think about what I really wanted to say.

"Although increases in Medicare costs have certainly contributed to the overall increased rates in health care," I told them, "I believe that increased costs in commercial group and individual health insurance are other major causes of the increased rates that we have all read about in the newspaper."

Then I shut up.

JONATHAN ROSENBLITH IS A MANAGER IN THE CORPORATE ACTUARIAL DEPARTMENT OF HEALTH NET, INC. IN WOODLAND HILLS, CALIF. HE HAS EARNED THE COMPETENT TOASTMASTER'S (CTM) DESIGNATION BY COMPLETING THE BASIC SET OF 10 SPEECHES, EACH EMPHASIZING A DIFFERENT ASPECT OF PUBLIC SPEAKING.



An even better way to buy time is to start your response by repeating the question. Or you can simply pause for 10 seconds and think. Most questioners don't expect an answer to an impromptu question the instant they stop speaking. Give one main support (and a clue) and stop. Now the ball is back in the questioner's court.

Answering Difficult Questions

What makes a question difficult? Maybe the question is long, complex, confusing, or just not well thought out. Or it may be intended to intimidate or embarrass you in front of your peers and superiors. Questions can be phrased in a negative way, or they may be asked of you when they clearly should be asked of someone else.

Again, listen and think about what's been said. Your answer should be indirect, designed to lead the audience to the discovery you want them to make.

For example, you're an actuary charged with explaining to a group of top executives how their block of individual health insurance is doing—and it's not doing well. You suspect that the medical management and/or claims process could be tightened up to catch possible fraud on the application answers. You're in the middle of explaining this when you're interrupted by the chief medical officer. He indignantly asks you to explain how this

could be when he has a state-of-the-art cancer management program in place that clearly minimizes the cost of any cancer case in this or any other block of business that the company writes.

You pause to buy time. A substantive answer is expected, so take all the time you need. You might pause for 15 seconds and then say, "Dr. Smith, you've asked me to explain how the individual health experience could be poor when you've installed a state-of-the-art cancer management system. I must first say that I'm an actuary and not a doctor, so I can't easily evaluate the impact on claims of your cancer management system from the data available. But let's assume that any cancer claim costs are being minimized by your system."

And you pause again. One possible response might be: "What I can tell you is that an individual health product that has an 80 percent loss ratio in the first quarter of duration, on significant membership, has problems that are most likely separate from those that even a state-of-the-art cancer program can address."

This response is one of many possible ones. It makes your point and leaves the door open for more questions. One thing to realize here is that there is no one right answer.

Here are a few other techniques for buying time:

• Ask to have the question repeated.

When the questioner has a second chance, the resulting question is usually more to the point. If it's exactly the same words spoken more caustically, then he may be trying to pin you down. Either way, you've just gained more time to form your response.

• Ask your own question. By attempting to clarify what the questioner wants to know, you're assisting him to narrow the focus.

• Ask for clarification. Asking for clarification forces the questioner to narrow and refine the focus of the question rather than making you second-guess him. For example, "When you say you want the reserve figures for Arizona, do you mean the May 2001 total outstanding claims liability, or just the under age 65 commercial IBNR reserves?"

• Ask for a definition. Make sure you're both using words in the same way. "What do you mean by 'managed care'? Do you mean strictly our HMO business, or would you include PPOs or indemnity plans with utilization review in that category?"

Negative Questions

Your goal is to respond to negative questions so the focus of the question itself becomes positive. Common reasons for negative questions are: Someone's deadline wasn't met, a request was turned down, or an expectation wasn't met. What do you do in these situations?

What counts, finally, is often not so much what you say but how you say it. What are the key components to good delivery?

- Speak in a strong voice that can be heard, without necessarily being loud.
- Pace your speech with strategic pauses.
- Vary your vocal emphasis and realize that the meaning of a sentence can change drastically depending on which words you emphasize.
- Make and keep eye contact with members of the audience.

If you don't know the answer to a question, don't try to fake it. Admit you don't know right now; but you can easily get that information in a timely fashion. Sometimes, however, even when you know the answer, a direct answer can be awkward.

For example, your company's sales vice president confronts you in a meeting about a new competitor: "XYZ is killing us in the group health market this year. I just can't understand why you can't give us reasonable rates. XYZ is a well-respected company and their benefits are very similar to ours. But their rates are 15 percent below ours, and 10 percent below their next nearest competitor. To make matters worse, they pay a broker's commission that's 5 percent higher than ours, and they're giving two-year rate guarantees! We're losing all our small-group brokers to them. When are you going to give this company some rate relief so we can get our fair share of this business?"

Put the bad news up front, but make it affirmative. "XYZ's rates are the lowest in the marketplace by far. And they're paying higher commissions and giving two-year rate guarantees. I don't recommend doing any of that."

Use a well-timed pause after the statement. Give one supportive informational statement and stop.

"The major reason XYZ still appears to have a profit on this high-growth block is because their reserves are very small. It's their policy to let their sales vice president set their reserves. Their actuary quit over this three months ago. In 12 to 18 months it'll be clear whether their reserves are accurate."

Do Your Homework at Toastmasters

Toastmasters International is the largest volunteer organization devoted to effective oral communication. There are thousands of small local clubs nationwide, which provide a mutually supportive environment for members to develop communication and leadership skills. Active participation in actual speaking experiences is emphasized, supported by a set of manuals that have been developed and updated for more than 50 years.

There are very few limits to the type of presentation you can make at a Toastmasters meeting. You can suggest any idea, and if the group accepts it, you can try it. Your job, your marriage, and your life are not riding on your next Toastmasters club presentation. It is expected that you will make numerous mistakes, and be given supportive feedback about them. And you can always shop around to find a group you're comfortable with.

Table Topics

Each Toastmasters' meeting has a portion devoted to Table Topics. This provides members with the opportunity to practice presenting their thoughts in a clear, organized manner with a minimum of preparation. The Table Topics portion of the Toastmasters' meeting is the most effective tool I'm aware of to develop the skills for thinking on your feet.

In today's environment, it's critical for actuaries to be able to speak extemporaneously. In order to be included in key discussions of risk at the highest levels of management, actuaries must develop the ability to respond to questions and showcase their risk management skills. Our counterparts in other disciplines (especially sales and finance) have already mastered these speaking skills. Our abilities to predict and address financial risk are largely useless if we can't communicate effectively with our companies, our government, and the public.

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