

**LEADERSHIP –
“MAKING A DIFFERENCE”**

**Report of the Institute of Actuaries of Australia
Leadership Taskforce – February 2007**

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1. Introduction

Terms of Reference

The detailed Terms of Reference (ToR) appear as Appendix 1.

In brief, the future of our profession lies in the hands of both our current leaders (broadly defined) and our future leaders. One of our key responsibilities today is to be developing our leaders for tomorrow

We need to consider how we nurture and build sustained leadership capability into the future. This report sets out a framework to build our leadership capability.

Leadership here is meant in all its broader contexts rather than the simple notion of hierarchical organisational leadership. It embraces leadership in the community, in practice areas, through institutions, and intellectual and thought leadership.

Why Leadership Development?

As actuaries, we are in the position of being able to make a valued major contribution to society, especially through institutions which fulfil a social equity function, and also in contributing to sustainable futures through our involvement in public issues and societal needs. To make such a contribution is not only beneficial to society, it is also of great benefit and fulfilment to the individual, and beneficial to the profession and the Institute. These assertions are elaborated upon in Section 2 of this report.

Should such leadership contribution be left to natural evolution and individuals finding their way into contribution and ultimately leadership? - or should the Institute adopt a proactive role? This report advocates the latter.

Approach & Framework

The overall theme of this initiative is "Making a Difference". The principal, but not sole focus of the Leadership initiative is on younger members of the profession.

Guiding principles in our recommendations, which are particularly apparent in Sections 6 and 7 of this Report, are:

- It is worthwhile investing in initiatives which can benefit all members (called the General program) – it is also worth identifying Select or High Potential people and having a focussed range of initiatives aimed at fast-tracking their development;
- It is useful to adopt a 'Lifestage' approach to considering initiatives – covering the Attract, Promote, Select, Develop, and Sustain & Utilise stages of a persons career lifecycle;
- Wherever possible and sensible, we should aim to complement and leverage off other available leadership development initiatives, rather than duplicating through the Institute – we should focus on where the Institute can offer 'competitive advantage'
- Initiatives need to be designed to be sustainable and indeed self-sustaining if the Leadership Development initiative is to be of lasting benefit.

2. Why Leadership?

Whether as individuals or as a collective, there is no doubt that our involvement in areas of need and opportunity can contribute positively to society. There are two key forms:

- Given that much service to society is intermediated through institutions, perhaps the most useful social contribution we can make is through these institutions. This is the concept of social equity. It includes general insurance companies and life offices facilitating security and family protection, superannuation funds enabling a more comfortable and dignified retirement, banks providing services which not only enable our own financial convenience, but “grease the wheels” of industry and commerce which enables a prosperous society. If we can assist these and other institutions better fulfil their charter, then this is a valuable contribution.
- We can make a major contribution to sustainable futures through our involvement in public issues and societal needs. This includes retirement income policy, health financing, aged care, population policy, other key intergenerational issues, infrastructure planning and environmental impacts - e.g. climate change, resource impacts and biodiversity. In many of these areas, outcomes will benefit from actuaries being prepared to make a leading contribution.

As a profession, and as individual members, our core purpose is to:

- ensure the sustainability, and indeed vibrancy, of the institutions we serve and which play such a vital social equity role;
- ensure the sustainability and vibrancy of the profession; and
- serve the public interest, and in particular help ensure sustainable futures

If as a profession we are to fulfil our core purpose, then we must be prepared to serve with distinction, and often be prepared to embrace leadership in so doing. One person can make a big difference.

What do we mean by leadership?

Leadership here is meant in all its broader contexts rather than the simple notion of hierarchical organisational leadership. It embraces leadership in the community, in practice areas, through institutions, and intellectual and thought leadership. Paradoxically, some of the most powerful and influential leadership arises from a commitment to serve.

Leadership in its many forms has many co-requisites, including:

- Vision and purpose
- Trust and Integrity
- Emotional Intelligence
- Innovation
- Thought leadership
- Persistence and resilience
- Influential communication

- Mentoring and developing people

In many cases leadership will also be most effective when leaders create a culture of ‘oneness’, a unity of purpose, and a sense that ‘we’re’ all in this together’. This creates genuine and positive followership.

A useful leadership construct here is Jim Collins’ Level 5 leadership model (Jim Collins, ‘*Good to Great*’, 2002-6). Level 5 leaders are a study in duality – modest and wilful (in the positive sense of the word), humble and fearless. Such leaders direct their energy and ego away from themselves, and into the larger roles of building great institutions. This is similar to the concept of Servant Leadership espoused by Robert Greenleaf, where the dominant focus is on commitment to service, from which leadership naturally evolves.

Jim Collins characterises the duality of Level 5 leaders as follows:

Professional Will	Personal Humility
Creates superb results, a clear catalyst in the transition from good to great.	Demonstrates a compelling modesty, shunning public adulation; never boastful.
Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult.	Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate.
Sets the standard of building an enduring great company; will settle for nothing less.	Channels ambition into the company, not the self; sets up successors for even greater success in the next generation.
Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck.	Looks out the window, not in the mirror, to apportion credit for the success of the company—to other people, external factors, and good luck.

Source: Jim Collins, *Good to Great*, 2002-6

The long term goal for the Institute of Actuaries of Australia (‘the Institute’) Leadership initiative is to inspire and better equip actuaries to make leading contributions and to make a difference.

The Institute’s vision that “whenever there is uncertainty about future financial outcomes, actuaries are sought after for their valued advice and authoritative comment” invites leadership contribution.

The opportunity to lead

Strategic themes emerging from the Vision 2020 Task Force Discussion Paper (October 2006) include:

- the importance of communication skills and leadership qualities for substantial success in our traditional fields – life and general insurance, superannuation and health;

- the importance of communication skills and leadership qualities in making a significant contribution in the newer fields and major opportunity areas such as banking & finance and risk management;
- making a significant contribution to the development of the profession in Asia;
- the emergence of the actuarial profession as a global profession, with convergence in education frameworks and standards;
- the need for continued evolution in our education and CPD frameworks
- the Research & Development imperative;
- The need for continued review of the Institute's governance, professional standards and codes of conduct.

Overlay the public policy imperative, and there is substantial need for future leadership capabilities and contribution – this should not be left to chance.

As stated in the introduction to the Terms of Reference, *“The future of our profession lies in the hands of both our current leaders (broadly defined) and our future leaders. One of our key responsibilities today is to be developing our leaders for tomorrow.”*

Robert Greenleaf, *Servant Leadership*

We have wonderful emerging talent, people who would benefit from advice, nurturing and development. There is substantial research and literature on Gen X and Gen Y. One of the distinguishing features of Gen Y is that they are much more interested in how they can make a contribution to society. This confidence in emerging leadership talent is articulated well by the leadership great, Robert Greenleaf:

“...one firm note of hope comes through Some extraordinarily able, mature, servant-disposed men and women are emerging in their early and mid twenties. ... Most of them could be ready for some large society-shaping responsibility by the time they are thirty if they are encouraged to prepare for leadership as soon as their potential as builders is identified.”

If we can encourage both robust pursuit of ‘individualistic’ interests and a strong sense of community contribution (including the actuarial community) then both the individual and the profession will benefit. The principal but not sole focus of the Leadership initiative is developing leadership desire and capability amongst younger members of the profession.

The primary focus for the Leadership initiative is that actuaries can make a very useful contribution to society, and we should nurture both the desire and the capability to do so. Individual members will also benefit.

So, what's in this for the Institute? – what is the ‘WIFM’ (what's in it for me? – or the Institute in this case). Whilst not the primary purpose, an important by-product of such an initiative is that the Institute will also benefit. The Institute is vitally dependent on sustained ‘volunteerism’. Having a community of members who want to ‘make a difference’ will ensure vibrancy and sustainability for the Institute. We also need to be nurturing the Institute's leaders of tomorrow - for the strong governance of the profession, especially through Council and the Executive Committee, and for leading practice committees, other Council Committees, professionalism matters, public affairs issues, member initiatives, and so on.

3. Areas for Leadership Contribution

So where might be some of these opportunities for contribution and leadership? A few examples as an initial stimulus to thinking:

- via the Actuarial Research Centre of Australia (ARCA) which has been formed to further the commercial application of actuarial science and is substantially funded through partnerships and external sources based on the benefits that can be delivered;
- the formation of the Enterprise Risk Management Institute International and/or an enterprise risk management profession, with actuarial bodies as founding entities, but in partnership with other professions;
- original thought leadership and service contributions in areas outside our 'comfort zone' but where we have much to contribute. For example, enhanced VAR methodologies, Basel II, conglomerate capital issues, and the application of extreme event frameworks to the banking sector;
- flexibility in meeting the needs in shifting roles in the life insurance/wealth management, general insurance and superannuation sectors which are increasingly oriented to risk management;
- individual actuaries stepping boldly up to the mark for the myriad of key roles in the banking and finance sectors;
- individual actuaries actively developing skills and experience in people management enabling them to move into senior management roles where they will have opportunities for strategic leadership in their industry
- research and positioning on climate change issues (where Tony Coleman is showing strong leadership) and assisting entities such as the Business Council of Australia, other industry bodies, the Australian Greenhouse Office, and private think-tanks to come up with effective solutions to deal with this vitally important issue;
- leading contributions in the area of ageing infrastructure (water, electricity, transportation, health infrastructure) and the possible role of capital markets in addressing these issues;
- thought leadership contributions on the concept and role of a Futures Fund or IGR Fund; and
- the exploration of measurement and management of intangibles (eg. human capital, knowledge/intellectual capital, brands). In today's information economy these are estimated to constitute 70% of our asset base and yet developments with International Financial Reporting Standards are de-emphasising their measurement.

The exploration of several of these issues may well involve Strategic Partnering.

4. Approach

The Taskforce's broad approach is outlined in Appendix 2. The Taskforce purposefully resisted the temptation to jump straight to conclusions regarding leadership development needs and specific strategies. Rather, the Taskforce has sought to research widely leadership initiatives being pursued by other actuarial and non-actuarial professional bodies, broader leadership initiatives and programs, and has consulted with a select group from the Institute membership re emerging issues. Notes from the latter consultation are included as Appendix 2.

The starting point in our approach is Vision/Purpose which is summarised as "*Making a difference – the leadership contribution*" and has the following key elements:

- To identify and develop members of the profession to make a significant leadership contribution in the future (younger member oriented – but not limited to this)
- Leadership contribution is broadly defined:
 - In the profession (practice areas or generally)
 - In society – especially relating to significant public issues
 - Through corporations
- Focus on leading 20% rather than all – identify, nurture and develop (*Note: the rationale for this position is explained in the next section*).

The principal, but not sole, focus of the Leadership initiative is on younger members of the profession.

Outcomes or Objectives for success with the Leadership initiative, and behaviours evidencing these outcomes are defined as follows:

- To have a significant portion of the profession making a significant leadership contribution (broadly defined) – Note: This directional outcome will require greater granularity of definition in due course;
- Behaviours that evidence success:
 - Actuaries contributing in society & active in taking public positions
 - Actuaries are successful (in organisations) & in leadership roles
 - Active contribution in profession – leading on issues; leading committees & taskforces, including leading cross-professional committees and taskforces
 - Influential & relevant
 - Active thought leaders
 - Individuals are proud to be an actuary
 - Actuaries build strong networks (inside/outside of profession)

The Taskforce has also conferred with the CEO of the Institute, especially relating to the Young Actuaries Program, and with the Communications Taskforce Convenor, Andrew Brown, given the inter-connectedness of these initiatives, to ensure a co-ordinated program of initiatives is being recommended.

In the interests of brevity, much of the background research that supports this report's recommendations has not been included. However, we do summarise the research process in Section 5. A more comprehensive overview of the research can be compiled upon request and included in an updated report if Council feels this necessary.

5. Research Synopsis

A broad outline of our research is summarised below:

Leadership Initiatives in other Actuarial Organisations

Institute of Actuaries, UK www.actuaries.org.uk

The Strategic Plan does not include a specific focus on leadership skills or even business skills. While they could be considered intrinsic to the overall statement they make, the more detailed summary of the plan does not address either of these particularly. While there was some evidence of presentations at conferences which were specifically targeted at giving people information about what makes a good leader this was limited and not particularly recent.

Society of Actuaries www.soa.org

Clearly the furthest down the track in relation to leadership, they have established a Leadership Development Committee which has as its terms of business:

“This committee is responsible for nominations, elections and leadership identification and development. They will assess leadership needs, develop leadership criteria, define leadership roles, establish a leadership recruitment plan and ensure that leaders are trained and evaluated. This work will be done in support of the strategic plan and to improve the efficiency and effectiveness of the organization.”

There were a number of sessions on leadership presented at the annual meeting held in October 2006. For the purposes of the meeting they fall into the Specialist Track – Management and Personal Development. In addition the website also contains articles and gives a strong impression about actuaries as business people and that the management, communication, leadership skills are important in career development as well as the technical skills.

Other Institutes

While a high level review was conducted, this did not identify any clearly articulated leadership frameworks in any of the following institutes:

Casualty Society www.casact.org

Canadian Institute of Actuaries www.actuaries.ca

New Zealand Society of Actuaries– www.actuaries.org.nz

Focus Groups

Discussions were held with senior and less experienced actuaries to get input about what the Institute should/could be doing to develop leadership within the profession.

Discussions with Schools

Discussions were held with careers advisors from a few high schools to understand what view they had of the profession, the information they received about it and the message they communicated to the students in years 10, 11 and 12.

Discussions with Laurie Pincott, Executive Director of the NSW AMA.

We had identified that the AMA generates good leaders and that some past AMA leaders have gone onto other significant public responsibilities. This discussion revealed that this is not an accident. The AMA has a process which throws up good leaders which we can learn from. This starts with an annual “Boot camp” for nominated individuals which includes team building, media training and input from senior AMA members. The second stage is a similar forum for AMA committee members and is a reinforcement of this skills development. This discussion provided significant “food for thought” in our subsequent discussions

6. Broad Construct

Key design considerations for a leadership development framework include:

- Target audience - who to include
- Target initiatives
- Inter-connectedness with other Institute imperatives and initiatives – especially those in 'adjacent' spaces, such as the Young Actuaries initiatives and the communications initiatives
- Not re-creating the wheel – identifying what is the Institute's unique – and not unnecessarily duplicating leadership development programs which are generally and openly available
- Consideration of what should be the role of the Institute for personal and leadership development – vs. the role of the individual for self-development, and the role of employers of actuaries
- Scope and resources (financial and non-financial) of the Institute

A key debate and consideration for the Taskforce was whether leadership development initiatives should be made available to all members of the profession or to a select targeted group. Considerations included:

- Focus and effectiveness of the initiatives, and the risk of significant dilution if one tries to cover the entire field
- 'Opportunity for all' and openness
- The fact that certain members do and will have a greater motivation to make a distinguished contribution, to lead, and have the potential to succeed
- Institute resources

General / Select Approach

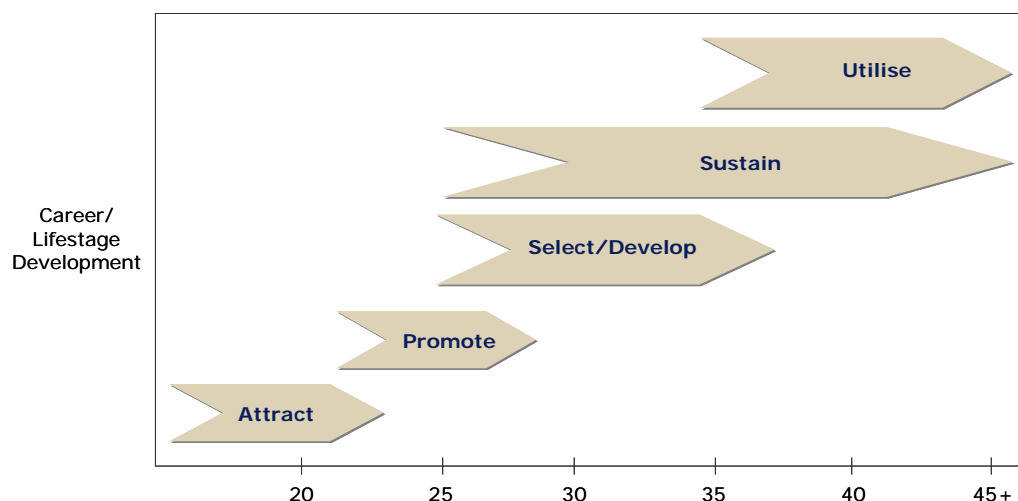
Based on these considerations the Taskforce opted for a 2-stream approach:

- Initiatives and opportunities which are available for all – the General stream
- Identified Leaders program (for the top 15-20% of identified leadership potential) – the Select or High Potential stream

This approach was also endorsed by the consultation with Institute membership in early November, 2006.

Lifestage Approach

The next useful component of the leadership development framework to consider is lifestage of professional and career development:



[Definitions:

- Attract: increasing the proportion with latent leadership potential that choose an actuarial career. This primarily needs to occur in Years 11 and 12 at high school, and involves shifting perceptions, so that the primary (or sole) consideration is not simply that the actuarial profession is a sound selection if you're 'good at maths', but one where you can 'make a difference';
- Promote: promoting the many and varied opportunities for making a distinguished service contribution, for 'community-mindedness' and the ultimate opportunities to lead;
- Select : Selecting 'high potential' talent (covered later in Section 7.3)
- Develop: the development of leadership talent, capability and motivation to want to 'make a difference'
- Sustain: Ensuring individuals derive enduring energy, benefit and involvement, and contribute to society and the profession as part of the self-sustaining cycle
- Utilise: Utilising experienced members of the profession to contribute to leadership development initiatives- especially through mentoring (but not limited to this)]

These two dimensions (General and Select/High Potential; and Lifestage) then define the two axes for our recommended Leadership Development framework. The components of this appear in the summary table below, and the recommended expanded strategies appear in Section 7 of this report.

The Institute already provides a range of initiatives that would form part of an overall leadership development framework. Arguably all the education, CPD and Horizon sessions would form part of an overall framework. In what follows the taskforce is only presenting recommendations for enhancements to existing activities or new initiatives.

The final key design component to mention at this stage relates to uniqueness and value-add. The strong view of the Institute Leadership focus group discussion was that the Institute should focus on Institute strengths and 'areas of competitive advantage' and not duplicate general leadership skilling frameworks that are openly available. Many larger employers of actuaries have leadership development programs which are available to people from a wide range of professional backgrounds – this is the proper role of such employers, and the Institute's initiatives should complement rather than compete with or duplicate such programs. We should also consider strategic partnering where that makes sense (e.g. with universities, AIM, CEDA, etc) so that part of the Institute role will be a facilitator rather than always being the primary deliverer.

The proposed framework for sustaining the Institute's involvement in developing future leaders is to establish a Leadership Development Committee along the lines of other Institute committees. The President and/or Council would be responsible for reviewing the work of the Committee annually, and re-energising as necessary. The hands-on role as program director for the Leadership Program would initially be undertaken by the Institute CEO, and possibly in future by "graduates" of past programs.

	A. General	B. Select/High Potential
1. Attract	<ul style="list-style-type: none"> • Education program targeted at Careers Advisory (passionate delivery; support collateral) • Review university entrance criteria in conjunction with universities • University workshops to promote issues & opportunities for contribution 	
2. Promote	<ul style="list-style-type: none"> • Professionalism Course • Institute outline of imperatives inviting or requiring leadership contributions (plus inventory of where actuaries are currently involved an making a contribution) 	<ul style="list-style-type: none"> • Institute outline of imperatives inviting or requiring leadership contributions(plus inventory of where actuaries are currently involved an making a contribution)
3. Select	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Self-nomination & identification of areas of contribution (with employer support) • “Tap on the shoulder” for potential candidate • Pre-qualification process for involvement in leadership program – outline “why” to interview panel
4. Develop	<ul style="list-style-type: none"> • Leverage SoA and Australian Medical Association framework • Implement through Convention, Financial Services Forum and GI Seminar, Insights, Professionalism course, Communications T/F initiatives and Young Actuaries Program (YAP) • EQ/EI skilling • University partnering program; CEDA Copland Program for Emerging Leaders; IFSA Future Leaders program • Periodic issues based think tank sessions 	<ul style="list-style-type: none"> • Leadership program induction – outline standards and expectations • Mentoring program framework & initiation (commencing with initial project to validate commitment) • Select initial pilot group (20) – mix of ages & experience • Boot camp • Expand to 50-60 after 3 years • Ongoing programs for cohorts (3 years) and through mentoring)
5. Utilise and Sustain	<ul style="list-style-type: none"> • Leadership Development Committee 	<ul style="list-style-type: none"> • Members of the Leadership Development Committee • Program Director (CEO?) • (as a cohort) support for the following 2 cohorts of the Leadership Program • Mentors (to develop those in program)

7. Specific Strategies

7.1. Attract

Education program targeted at Careers Advisors

Develop a program to promote the profession more effectively, and in a broader way to schools via their careers advisors. The objectives should be to attract a broader range of skills i.e. not targeting only highly developed mathematical skills, and to promote the profession as offering a broader business career. Suggested approach is:

- Develop a brochure and put a program in place to educate careers advisors on an annual basis
- Provide individual actuaries with brochures to promote to schools or individuals who ask their advice

University requirements

Initially a review of how the universities select students and an assessment of whether/how the Institute can influence this selection.

Attract from undergraduates

A proportion of student studying the actuarial degree will not continue with their study or become involved with the profession. We propose reviewing how the profession promotes itself to these students (and potentially those from other related disciplines) and develop a program to attract students from this group more actively into the profession.

{as an alternative;} Attract individuals at the undergraduate level who are demonstrating leadership potential. This could include sponsoring an individual to carry out an Institute or business related piece of research as part of their studies.

7.2. Promote

Members have an opportunity to contribute in a leadership capacity to the profession, their employers and society in general. Promoting these opportunities increases the likelihood that members will embrace these opportunities. It is evident that this is best achieved early in the career of member.

The actions to make members aware of their potential and of the opportunities to act in a leadership capacity are the same for the general membership and the select membership. Differences in strategy arise in the selection and development phases outlined below. These strategies are:-

Relevant Subject provided in the Professionalism Course

The professionalism course presents a unique opportunity to inform young members of their potential and of how they might make leadership contributions. This could be achieved using a range of measures including:-

- key note and inspirational speakers or role models,
- case studies
- sessions, examples and contact information on how to contribute

- how to go about contributing to the institute)e.g. papers, examinations, council, taskforces and committees,
- how to go about making a contribution in their work or industry,
- how to go about making a contribution to society in general.

Institute Website Page on imperatives and examples

Members wishing to make a leadership contribution to the institute specifically or the industry or society more generally would be served by having access to information articulating where opportunities exist and to inspirational examples of leadership contributions.

A section of the Institute's website could be devoted to information on:-

- general ways to make a contribution (potentially material used in professionalism course)
- specific vacancies on committees or taskforces
- contact information to industry bodies
- ideas or imperatives for research or papers that members may have but can not personally work on
- inspirational articles or examples of outstanding contributions

The promotion process for the Select group would be part of the Selection process and involve the Institute outlining key imperatives requiring attention or requiring leadership contributions (plus an inventory of where actuaries are currently involved and making a contribution). These areas would include, as examples, those mentioned in Section 3 of this report and Section 7.4(b) below

7.3. Select

Recommended selection processes for participation in the Select/High Potential component of the Leadership program are as follows:

- Mentees :
 - 'tap on shoulder' from nominations (nominations sourced from Institute Committee chairs, Senior Actuaries, and university lecturers re standout people)
 - Self- nomination with pre-qualification process – e.g. paper on 'why' and areas of interest/passion
 - Selection panel
 - Offers – outline Expectations/Standards – projects, papers, participation – confirm involvement
 - Initial pilot cohort (20 people) – 3 year program
 - Cohorts 2 and 3 in ensuing years (i.e. 60 participants by Year 3 and then stabilising)
- Mentors:
 - Mentor nominations – approaches, and self-nomination
 - Review panel for mentor candidates
 - Mentor briefing session – program outline and expectations

- Matching ‘mentees’ and mentors:
 - Organise ½-1 day event which includes outline of program, but ample opportunity for participants and potential mentors to meet on a rotational basis. Candidates to submit preferences – this is essential as candidates need to be comfortable with potential mentor rather than just be allocated mentor.

7.4. Develop

a) General

We identified a number of potential strategies for developing the leadership qualities of the general profession including:

- Leveraging off similar initiatives already undertaken by bodies such as the Society of Actuaries (SoA) or Australian Medical Association (AMA). For example, this might include:
 - Leveraging off the framework developed by the Leadership Development Committee within the SoA
 - Adapting various leadership presentations given at SoA or Institute of Actuaries (UK) conferences for use in similar forums in Australia
- Using various Institute seminars and conferences as an opportunity to present appropriate leadership materials to the general group, for example:
 - Including sessions at seminars such as the Biennial Convention, FS Forum, GI Seminar specifically around leadership – either leveraging off previous presentations done at SoA or IoA (UK) conferences or developing them from scratch
 - Including specific sessions on leadership development at more targeted gatherings such as the Professionalism Course, Young Actuaries Program or Insights sessions
- Actively encouraging younger members (or giving them an opportunity) to demonstrate leadership capabilities – for example:
 - Encouraging younger members to write and/or present a paper at Institute seminars – either on their own, with a colleague or mentor, or within a working group of other young members
 - Including a younger member on the organising committee for these seminars to ensure that the program and seminar is both attractive to younger members and includes an opportunity for younger members to make a contribution
 - Forming a Younger Actuaries Group within the Institute or encouraging other Institute working committees to include a younger member where appropriate
- Making available appropriate leadership materials on the Institute website – for example, the SoA website contains a number of articles on leadership
- Putting together specific initiatives or sourcing a provider to develop the EQ skills of the profession. Whilst many employers may have specific

development programs to help develop these skills for their employees, many will not.

- Partnering with or leveraging off various external programs as appropriate such as:
 - University programs
 - CEDA Copland Program for Emerging Leaders
 - IFSA Future Leaders program
 - Williamson Community Leadership Programme
- Conducting periodic issues based think tank sessions made available to the general membership base.

b) Select/High Potential Group

It is recommended the Select/High Potential group commence with an initial pilot group of 20 people, with a mix of ages & experience. Some of the participants may include some of the attendees at the Focus Group Discussion conducted November 8, 2006 (refer Appendix 4). It is recommended that there be an ongoing program for each cohort spanning 3 years, with key components including:

- The ongoing mentoring program framework (commencing with initial project to validate commitment)
- An initial bootcamp (more details below) – including a leadership program induction, which outlines standards and expectations

Inter alia, the mentoring program would include:

- Project (s) – with mentor feedback/guidance – shape topic/purpose so that it aligns with ‘making a difference’
- Networking
- Communications skills
- Quarterly gathering of mentees (& mentors?) – share experiences & war stories; build community of interest and networks

To develop the select individuals leadership capabilities, projects or assignments may include:

- Convening a taskforce or committee
- Supporting a piece of high profile research in an emerging new field
- Shadowing an experienced actuary
- Council
- Promoting the Institute to schools and universities
- Using foresight or scenario tools (or other tools that would complement existing actuarial toolkit)
- Working with the CEO of the Institute on a special project

Areas of contribution could include, but not be limited to, some of the examples suggested in Section 3.

In addition and in parallel, encouragement would be given to members of the Select group to participate in one of the following programs:

- CEDA Copland Program for Emerging Leaders

- IFSA Future Leaders program
- Williamson Community Leadership Programme

Further detail on the bootcamp concept is:

- Offered first to a selected pilot group of 20, and then offered generally-say once a year or every 18 months with a group of say up to 50.
- The camp would be for a weekend and would offer participants the opportunity to hear from leading speakers and also to participate in team building/leadership opportunities.
- The weekend would put attendees into teams of 5 and put tasks to them involving presentation skills, media training, problem solving and negotiation skills in a fairly tough team building environment.
- There would also be keynote address/s from community leaders on leadership- and an opportunity to engage with them in their session in a more open way than is usually possible

The weekend would be facilitated by the Institute and would have attending several Council members/ senior experienced actuaries to help the process and demonstrate the Institute's commitment. It is also an excellent opportunity to assess potential future leaders of the profession.

The whole concept is that of a Boot Camp- it would be a pretty intense, well thought out and put together program which stretched the participants, but left them with a sense of achievement and feeling good about being involved in such a process. And ideally held in a special place.

Attendees would be giving up their own time to attend, so the program has to have "sizzle" to repay their commitment and would need professional input to achieve that.

7.5. Sustain, Retain and Utilise

To sustain the group's leadership skills, and the leadership program itself, use each cohort to provide group support for the following 2 cohorts and utilise selected beneficiaries of the program as:

- Members of the Leadership Development Committee
- Mentors (to develop those in program)
- Program Director

in addition to involvement in other sustaining activities, including Institute committees and taskforces.

The selected beneficiaries of the program would be chosen (by a combination of "tap on the shoulder" and self selection) from "graduates" of the Leadership Program who have just completed their 3rd year.

It is suggested that 50% of the Leadership Development Committee be replaced each year by such "graduates" of the program to provide a balance of continuity and freshness.

One of the key ways of sustaining the Leadership Program is to utilise leaders who have benefited from mentoring under past programs as mentors of the following generation in future programs. This in itself is a further development opportunity. The mentor's role is to provide 1-1 guidance to a next generation

leader through sharing valuable experiences, expertise and insights; listening, asking questions and being a sounding board for ideas; being open and honest in giving feedback ; helping shape leadership development goals. Mentors will be provided with initial training (via a half or one day skills & behaviours building workshop and a follow up 1-1 coaching session) and a mentoring toolkit, and have access to ongoing support as needed.

Another way of sustaining the mentoring program is to have regular quarterly workshops that bring together mentors (and a similar workshop for mentees).The purpose is to share experiences, what is working and what other support may be necessary to support the mentors and mentees

It is recommended that the Institute CEO initially take on the role of Program Director, responsible for arranging the various courses and sourcing any external support, but this is also a role that may be open to past beneficiaries of the Program.

8. Resourcing implications for the Institute

A detailed assessment of the resourcing implications of the above needs to be completed. However, wherever possible, the Taskforce has sought to structure recommendations which recognise the importance of the leadership imperative but do not involve an intense demand on Institute resources. This can be achieved in part by:

- Leveraging off existing forums as suggested – e.g. professionalism Course, Financial Services and General Insurance Seminars, Conventions, etc
- Encouraging involvement in other leadership initiatives including those sponsored and managed by employers and the CEDA Copland Program for Emerging Leaders, the IFSA Future Leaders program , the Williamson Community Leadership Programme
- Structuring the mentoring program so that it utilises volunteer mentors, and becomes self-sustaining by utilising Year3 leadership program graduates

Nevertheless, there will be a requirement for commitment of Institute resource and funding. Examples include:

- The development of material for promoting to careers advisory people at senior schools (Years 11 and 12) the leadership opportunities presented by the profession;
- Development and conduct of the recommended bootcamps;
- Involvement of either the Institute CEO or Education Director as Program Director for the Select Group initiatives
- Having another permanent Institute Committee

A rigorous assessment has not been conducted of funding impacts, but an initial estimate of \$80-120K per annum may give some guidance. Council needs to decide on this resource and funding alongside other Institute priorities as part of the strategic planning process.

9. Recommendations and Action

For the reasons outlined in Section 2 of this report, the Taskforce submits that the Leadership Development initiative is incredibly important in terms of actuaries making a valuable contribution to society, the development and significant benefit of members of the profession, and the direct benefit of the Institute itself (sustaining volunteerism, and ensuring future leadership for the profession)

The Taskforce commends the Leadership Development framework and key strategies to Council and seeks Council's endorsement of this strategic direction

Taskforces should have a limited life - if Council endorses the directions recommended in this Report, it is recommended that the Leadership Taskforce conclude with this report, and that the recommended strategic direction form the basis for the Terms of Reference for a Leadership Committee reporting to the Executive Committee.

Appendix 1 - Terms of Reference

The future of our profession lies in the hands of both our current leaders (broadly defined) and our future leaders. One of our key responsibilities today is to be developing our leaders for tomorrow

We need to consider how we nurture and build sustained leadership capability into the future. The Leadership Taskforce is tasked with leading this process.

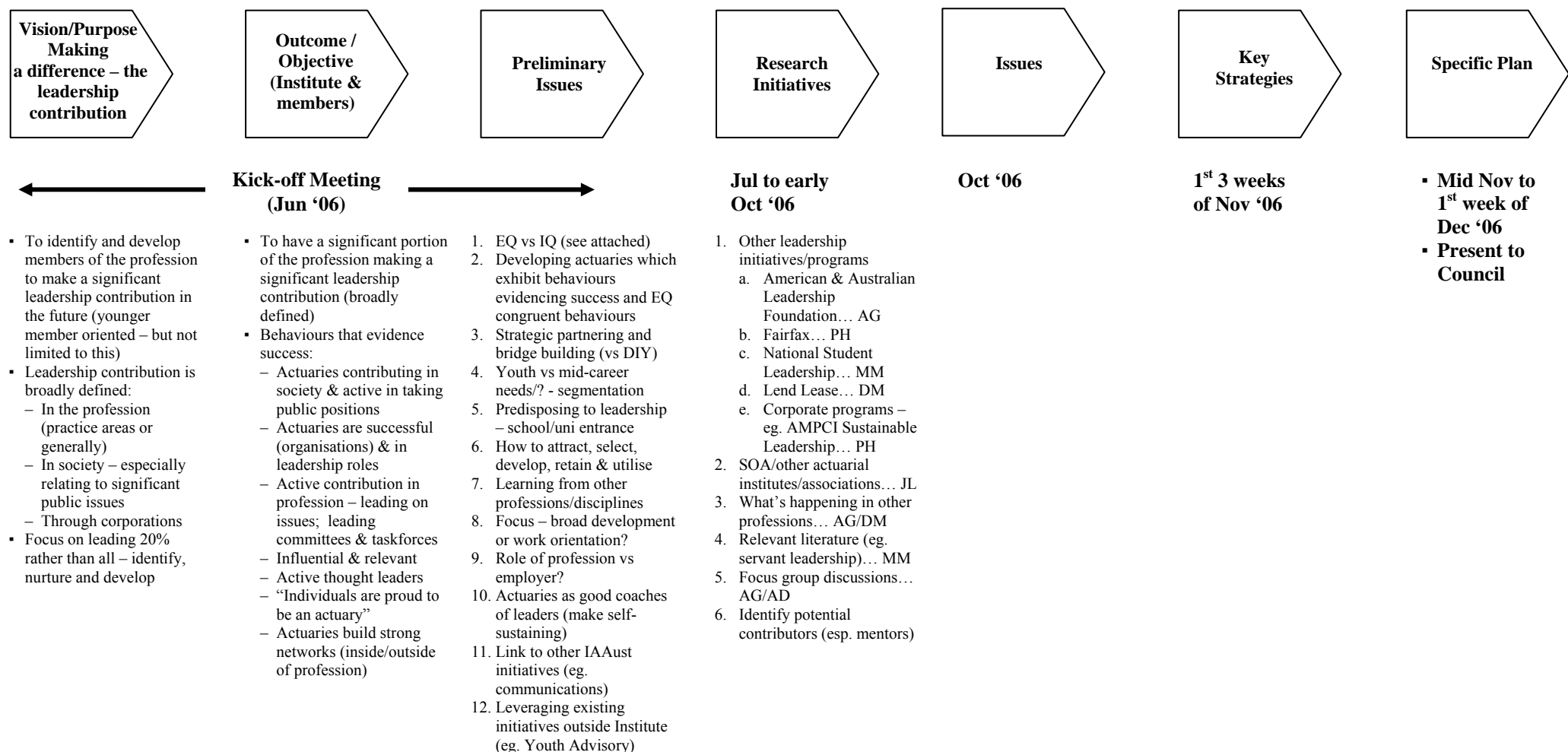
The Leadership Taskforce will:

- First, identify where there is a need for an Institute Leadership initiative, by:
 - Researching (through focus group discussions) where members believe that a leadership initiative would be beneficial, and what are the key imperatives (“Supply view”);
 - Defining those areas where a significant leadership contribution by Institute members would be beneficial – including ‘public interest’ issues, the professions and particular practice areas, in industry and corporations, and research and thought leadership (“Demand view”);
- Research leadership development initiatives in a limited number of professions, corporations and professional service firms, and wider ‘community based’ leadership initiatives (e.g. the American Leadership Foundation);
- Define the leadership development imperatives for members of the profession, and propose a framework for determining which initiatives should be up to the individual to pursue as part of their self-development program, which development initiatives are more suited to being organised by the employers of actuarial members, and what structured role (if any) the Institute has in fostering the development of leadership capabilities in our members;
- Without limiting the scope of the prior point, evaluate:
 - The role of Personal Development Programs (PDP) for actuaries focussed on leadership, communications, business acumen, stakeholder management and judgement, and what is or should be the respective roles of employers vis-à-vis the profession/Institute?
 - Recognition programs for those making a significant leadership contribution
 - Structured mentoring processes
 - Careers Advisory processes which could focus not only on advice which would benefit the individual, but also how the individual can contribute to the profession and the public interest
 - Selecting for Leadership Talent - What are the required leadership attributes for our leaders of tomorrow – and do we or should we include more consideration of those attributes in the university intake process?
 - A process for early identification of actuarial leaders and mechanisms to ensure they have the opportunity to make an early leadership contribution.
- Present its research, deliberations and recommendations to the Institute Council by the October 31 Council meeting, with an interim report on progress for the June 27 Council meeting.

The Leadership taskforce will report to the Executive Committee, with the following proposed membership:

- Andrew Gale (Chair/Convenor)
- Peter Hodgett
- Dick Morath
- Michael Munns
- Jennifer Lyon
- Tony Cook
- Adam Druissi

Appendix 2 – Institute Leadership Taskforce Workplan



Appendix 3 - Emotional intelligence domains and competencies

Personal competence: These capabilities determine how we manage ourselves.

Self-awareness

Emotional self-awareness: Knowing one's strengths and limits

Self-confidence: Having a sound sense of one's self-worth and capabilities

Self-management

Emotional self-control: Keeping disruptive emotions and impulses under control

Transparency: Displaying honesty, integrity, and trustworthiness

Adaptability: Demonstrating flexibility in adapting to changing situations or overcoming obstacles

Achievement: Having the drive to improve performance to meet inner standards of excellence

Initiative: Being ready to act and to seize opportunities

Optimism: Seeing the "up side" in events

Social competence: These capabilities determine how we manage relationships.

Social awareness

Empathy: Sensing others' emotions, understanding their perspectives and taking active interest in their concerns

Organisational awareness: Reading the currents, decision networks and politics at the organisational level

Service: Recognising and meeting follower, client, or customer needs

Relationship management

Inspirational leadership: Guiding and motivating with a compelling vision

Influence: Using a range of tactics for persuasion

Developing others: Bolstering others' abilities through feedback and guidance

Change catalyst: Initiating, managing, and leading in a new direction

Conflict management: Resolving disagreements

Building bonds: Cultivating and maintaining a web of relationships

Teamwork and collaboration: Fostering cooperation and team building

Reference

Resonant Leadership

P. 29

Richard Boyatzis & Annie McKee

2005 – Harvard Business School Publishing

Appendix 4 – Institute Focus Group Workshop 8/11/06 – Agenda and Minutes

Agenda

Attendees:

- *Martin Stevenson (President)*
- *Fred Rowley (Senior Vice President)*
- *Mozz Ali*
- *Tim Furlan*
- *Alen Golubovic*
- *Samantha Hu*
- *Ada Lui*
- *Anna Dayton*
- *Ian Jones*
- *Hugh Karp*
- *Susie Bowden*
- *Andrew Gale (IAAust Leadership Taskforce)*
- *Adam Druissi (IAAust Leadership Taskforce)*

Agenda

- Introductions (AG) - Martin or Fred also to make introductory comments if they so wish
- Go through Terms of Reference
- Go through Workplan, EQ framework, emerging 'Strawman' initiatives
- Key issues discussion:
 - Philosophically, focus group's views on the merit of the Institute pursuing a cohesive leadership development program?
 - Discussion of the "Top 20%" and general approach - and the suggested initiatives template (attract, select, develop, return, utilise)?
 - Role of a Personal Development Programs (PDP) for Actuaries?
 - Role of structured mentoring processes
 - Role of a structured recognition program
 - Best means of identifying and involving younger actuaries with leadership potential and/or aspirations?
 - Should the Institute seek to be more influential in the university intake process so that we predispose towards leadership potential - and should the Institute be more active in promoting a broader profile of actuaries (than technical experts) at schools and through careers advisory processes?
 - Opportunities and obstacles?

Minutes

Merit of leadership program

- Stick to IAA strengths – “areas of competitive advantage” eg. Mentoring
- May be able to partner with other organisations (eg AGSM) in some other areas
- Risk that having IAA run leadership courses leads to further ‘specialisation’
 - most companies will have courses
- Get more people involved as early as possible

- Not necessarily the IAAust's role to run skills training programs
 - better to put together groups of people to think about what they could be doing
- Mentoring → could we really get enough mentors to volunteer their time?

Top 20% vs General

- Doing for everyone will just end up with a watered down version and having no impact at all
- What level should people be at?
 - Qualified
 - Pre-qualified
 - Part of professionalism course
- Need to be careful about looking like an exclusive 'club'
- A lot of leaders in the profession may move into other areas
 - how will the IAA remain relevant to these people?
- Self-selection would be best as opposed to making it exclusive
 - needs employer support

Identifying younger actuaries etc...

- Senior actuaries
- University lecturers
- Open process, but with senior actuaries etc. also ask to nominate people so they get pushed to participate

Involving younger actuaries

- Seminars
 - Chairing sessions
 - Giving presentations
 - Writing papers
 } perhaps with a more senior 'buddy'
- Taskforces / Committees
 - Incl getting younger people to present

Attracting the right people into the profession (pre-uni)

- Support for the idea of getting to careers advisory people etc to attract the right people in the first place

Structured mentoring processes

- Hard to artificially create the mentoring process
- Would need to hand pick mentors too