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Communication and Influencing Skills for Actuaries in Senior Roles

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Agenda for Today

Focus on Communication and influencing skills



- EQ – Social Quotient
- Effective Conversation
- Personas on Boards
- Bias, Decision Making and Influencing Outcomes





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EQ

How to learn EQ and apply it in communication

31 March 2022



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Emotional Intelligence

EI also known as EQ

It is not about being emotional



Emotional Intelligence

Emotional intelligence (EI) is most often defined as

- the ability to perceive, use, understand, manage, and handle emotions

People with high emotional intelligence can

- recognise their own emotions and those of others,
- use emotional information to guide thinking and behaviour,
- discern between different feelings and label them appropriately, and
- adjust emotions to adapt to environments.

EI gained popularity in the 1995 best-selling book Emotional Intelligence, written by science journalist Daniel Goleman.

Goleman defined EI as the **array of skills and characteristics that drive leadership performance.**



Emotional Intelligence

What skills does it give you

Emotional intelligence is -

- the capacity to be aware of, control, and express one's emotions, and to handle interpersonal relationships judiciously and empathetically.
- the key to both personal and professional success

5 Key Emotional Intelligence Skills –

- Self Awareness
- Self Regulation
- Social Skills
- Empathy
- Motivation

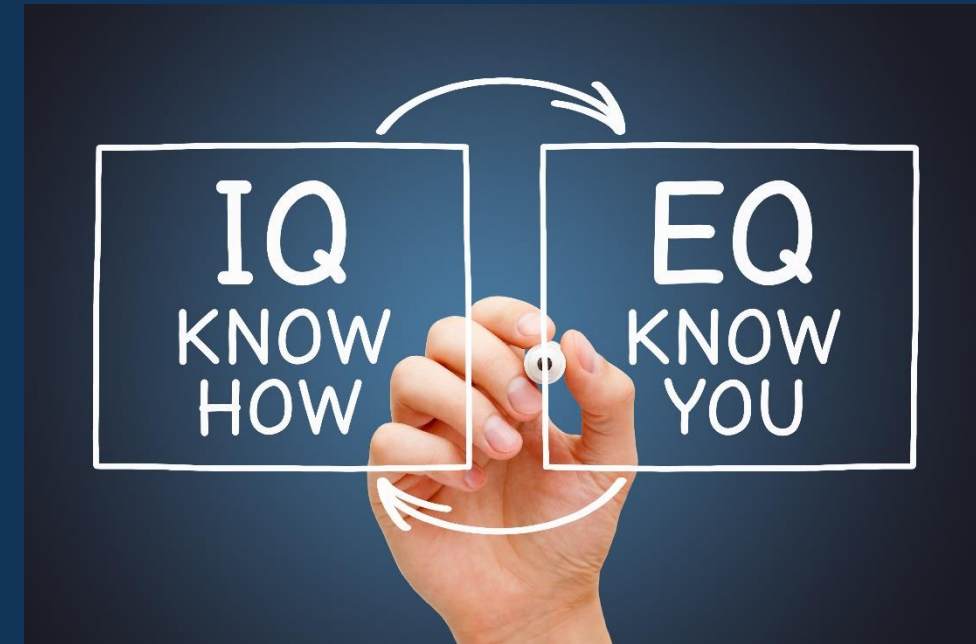


EQ - Can be learned



EQ and IQ compared

- IQ** - Cognitive Intelligence
Technical, Industry,
Logic, Ability
Facts, Evidence
Less able to change
- EQ** - Emotional Intelligence
Listen, communicate
Land what you say that it is correctly understood
Debate, challenge, find solutions
Working with yourself
Working with other people
Understanding the “issues” at play



- EQ and leaders
- EQ and personality spectrums



Importance of EQ Skills

Why do you want to possess and manage your EI

EI in abundance delivers a number of positive effects –

- Always keep your cool
- Handle awkward social situations with grace
- Make others feel at ease

Key benefits of good EI skills

- More effective leader
- Understanding how others feels empowers you to communicate with them better
- Knowing yourself, allows you to be more self aware and navigate accordingly to get the best out of others
- Knowing yourself, improves your self-control
- Retain control of a situation impacted by stresses or conflict





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Q and A / Discussion

In context of EQ



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Effective Conversation

Address and apply the components of a successful conversation

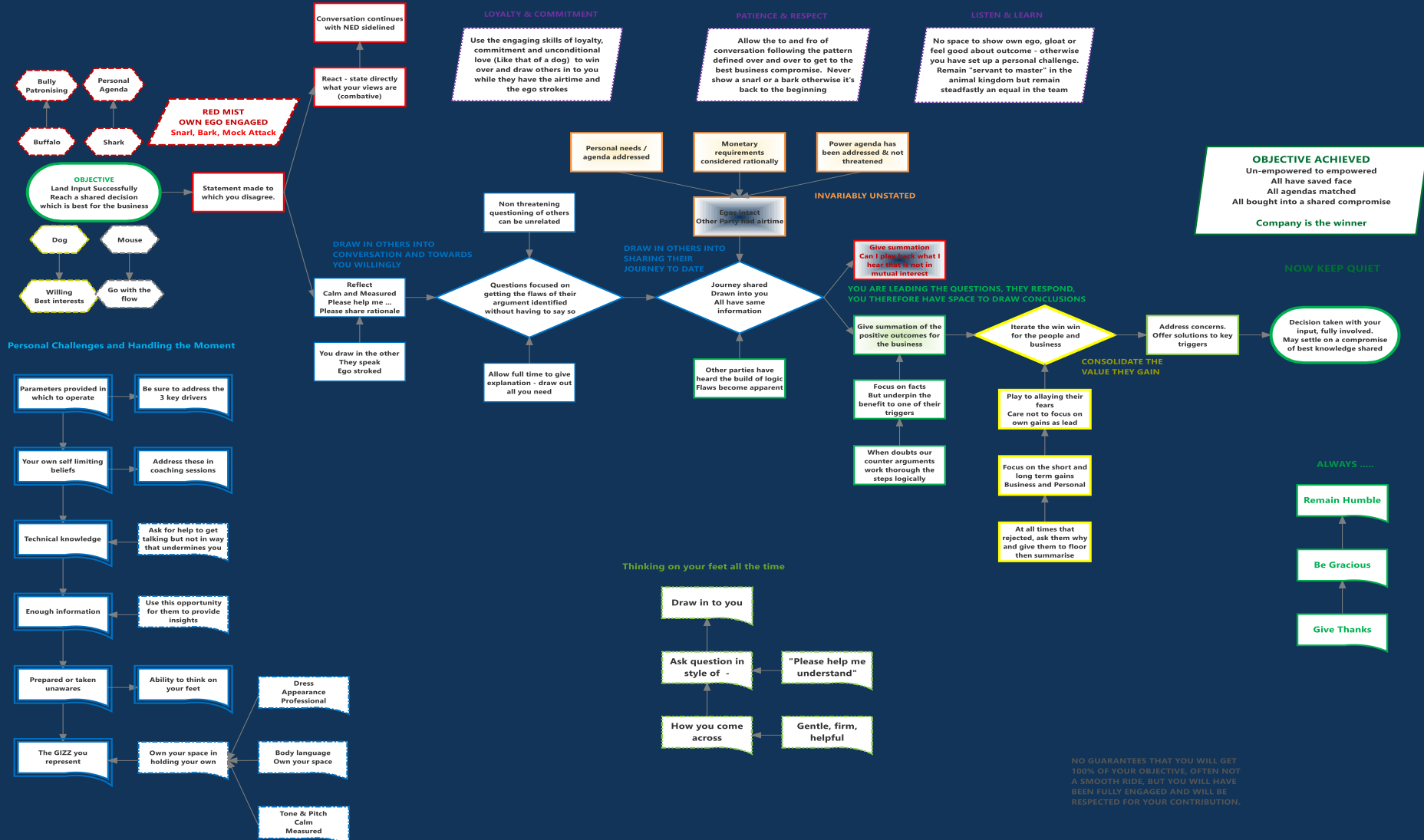


Focus on Effective CONVERSATION

Two way, art of the question

You are not always right –

- Shared Commitment Questions
- Listen
- When to keep quiet
- Allow others to sink
- Time
- Respect



NO GUARANTEES THAT YOU WILL GET 100% OF YOUR OBJECTIVE, OFTEN NOT A SMOOTH RIDE, BUT YOU WILL HAVE BEEN FULLY ENGAGED AND WILL BE RESPECTED FOR YOUR CONTRIBUTION.



Challenges to your objective

Open or closed to your ideas

How would you present your case if you knew that -

- Finance led
- Risk led
- Industry led
- What the boss wants
- Bias / Influences at play
- Personal hobby horses





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Board Inhibitors

Common too difficult conversations

- Chairman / Leadership
- CEO / Risk Appetite
- Culture / Tone
- Succession
- Effectiveness
- Composition
- Information
- Strategic / Aligned to strategy
- Governance structure
- Conversations that involve people





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Q and A / Discussion

In context of Effective Conversation



Personas on Boards

What complexity do people bring to the Board,
how to navigate the people successfully



Genius – Ten Quotient Model

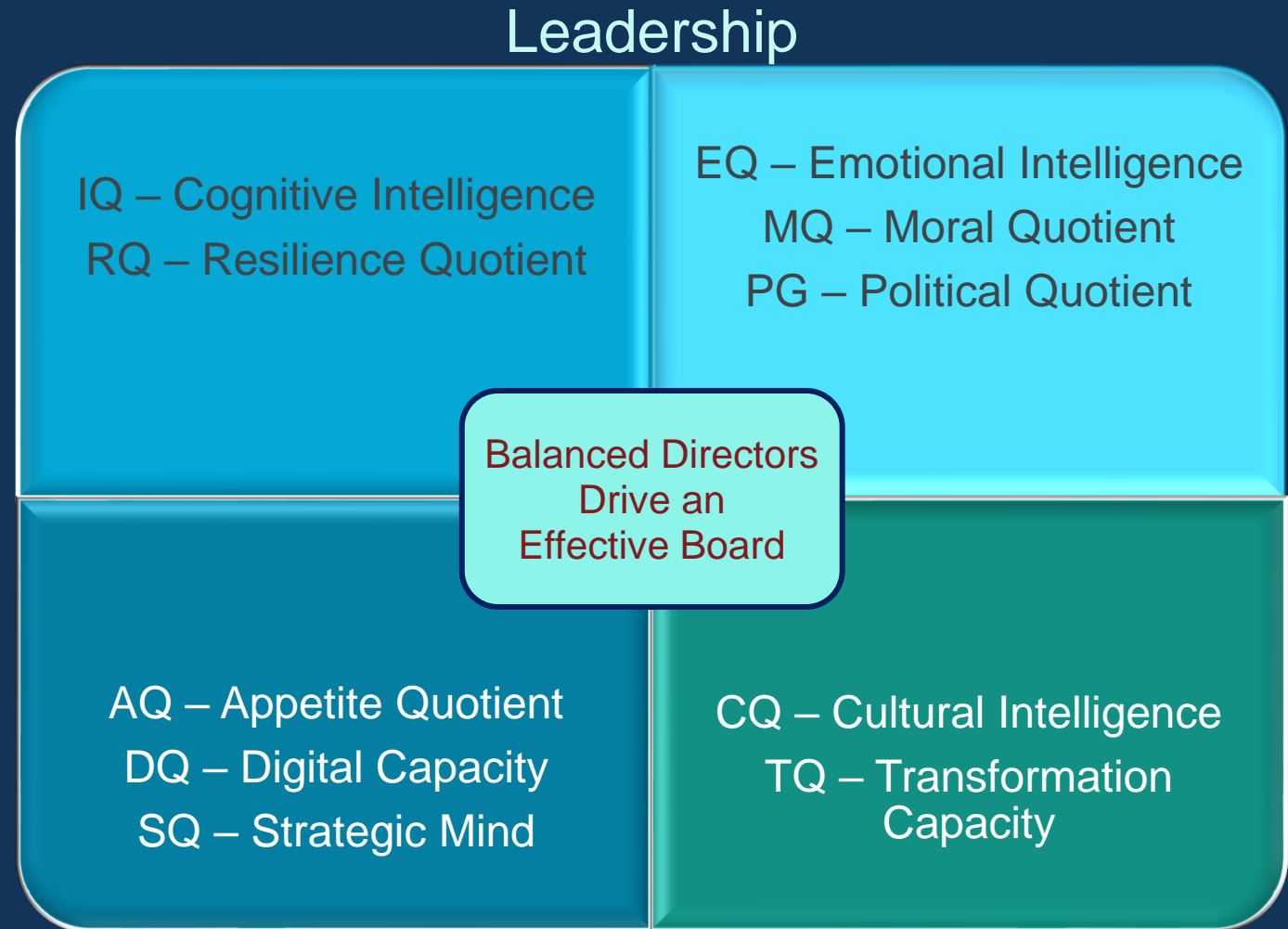
Balance created through the sum of Directors

Team

- A board needs all of these quotients
- This brings the diversity of thought
- KEY REQUIREMENTS –
 - Leadership
 - Transparency
 - Culture

Hard Skills

Soft Skills





Leadership

Exponential value from the components

Conductor

..... equals the Chairman

- No instrument, non executive
- Relevant leadership skills
- Read the audience, stakeholders
- Read the musicians, internal stakeholders
- Know their ultimate capability





Non-Executive Challenges

Equal but not equal

Noses in, but fingers out

- Equal fiduciary duty
- Responsible collectively for key decisions
- Do not have equal insights and knowledge
- Bring external insights
- Risk alertness
- Intuition
- Rely on information
- Risk of lack of transparency
- Cannot and should not know the detail
- Limited people contact





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Q and A / Discussion

In context of Personas on Boards



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Bias

Typical Biases likely to be evident



Cognitive Bias

We are biased

If correlate it is a fact, if not, we unfalsify them ...

Oliver Manet (2010) concludes:

- bias in the boardroom is inevitable and frequently underestimated
- bias plays a significant role in board decision-making
- bias particularly undermines the perceived benefits of independent directors
- governance regulation needs to emphasise the effects of bias on decision making
- governance regulation needs to mandate the use of de-biasing procedures.



Cognitive Bias – the way we think

Thinking styles impact how we get to a decision

System One Thinking - Intuitive

- Fast
- Emotional
- Low Effort
- Automatic
- Unconscious

Everyday chores and interactions

Energy efficient, but
Influenced by cognitive biases
impressions, associations, feelings, intentions,
and
preparation for actions flows effortlessly

System Two Thinking - Reflective

- Slow
- Effortful
- Conscious
- Deliberate

Certain characters, certain circumstances

Actions that require more concentration
When stakes are high,
an obvious error or rule based reasoning



- Easy Answer Bias
- Personal Bias
- Good Feeling Bias
- Attachment Bias
- Avoidance Bias
- Reference Bias
- Diversities





Mitigating Bias

After recognising bias presence, need to address

Kahneman, Lovallo and Sibony – Harvard Business Review – “Before you make that big Decision”

Process equally important as content - 12 questions to unearth defects in thinking

- Ask yourself
- Ask the recommender
- Ask about the proposal

Ask Yourself – test if you are influenced

- Check for self-interested biases
- Check for the heuristic effect – fallen in love with ...
- Check for group think – where there some concerns from others

Ask about the Proposal – the content

- Check not overly optimistic – realistic
- Check for disaster neglect – stress tested effectively
- Check for loss aversion – accurate / balanced risk & risk assessment

Ask the Recommender – challenge the proposer

- Check for salience and bias – linked to another success / validation
- Check for confirmation bias – any other alternatives
- Check for availability bias – too easy to sway
- Check for anchoring bias – check the figures, extrapolation or motivation links
- Check the halo effect – correlated influences (of previous success)
- Check the cost fallacy or endowment effect (facts and figures correct ... given clean sheet of paper)



Good Governance

How the FRC guides Directors to address bias

1. Start early to allow time for Board to absorb
 2. Keep information flow boards / management during the process
 3. Define challenge processes within management
 4. (If needed) Commission independent review
 5. (If needed) Seek expert advice
6. Break decision into staged decisions
7. Stage to allow time for reflection
 8. Consider it might be the wrong decision
 9. Find reasons to disagree / challenge
 10. Allocate roles from which to challenge
 11. Introduce the devils advocate
12. Create circuit breakers
 13. Sole Purpose Committee
14. Minute discussions effectively, noting pros and cons
15. Remove management quickly if goes wrong



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Decision Making

How effective decisions are reached



Process versus Outcomes

Good process does not guarantee the right outcome

Good Processes



Good Outcomes

Mediocre
Outcomes

Bad Processes

Bad Outcomes

Delaware Courts
Business Judgement Rule

Have boards:

- taken appropriate steps
- demonstrated reasonable process
- Facilitated good business judgement

Evidence Based Board

- Professional expertise
- Internal organisational data
- Research evidence
- Key stakeholder values and concerns



Decision Making Process

Six “A” Action Steps

1. **asking:** translating a practical issue or problem into an answerable question;
2. **acquiring:** systematically searching for and retrieving the evidence;
3. **appraising:** critically judging the trustworthiness and relevance of the evidence;
4. **aggregating:** weighing and pulling together the evidence;
5. **applying:** incorporating evidence into the decision-making process; and
6. **assessing:** evaluating the outcome of the decision taken.



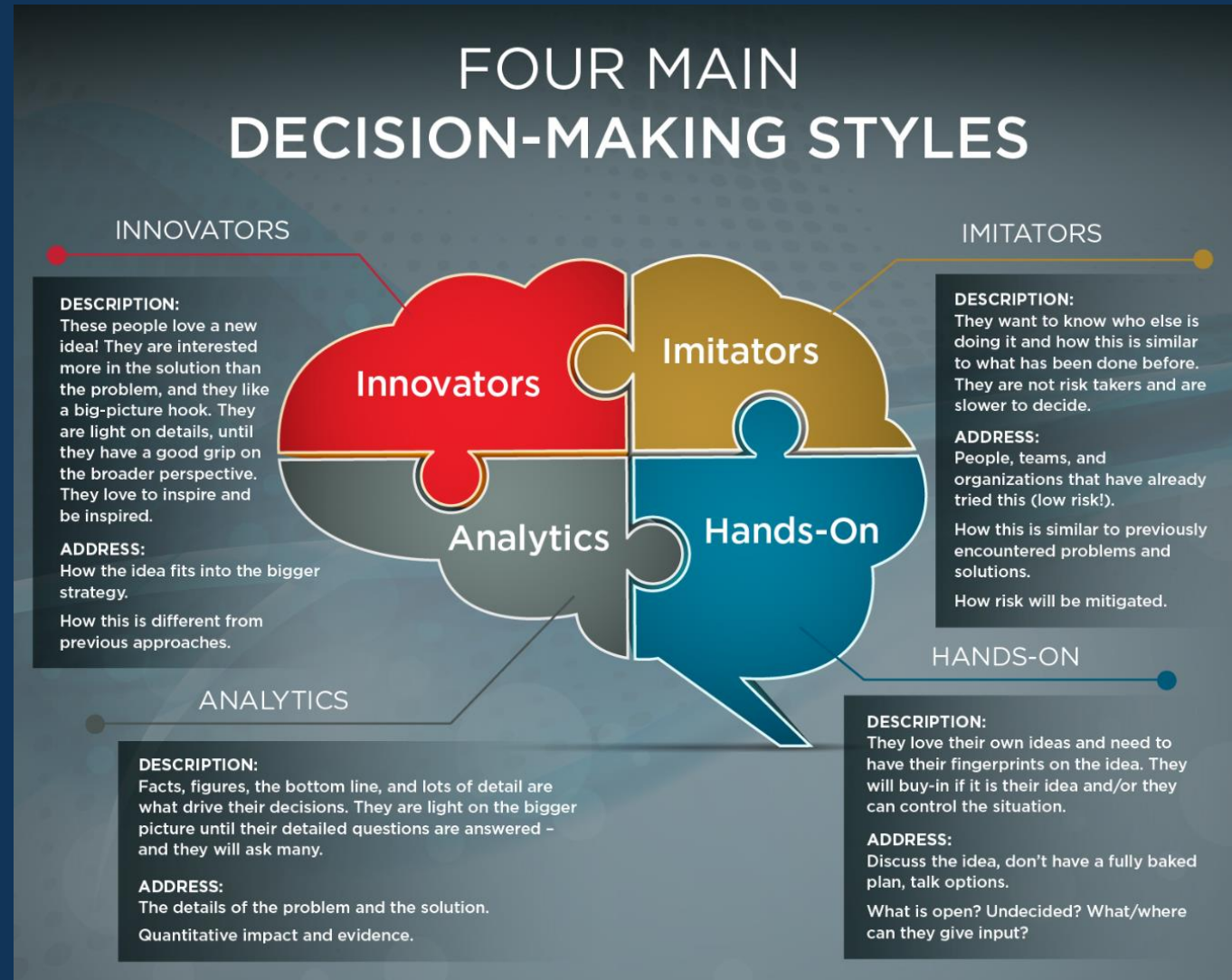


Many Decision Making Style

Where is your comfort zone, where is that of others

This model is adapted from 'Change the Way You persuade' HBR 2002 Williams and Miller

<https://hbr.org/2002/05/change-the-way-you-persuade>





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Habits that deliver bad decisions

Harvard Business Review (Zengler and Folkman)



9 Habits that lead to terrible decision making

1. Laziness
2. Not anticipating the unexpected
3. Indecisiveness
4. Remaining locked into the past
5. Having no strategic alignment
6. Over-dependence
7. Isolation
8. Lack of technical depth
9. Failure to communicate (what, where, when, how – as associated with decisions made)



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Influencing Outcomes

How you can authentically influence, for the right outcome



Genius – Seven Influences upon Directors

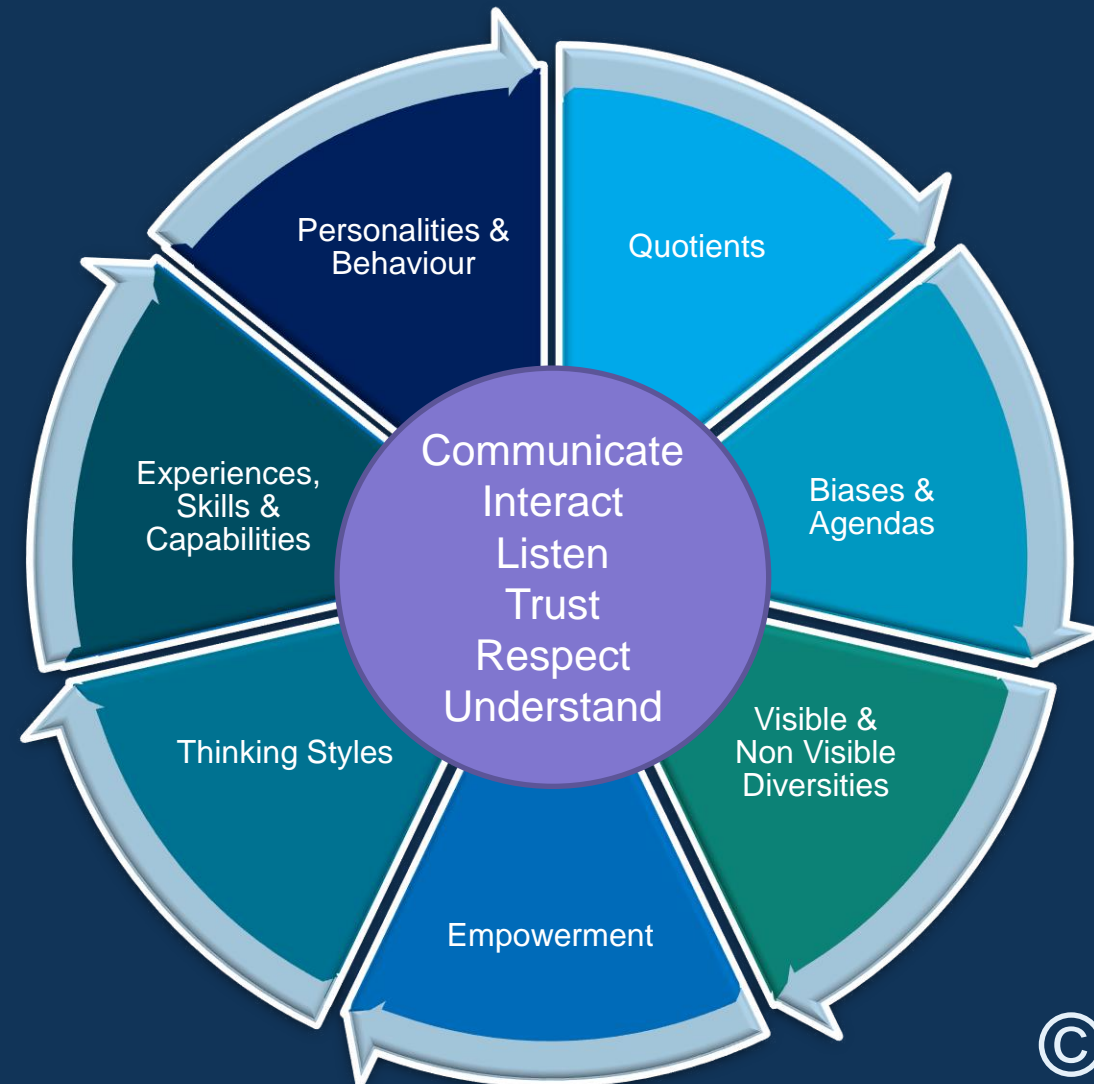
Elements that impact outcomes

The many influences on interaction

- Quotients
- Bias and Agendas
- Diversities
- Empowerment
- Thinking styles
- Experiences, Skills and Capabilities
- Personalities and Behaviour

Plays out between people -

Who should communicate effectively,
Should respect, listen and interact openly
Make an effort to listen and to understand



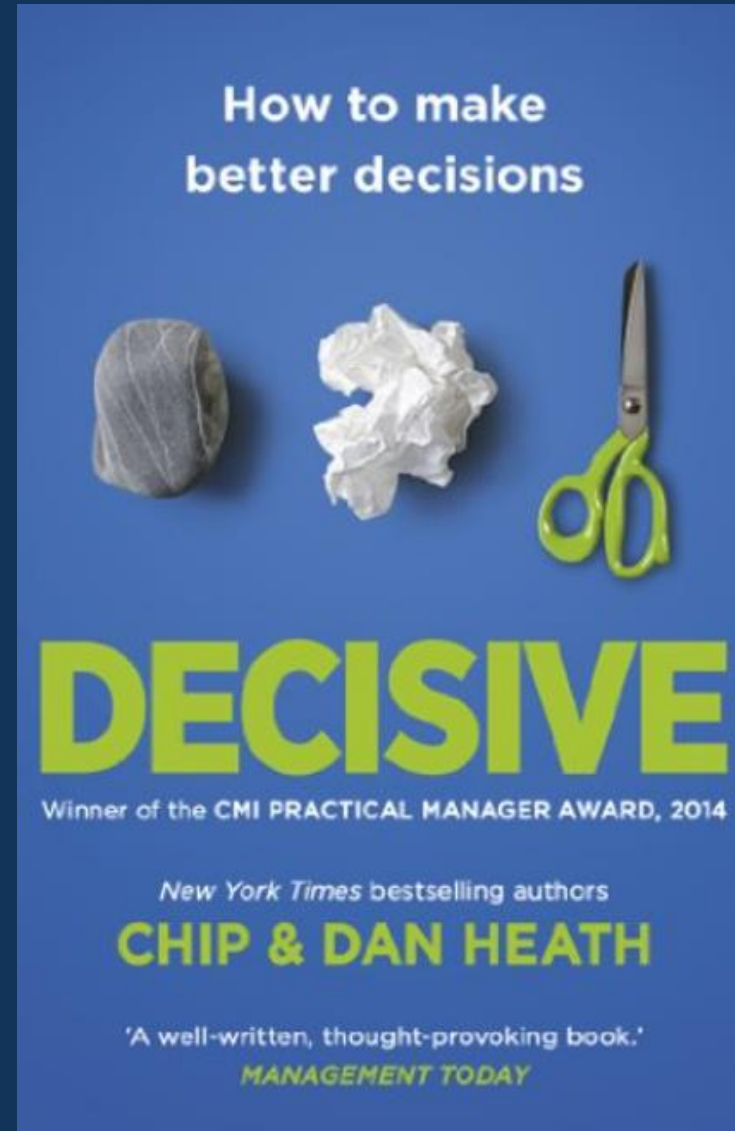


Tripwire Framework

A way to consider your thoughts and actions

Summary - the WRAP Framework

- **W**iden your options
 - 7 tools to break out and expand options – research
- **R**eality test your assumptions
 - 8 tools to fight confirmation bias
- **A**ttain some distance before deciding
 - 6 tools to disrupt short term emotion
- **P**repare to be wrong
 - 6 tools to avoid over confidence – pre & post mortem





Complex Decision Making

At a senior level, no clear right, wrong or consequences

- What are the consequences of all our options?
 - Evidenced based view, analysing winners & losers
- What are my core obligations?
 - Duties and Responsibilities & those in role
- What will work in the world as it is?
 - Practical – will it work in current time
- Who are we?
 - Core values in relation to organisational culture
- What can I live with?
 - Resolve the decision as a human





Q and A / Discussion

In context of Bias, Decision Making and Influencing Outcomes



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Thank you

Further Questions

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