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STRATEGY FOR THE 1990s

Document prepared by THE PLANNING JOINT COMMITTEE OF THE INSTITUTE
OF ACTUARIES AND THE FACULTY OF ACTUARIES
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AND APPROVED BY BOTH COUNCILS

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ABSTRACT

The Institute of Actuaries and the Faculty of Actuaries have embarked on a joint planning exercise with a view to developing a more proactive profession, by focusing the attention and energy of members and ensuring effective use of scarce financial and human resources. 'Strategy for the 1990s' sets the overall framework of key objectives, which were agreed by a historic joint meeting of the Councils of the Institute and the Faculty on 4 March 1991.

KEYWORDS

Strategy; Planning; Co-operation

INTRODUCTION

BY THE CHAIRMAN OF THE COMMITTEE

IN recent years both the Institute of Actuaries and the Faculty of Actuaries have seen significant growth in the number of Fellows. Developments in legislation in most of the fields in which actuaries work have led to ever-increasing demands on actuaries, both in the consulting field and in the employed sector. This has put the education process, and many of the other areas of activity where we rely on time freely given by our members, under considerable pressure and has resulted in the profession being less responsive than ideally it should have been.

Legislative and other changes, and a steady succession of consultation documents from government, E.C. institutions, self-regulatory bodies, other professions, etc. demand time and resources for the profession to give an adequate response. It is not only for the benefit of the actuarial profession that we should respond actively to such proposals and opportunities for consultation, but it is in the public interest that we should do so, in order to ensure that the resulting decision-making is properly informed by a full understanding of the issues, on many of which the actuarial profession is uniquely placed to give a view.

Responding to consultation is not only time-consuming; it may be difficult to respond adequately at all, or difficult to gain general acceptance of our ideas, if

the process is simply one of reacting to proposals put forward. If the profession is to be truly influential in the formulation of public policy, it needs to take a much more proactive and forward-looking stance and to plan ahead so that it can use its resources in the most effective way.

Most actuaries are aware of the difficulty we have over our image. This is partly a result of the small size of the profession and the relatively specialised areas in which we work, giving rise to widespread public ignorance of the role played by actuaries and the importance of the work they do. Unfortunately, even in the fields where actuaries are most active, the profession's image is not always as positive as it should be, and we cannot be complacent about this.

Apart from the question of whether we can be influential in the formulation of public policy unless we are perceived by key outsiders as a significant voice, there is also the question of whether we can continue to recruit an adequate supply of the highest calibre of students into the profession if there is negative feedback to the universities and schools about the profession.

The profession is coming under increasing pressure to develop more and more detailed guidance to members in order to satisfy the requirements of public policy makers and to ensure public confidence in the results of the work done by actuaries. Whilst at the moment this process is associated with a willingness by legislators and officials to place considerable reliance on the role of the profession, for which we must be thankful, there must inevitably be concern about how we handle the mushrooming of professional guidance, the development of practising certificates and the maintenance of a satisfactory disciplinary process in a way which will satisfy the public interest without in any way encouraging actuaries to lose their sense of personal professional responsibility in favour of simply following a rule book.

In all of these areas the actuarial profession in the United Kingdom has been actively addressing the issues. However, the profession must build on previous achievements, firmly take hold of its own destiny and ensure that things move forward in the direction desired, rather than simply responding to events.

The strategy consists of an overall goal for the Institute of Actuaries and the Faculty of Actuaries, described as a Mission Statement, in line with current practice in corporate planning exercises, and a set of strategic aims in each of five areas which have been identified as of key importance to the profession. The Mission Statement encapsulates what it is that the Institute and the Faculty are aiming to achieve and the strategic aims give substance to this in each of the key areas.

The strategic aims have been elaborated into a number of specific objectives, which focus the activity that will be necessary by the Institute and the Faculty in order to achieve the strategic aims.

In the next phase, each committee will take the objectives for which it is responsible and develop an action plan for pursuing those objectives, incorporating more specific goals and targets which the committee plan to achieve, initially within the next three years.

The Councils will need to consider the picture in the round once the more detailed action plans have been proposed, taking into account priorities and resource constraints, both financial and manpower. The agreed plans will then be built into an overall plan for the profession for the next 3 years, which will form the basis for focused action, not only by the Councils and their committees, but by all the members of the two professional bodies.

The Institute and the Faculty will regularly review progress made in meeting the objectives and the specific action plans of committees and will roll those action plans forward as appropriate, revisiting the high level objectives from time to time to ensure that they remain fully up to date and in accordance with the profession's needs and priorities.

Although formal responsibility for implementing the strategy will rest with committees of the Institute and the Faculty, in particular joint committees, and with the two Councils, real success in achieving the overall goal of enhancing the role and reputation of the actuarial profession can only be achieved with the full co-operation and active involvement of all members, young and old, whether qualified or students. It is our hope that members of the profession will identify with what the Councils of the Institute and the Faculty are trying to achieve and will see it as much their responsibility as that of the Councils to work towards high standards of integrity, expertise and relevance in the actuarial advice they give, to participate actively in professional activities, and to promote the influence of the profession and a positive image for the profession to the outside world.

MISSION STATEMENT

To develop the role and enhance the reputation of the actuarial profession in providing expert and relevant solutions to financial and business problems, especially those involving uncertain future events

THE goal of the Institute of Actuaries and the Faculty of Actuaries is both to build up the profession and improve the way others perceive it. The Mission Statement is an objective for the two professional bodies but, if the role and reputation of the profession is really to be enhanced, much of the responsibility for this lies with individual members.

Members of the Institute and of the Faculty have been dealing with financial and business problems for almost 150 years and the role of actuaries is well established in the United Kingdom in certain areas, particularly in respect of life insurance and pensions. However, the expertise of actuaries is not only relevant in these areas; actuaries are also now well established in general insurance and in the investment field. The training and skills of actuaries could also prove their worth in other areas and the profession should be open to such opportunities to extend the boundaries of actuarial involvement.

Actuaries are experts at handling problems of uncertainty, particularly in the financial and business areas. Actuaries are often not themselves responsible for the implementation of solutions to problems, but it is important that they should offer advice which is practical and relevant to the needs of the principal, with the highest standards of professionalism, paying full regard to the interests of a wider public, in particular the members of pension schemes and policyholders of insurance companies, who rely on actuaries for their financial security. In order to provide relevant solutions actuaries must be much more than simply good technicians.

In order to achieve their corporate goal, the Institute and the Faculty must in particular address five areas of activity:

- standards,
- education,
- professional development,
- standing,
- influence.

In each of these areas a strategic aim is backed up by a strategy in terms of more specific objectives, as described in the pages which follow.

STANDARDS

STRATEGIC AIM

To achieve the highest professional standards of integrity, expertise and relevance in the giving of actuarial advice

IN order to achieve this aim, we shall adopt the following strategic objectives:

1. We shall promote and assist in the development of professionalism and professional standards amongst actuaries in the United Kingdom.

At the centre of all that we are doing is the need to encourage and promote the professionalism of actuaries who are members of the Institute of Actuaries and the Faculty of Actuaries and to ensure that high professional standards are achieved by all.

2. We shall maintain high standards of conduct and, where appropriate, develop and renew professional guidance which will support members in their work, serve the public interest and maintain public confidence in the profession without diminishing personal professional responsibility.

The fundamental objective is to maintain high standards. In so far as it is necessary to do this by means of guidance notes, we must ensure that they are appropriate, and that they do not lead to an undesirable erosion of personal professional responsibility.

The process of reviewing and considering new guidance should go on all the time, having regard to experience in operating guidance, the emergence of newly perceived areas where guidance would be of benefit and the need to anticipate future problems. Guidance provides professional support for members, but should also be seen from the point of view of the public interest and the need to maintain public confidence in the profession.

3. We shall keep up to date the disciplinary process and implement it fairly and efficiently.

A fair and efficient disciplinary process is needed to support the objective of maintaining high standards, and is essential to ensure public confidence in the profession. It is important for the Institute and the Faculty to monitor the operation of the disciplinary process, to bring forward cases when it seems appropriate to do so and to ensure that both members and the public can have confidence in a firm but fair application of the disciplinary arrangements.

4. We shall promote and assist in the development of professionalism and professional standards amongst actuaries in other countries around the world.

The Institute of Actuaries and the Faculty of Actuaries both have members in many countries around the world and an interest in maintaining professional

standards amongst those members, particularly in countries without well-established national actuarial associations, even though they may be operating within very different environments. As the two oldest national associations of actuaries in the world, with a long tradition of professional standards, the Institute and the Faculty also have a responsibility to assist, where appropriate, in the development of professional standards in other actuarial associations, including promoting the development of professionalism in the forum of the International Actuarial Association, AFIR, ASTIN and, in the E.C., the Groupe Consultatif.

EDUCATION

STRATEGIC AIM

To maintain the high educational standards necessary for the exercise of the profession and to promote research and the extension of relevant knowledge

In order to achieve this aim, we shall adopt the following strategic objectives:

- 1. We shall develop and implement suitable admission standards and a modern and effective system of training and examining actuaries, to ensure the continuance of high standards and effective use of resources in producing an appropriate supply of qualified actuaries.**

Good arrangements for training and examining actuaries could be seen as a step on the way to producing members of the profession with the highest standards of integrity, expertise and relevance. The role of the Institute and the Faculty in educating actuaries and in setting the standards for admission as Fellows makes education a very important topic in its own right, although its ultimate objective must always be kept in view.

A key strategy for the 1990s must be to introduce a modern and effective system of educating actuaries, which will be good from an educational point of view, but also effective in its use of human and financial resources. The standards set must be high, in order to ensure that qualified actuaries do have the necessary expertise to give advice, and to protect those who will rely on their advice, but standards should not be set unnecessarily high merely as an obstacle to entry, but only at a level consistent with what is necessary for the exercise of the profession.

- 2. We shall develop and implement a modern and effective system of continuing professional education in order to maintain high standards in the profession.**

The education of an actuary cannot be considered to be complete once the Fellowship examinations have been passed. Actuaries need continually to update and renew their knowledge and extend the boundaries of their expertise. The initial training and examinations demonstrate suitability to become an actuary and lay the foundations, but the matters dealt with by actuaries are much too

diverse and complex for them all to be covered adequately, or in some cases at all, in the initial training.

3. We shall promote research, ensure the dissemination of the results of research and encourage professional discussion.

A profession that is not always moving forward and extending the boundaries of knowledge will tend to stagnate. Whilst much research will be initiated by individuals, or arise out of the requirements of employers or clients, the research efforts of the profession need to be directed and co-ordinated, topics for future research need to be identified, research activities encouraged and the results of research promulgated and discussed.

Research and opportunities for professional discussion should not be restricted to traditional areas of actuarial involvement. The profession can learn from research carried out in other fields, often by non-actuaries, and must always be looking out for new problems and new areas where an actuarial approach would be of value.

4. We shall assist as appropriate in the development of actuarial education in other countries.

With the development of a new objective-based syllabus for the Institute examinations, and parallel developments in the Faculty, there have already been discussions within the Groupe Consultatif in the E.C. on the education of actuaries. A number of possibilities are being explored for adapting the Institute and the Faculty tuition material and examinations to the circumstances of countries outside the United Kingdom. There is also likely to be increasing interest in defining an internationally recognised core of actuarial knowledge.

Different opportunities are presenting themselves in Eastern Europe, with the emergence of new insurance industries and an urgent need for assistance from established actuarial professions to train the actuaries of the future and to assist in the building up of healthy insurance operations.

PROFESSIONAL DEVELOPMENT

STRATEGIC AIM

To encourage and promote professional and related personal development of members

IN order to achieve this aim, we shall adopt the following strategic objectives:

1. We shall promote a balanced and comprehensive programme to encourage professional and related personal development of members.

Professional and personal development involves not only education in actuarial topics, the development of a sense of professionalism and professional

ethics, but also personal development in a wider sense, to include management skills, communication and language skills and skills in related fields, such as computing, accountancy, law, etc. Whilst such topics cannot form part of the initial training of actuaries, nor will they necessarily be a requirement for continuing professional education, the health of the profession and its ability to promote a positive image and influence the future courses of events, will depend on individual members developing their potential and realising it through the use of such skills.

2. We shall encourage the participation of all members in professional education, working parties, research or other activities.

Personal development can perhaps best be achieved by involvement in the activities of the profession, particularly in working parties, Council and its committees, regional actuarial societies and educational activities such as tuition and examination. Participation in continuing professional education is also of key importance to personal and professional development. These activities are for everybody in the profession, but particular attention needs to be paid to involving the younger members and ensuring equal opportunities for all. Personal development of this sort will not only be of benefit to individuals but will contribute to the development of the profession.

3. We shall develop improved communications and encourage and promote personal contacts within the profession.

An active profession needs to pay particular attention to communications with members and between members. The small size of the profession can be an advantage in this respect, but there is no cause for complacency as there is room for considerable improvement in our communications. *The Actuary* is proving an important vehicle for communication and we should build on its early successes. Dining clubs, the various actuarial and students' societies and the broadening range of meetings and seminars all have a role to play.

4. We shall develop improved communications and encourage and promote personal contacts with members of other professions.

We have much to learn from other professions with whom we frequently come into contact, such as lawyers and accountants. Increased opportunities for personal contact, as a result of better communication between the professions, will contribute greatly to professional development.

5. We shall develop improved communications and encourage and promote personal contacts with actuaries from other countries, in particular from the E.C.

In an increasingly international environment, it is not only important for the profession, but also for the personal development of members, that there should

be a greater level of contact with actuaries from other countries, including participation in international meetings, as well as individual visits and exchanges and participation in each other's meetings.

STANDING

STRATEGIC AIM

To raise awareness, understanding and esteem of the profession and to promote a positive image

In order to achieve this aim, we shall adopt the following strategic objectives:

- 1. We shall concentrate more effort and resources on publicising the profession in schools and higher education institutions, with a view to giving a positive image of the profession and ensuring an appropriate supply of new recruits.**

In order to ensure a steady supply of new actuaries, a key question for the profession is the way in which we are perceived in schools and particularly in universities and higher education institutions, from which the future supply of new actuaries will come. This is part of a general image problem for the profession, but one which needs to be particularly targeted. Cooperation between the Institute and the Faculty should be maintained and developed.

- 2. We shall adopt a focused approach to improving communications and developing awareness and understanding of the profession.**

The report *A Marketing Audit of the Actuarial Profession* by the Faculty of Actuaries Marketing Research Group indicated some of the shortcomings in public awareness of our profession, both in terms of lack of knowledge and negative image. The specialised nature of actuarial work makes it impractical for us to seek to raise awareness among the public at large, but improved awareness and a better image amongst targeted sections of the population, including the press, legislators, pension fund trustees, insurance company directors and executives, other professions and those working in the financial sector, would be desirable. Better communications within the profession, and understanding of the role of the Councils and their committees, will contribute to this objective.

- 3. We shall promote the standing of the profession in the United Kingdom and in other countries, particularly within the E.C.**

Although in some respects actuaries in the United Kingdom already enjoy a high standing, recognition of the important role of actuaries and the valuable contribution they can make is not widespread. Much work is needed to build up the reputation of the profession in areas where actuaries are not so well established. The role of the Institute as a Recognised Professional Body under the Financial Services Act 1986 is helpful in emphasising to a wider audience in

the investment field that actuaries have an important contribution to make. The need to promote the standing of the profession is even greater in a number of other E.C. countries, where actuaries tend to be regarded much more as technicians and do not have an acknowledged role in the financial management of insurance enterprises or pension funds.

INFLUENCE

STRATEGIC AIM

To promote the influence of the profession in all areas where actuarial opinions would be of value

IN order to achieve this aim, we shall adopt the following strategic objectives:

1. We shall seek to influence future legislative and other developments in the United Kingdom in the fields where actuarial opinions would be of value.

There is much that the actuarial profession can contribute to the wider public interest in the development of future legislation, accounting standards, etc., not only through commenting on well formulated proposals, but by influencing them in their early stages. This is a task for the individual subject committees, involving the identification of current and future issues, the establishment of machinery within the profession to address the issues and then the management of an appropriate strategy to ensure that the profession's views are made known and heard by key organisations and people.

2. We shall seek to influence future legislative and other developments in the E.C. in the fields where actuaries can contribute.

Legislative and other developments in the U.K. are increasingly the result of activity in Brussels and Strasbourg. If we are to influence the future course of events, we must ensure that the actuarial voice is heard within the institutions of the E.C.

3. We shall seek to influence other people, especially in other professions, in government and in key industry bodies.

Ensuring that our voice is heard and that actuarial views are taken into account depends fundamentally on good communication with those in key positions to formulate policy and develop strategy. Better contacts need to be developed with appropriate government departments and relevant industry bodies and professions.

Part of our strategy of seeking to influence the wider community will involve arranging meetings aimed not so much at the profession but at those outside it. Such meetings could be at a variety of different levels and for a variety of different audiences.

4. We shall work actively to educate and influence journalists to a better understanding of the actuarial contribution.

Although journalists do not create policy and take decisions regarding future legislation and other developments, they can be very influential in determining the direction in which matters develop. The profession needs to concentrate resources on improving communication with journalists, educating them in an actuarial approach to issues and in the important contribution that can be made by actuaries to particular topics, in the expectation that better informed articles will result with consequent benefits in terms of influencing the course of events.

ABSTRACT OF THE DISCUSSION

Mr C. D. Daykin (introducing the paper): The job of the Planning Joint Committee was to produce a strategic plan for the two professional bodies, the Institute and the Faculty, which would help to lead us forward into a more proactive way of carrying out our affairs. The idea was first to determine succinctly what the mission of the Institute and the Faculty was, then to set some strategic aims and objectives, and then to go on to determine some action plans at a much greater level of detail. We have not reached the final stage yet, but we now have the Mission Statement which has been proposed, together with the strategic aims and objectives. These were considered by a joint meeting of the Faculty and Institute Councils which took place at York on 4 March 1991. Subsequently the two Councils approved this document for circulation to the members.

The Mission Statement is a key to the process. It is difficult to construct such a statement which will both be succinct and also convey all the messages that we want to convey. Our statement has a number of components:

- (1) In terms of the role and reputation of the profession, we are concerned about both the internal activity of the professional bodies and their external activity. Internally we must build up and equip the profession for its task. At the same time externally we must send the right signals to the public and, importantly, make sure that they are correctly received.
- (2) We want to be seen as experts. In order to do that our work must not only be of a high quality, but must also be practical and relevant. So we have a group of points relating to expertise and relevance.
- (3) We wanted to incorporate within the Mission Statement our idea of what actuaries do—the essence of actuarial activity. We felt that the key points were that we, as actuaries, seek to make useful statements about the future, both short and long term; that we have a particular interest in addressing the issue of uncertainty; and that we have our emphasis placed firmly in the area of financial and business problems.

Having derived a Mission Statement, we then sought to identify areas of activity of the profession where we should have some strategic objectives. The five areas which were identified were: standards; education; professional development of individual actuaries; standing and influence.

The question of standards, we felt, had the highest priority. Our aim is to achieve the highest professional standards of integrity, expertise and relevance in the giving of actuarial advice. We have broken that down into two separate items. The first is to develop the whole concept of professionalism within the actuarial field. One aspect of this is the way in which we give guidance to our members—not too much and not too little—and the way in which that is transmitted. We also have a responsibility as one of the oldest actuarial professional bodies to promulgate the idea of professionalism worldwide. The other is the question of discipline; whether we mean what we say about guidance and standards and whether it is seen both by members and those outside that we do.

In the education field we want to maintain high educational standards and to promote research and the extension of relevant knowledge. Here again we have a number of sub-items. Key among them is the objective to develop a modern and effective system of training. That is at the heart of current activity taking place in the education strategy field. Another sub-item is education after qualification, including continuing professional education, research, and assisting actuarial education in other countries where actuarial thought is only just getting off the ground.

The personal and professional development of individual members of the profession is the third of our main areas. To some extent this overlaps continuing professional education. However, it is not just an education issue, it is the whole way in which we as individuals and as professionals are developed. The role for the professional bodies is in developing a balanced and comprehensive programme of activities, in encouraging members to participate in all the activities of the profession, in improving communications with members and between members and in improving contacts with other professions and internationally with other actuaries.

Looking outwards, it is important that we establish the standing of the actuarial profession, not

just out of self-interest, but out of the public interest. A key objective is to raise awareness, understanding and the esteem of the profession, and to promote a positive image. We need to focus awareness on particular groups, for example, schools and higher educational institutions, and we need generally to promote the profession's standing in the eyes of the public.

It is important to promote the influence of the profession, not just its standing, in all areas where actuarial opinions would be of value. Here we are thinking not only of the public policy process of legislation, but also of bodies like the Securities and Investments Board, the Association of British Insurers and the National Association of Pension Funds. In all these bodies where public pronouncements may be made the actuarial profession should be exercising influence in areas where it has expertise, not only in the United Kingdom but also in the E.C. We need to focus on informing and influencing key people in society and educating journalists.

The Councils of the Institute and the Faculty have closely identified themselves with the desire to move forward with this strategy and to convert it into a real working strategy through the development of more detailed action plans. That process will be informed and assisted by the contributions of members taking part in debates, such as this one.

Mr P. B. Harris (opening the discussion): Many of us will, at some stage in our careers, have spent time in the planning function of our companies. I think we would all agree that it is essential to have a clear view as to where an organisation is aiming. Only with that clear view can the detailed planning take place, and, in many respects, it is that stage which will determine success or failure. As has been said, "If you do not know where you are going . . . any route will take you there"! Consequently, the setting out and publishing of the Mission Statement and strategic aims for the profession must be beneficial.

My first problem comes because I have the feeling that the Mission Statement, strategic aims and indeed many of the strategic objectives, could have been written with exactly the same words at any time in the 15 years since I joined the profession. That is not necessarily a bad thing, but it does not fill me with confidence that the Strategy for the 1990s will lead to the correction of the deficiencies set out in the introductory section of the document. The links are there. For example, in the introductory section of the document there is a statement: "... the profession being less responsive than ideally it should have been". That can be related to the strategic objectives under the aim covering influence: "We shall seek to influence . . . We shall work actively . . .", but only in a very few places can you find the how-- that is, what it is that we shall be doing differently tomorrow to what we are doing today.

I found the document confusing in many places. It should start with a definition of the terms used. Strategy is usually defined as the broad actions by which objectives will be achieved, but the term strategic objective is not one that I find in common usage.

I believe that there are six elements to the role of business strategy:

- (i) to provide purpose to the enterprise;
- (ii) to give a sense of long-term direction;
- (iii) to set the goals to be achieved and the means of achieving them;
- (iv) to provide a measure for success;
- (v) to gain commitment through the organisation; and
- (vi) to inform the actions that need to be taken.

It is against these six elements that I will test the strategy. First, let us consider the Mission Statement:

"To develop the role and enhance the reputation of the actuarial profession in providing expert and relevant solutions to financial and business problems, especially those involving uncertain future events."

That statement does provide a purpose to the enterprise, but it does not give a sense of long-term direction, because it is so inward-looking. We should be a live organisation, and there should be references to the customer. As written, it is not possible to determine when it has been achieved. The total absence of numbers from the strategy document can be considered an omission, especially given our numeric background and training.

How about revising the Mission Statement along the lines of:

"To have by 1995 the actuarial profession recognised by $X\%$ of those confronted by financial problems involving uncertain future events, and in so doing be recognised as the appropriate body to refer to."

My Mission Statement is not as easy to achieve as the current proposal, and it will require market research in establishing the target market and measuring our success against that, but at least it will enable us to measure our progress.

The third of the elements to test the strategy against relates to the setting of goals and the means of achieving those goals. We are told that committees will take objectives for which they are responsible and develop action plans, but, if the strategy is to be successful, we have to be confident at the outset that we can achieve our aims. The additional time required, the additional resources in terms of finance and abilities, will not appear overnight. The strategy is stated as being for the 1990s—this is a long period. I believe that we should prioritise our goals and make sure that the resources available tackle those key objectives in the early period.

The next element of my test is: "to provide a measure for success". Apart from the lack of numeric targets, there are also no timeframes for achievement. The test is also failed because no detail is given of the SWOT analysis. It would be reassuring to see this and to see that the items, especially those in the weaknesses and threats, had been ranked. We would then have an additional measure of success—how many of our current deficiencies have we overcome?

The fifth element of my test concerns the gaining of commitment through the organisation. I wonder, when the committee sit down to build up action plans, whether they will feel ownership of both the overall strategy and, more importantly, the parts that relate directly to them. I sit on one committee and we did a SWOT analysis of ourselves towards the end of last year which was input to this work. Our involvement since that time has been virtually non-existent.

By being open with the strategy document, all members have an opportunity to contribute. However, in the final analysis, success for the profession will only come if all members are prepared to co-operate and be fully involved. Earlier involvement in the formulation of the strategy by more members may have quickened the process of ownership and commitment.

The final test covers informing the actions that need to be taken. The document will provide some help for the committees, but I believe that we must get more specific goals and targets into the high level statements.

The format of the document is too long. For example, there are 20 strategic objectives. I believe that we would have a much tighter strategy by reducing the strategic aims to three, covering marketing, the role of the individual and professionalism. There would be a corresponding reduction in the number of objectives which should be prioritised and quantified where possible. That will help in building together a set of integrated plans.

I realise that I have been somewhat critical. The document represents a good start, but there is much that could be done to tighten it up and to enable it to pass the test that I set out. That need not take much time. I suggest that the most time-consuming task will be in making our strategy more outward-looking and determining suitable measures of success. With that caveat, I think we can move quickly to agreeing the strategy and building up the actions that we must achieve, so that all of us can play our parts in increasing the standing of the profession.

Mr A. Neill: Two days after I was propelled into the Faculty presidency, following the tragic death of Jim Souness, I visited Staple Inn. It was agreed then that the logical way forward was to have a joint meeting of the Institute and Faculty Councils, perhaps symbolically at York—in England, but halfway to London.

This gave us unique results—a united desire to go forward together on the planning exercise, and a determination that we should try very hard to get our education systems closer together, starting from the position that they should be the same unless there was something of real importance that prevented it. The previous approach seemed to be to get together if both bodies happened independently to come to the same opinion—which was always unlikely. We have always co-

operated very well in some things in education—perhaps some of you might like to cast your minds back to how often FFA appeared on the title page of the text books that you studied as students.

Some people north of the Border, as well as some of the exiles, are worried that this exercise is going to finish with the Faculty being absorbed by the Institute. This rather assumes that the Institute wants to take over the Faculty, which is a very open question. Does the Institute really want a lot of unruly Scots? Incidentally, a reverse takeover might be better. Our Royal Charter is much better than yours.

My position is that, if the logical result of our considerations is that there be an amalgamation of the two bodies, then so be it. There is a precedent for such an amalgamation. In 1949 the Actuarial Society of America and the American Institute of Actuaries amalgamated to form the Society of Actuaries, following a period of mainly common examinations. However, I doubt that amalgamation will be the logical outcome. I think we need both bodies, co-operating as much as possible on such things as planning and education.

Ms D. S. Lewis: The final paragraph of the introductory section of the document says that real success can only be achieved with the full co-operation and active involvement of all members, whether qualified or students. Many of the members who cannot be here are students. What could be a more inappropriate date to discuss their future than the eve of the examinations session?

Mr T. S. Shucksmith: I cannot judge whether the strategy document is the work of planning experts or the result of recent attendance at a course on corporate planning. Whilst the authors are clearly aware that any plan needs to be diligently applied and followed up to have any chance of success, I doubt whether it will achieve any worthwhile difference. The sources of the malaise referred to in the introductory section of the document are, I believe, only to be found in deeper and more philosophical thought.

One area which should receive further thought is morality and ethics, and the ethos of the profession. I discern a growing attitude of unbridled commerciality among actuaries. If something is profitable and it does not break any obvious rules, or we can get away with it, then it is all right. As actuaries we are privileged in society, and we have a duty to set a good example in terms of our conduct. If we behave with scant regard for moral standards, can we be surprised at rising crime and declining standards of conduct in others? In making these remarks, please do not think that I am presenting myself as a paragon of virtue. This is a problem in which I am equally involved.

I take issue with the Mission Statement phrase 'expert and relevant solutions'. There may be dangers in understating the contribution which actuaries can make, but I think the dangers are even greater of misrepresenting the nature of our contribution. Actuaries may solve equations, but I doubt whether we ever solve a problem. It is wrong to suggest that an actuary's opinion or recommended course of action is absolutely right. Whilst a worthy aim, we must remember that it is impossible to extract certainty from uncertainty.

The words 'expert' and 'relevant' are buzz words which add little or nothing to the statement. Almost by definition we are experts in actuarial methods, and whether our opinions or prescriptions are authoritative depends not a little on the susceptibility of the problem to actuarial methods. As far as 'relevance' is concerned, what I suggest is important is that we should be practical.

Rather than just criticise, I will make an alternative suggestion relating to the wording of the heart of the matter, as follows:

"To develop the role and enhance the reputation of the profession in applying actuarial methods of analysis to appropriate problems as a basis for giving sensible opinions and recommending practical courses of action, in particular relating to the mitigation of the effects of uncertain future events."

Mr J. Bragg (a visitor): I am from Atlanta, Georgia. A similar examination to this one is going on in North America. It looks like you have a statement of principles which is very good, and now you are going to have to get on to the action plans.

One phrase from the Mission Statement came to my attention: "to extend the boundaries of

actuarial involvement". That is a great statement that we all have to work on on both sides of the Atlantic.

Mr J. Goford (in a written contribution which was read to the meeting): I have one serious problem with the Mission Statement; the phrase "providing . . . solutions to . . . problems" is misleading and confusing.

Most of what actuaries do is advisory. As the third paragraph under the Mission Statement says, "actuaries are often not themselves responsible for the implementation of solutions to problems . . .". Most of what actuaries do is not providing solutions to problems, but providing expert and relevant answers to financial and business questions which are also relevant to the problems of the principal. To understand this process is the key to the relationship between principal and adviser. The principal has a problem: he or she must own it. The problem cannot be taken on by the adviser. Only the principal can provide the solution. The adviser can, however, do four things: help the principal understand his or her problem; help define the questions which are relevant to the problem; answer these questions and help the principal apply the answers to the solution of the problem. Note that the problem and the solution stay with the principal. This may all sound like semantics, but it is very important, especially for young actuaries, to understand the process of being a professional adviser.

The other reason why the words are important is that I would like to see the actuarial profession gain wider acceptance in the commercial field for doing precisely what the Mission Statement says—solving problems and then implementing solutions. At present the Institute does not train actuaries to solve problems. We train people to answer questions, and exercise judgement in the process. We cannot claim, as a profession, that we train people to supply solutions to problems. Those actuaries who do solve problems have acquired the capability to do so outside the profession.

I would like to see actuaries looking for training in this area, or at least the organisation of the training, and also looking to the Institute to provide the forum for the exchange of views and case studies which help in acquiring the capability to solve problems. Because, at present, we cannot claim to train actuaries to provide solutions to problems, we should not say that actuaries can do so. The Mission Statement is a fine goal for 15 to 20 years' time. In the meantime, we should progress in two ways: by providing expert and relevant answers to financial and business questions in fields inside and outside our current province, and by starting the training for actuaries to help them solve problems within our current province.

Mr B. R. P. Joseph: I was attracted to the actuarial profession by its professional standing and by the opportunity to solve problems. The current exercises engaged in by the profession, both by the Joint Planning Committee and by the Educational Standards Working Party, are adding to the stature of the profession.

There are, however, several items which seem to have been forgotten by the more senior members of the profession in their deliberations. One is the timing of this meeting, which has excluded the vast majority of our student members. Another is working parties, which seem to appear, but I have no idea what subjects they cover and who are their members. The future of the profession lies with its younger members, who should be encouraged to participate in working party research, but the current system of selection by the Institute does not encourage this.

Then there are the presidential elections. The Council appoints the President, who in the Presidential Address sets out the strategy for his term of office. Perhaps it would be more useful to members of the profession if those eligible for the post of President set out their strategies and what they see as important, and the membership has a chance to decide.

Finally, I question the need for two professional bodies of actuaries within the U.K. The U.K. is a very small country with a strong background in the development of actuarial ideas and thought. However, the profession would be better served by speaking with a single voice. It must surely be a waste of resources to have two separate examination systems tying up many examiners and tutors. The exclusion of non-life insurance from the Faculty syllabus seems evidence of an anomaly, especially as the Lloyd's bye-laws define an actuary to be a Fellow of the Institute or the Faculty.

The President (Mr H. H. Scurfield): Regarding the two bodies, it seems to me that the right thing to do at this stage is to look together at the various issues, rather than raise the emotive question 'shall we get together?' On education, the Faculty have agreed to bring in non-life insurance, and we are working together with the Faculty at one system of examinations, at least for the earlier subjects.

Sir Edward Johnston, K.B.E., C.B.: I welcome the comments that the Institute and the Faculty are working together, that this is a joint exercise, obviously intended to continue as one, and that there has been an historic joint meeting of the Councils in York.

Having had some experience of Council responsibility, and also counting myself as a long-time friend and admirer of the Scottish part of the profession, for most of the functions which it is necessary for professional bodies to perform, to have two bodies performing virtually identical functions in the U.K. is a clog on our effectiveness and on our efficiency. Both of these need to be maximised if we are to realise the Mission Statement. However, I do not see any reason why a merged body, undertaking many of the functions of the Institute and the Faculty, needs to be called the Institute, nor to have its headquarters in London, nor to keep on Staple Inn, which is not particularly useful as the modern conference centre which we need nowadays.

It is a platitude that one should try to keep and build on the things one has only if they have value for the future. That is very easy to say. It is much more difficult to put even platitudes into practice. I submit that now is the time to try.

Professor S. Benjamin: Any Mission Statement is bound to look like "we want to be good and we want to do good". However, serving the public interest should have much greater prominence than it does in this document, where it appears as a subsidiary sentence in one of the paragraphs.

One of the weaknesses of being a small profession is that, by and large, we do not have time to explore beforehand subjects of coming interest to the community, to prepare ourselves for them, and to comment proactively on them. One of the ways in which we could help ourselves—and it may be the only serious way of helping ourselves—is to promote the right sort of university appointments. I suggest that something like 10 establishments at about £60,000 a year, costing £600,000—which would cost about £250 per member—would be an extremely good investment.

The statement tends to emphasise that we give advice to corporations. I do not think that we should ignore the individual, and this brings us to a moral issue. We should emphasise in any advertisement we make to the outside world that, although we spend much of our time giving advice to institutions, a great deal of that advice is given as guardian of the individual's interest.

Mr T. G. Arthur: I have three points to make:

- (1) Recruitment is of crucial importance. Specifically, we have to be concerned with the quality of recruitment, and not just the quantity. If we achieve that, the future is nearly assured.
- (2) Without good and formal monitoring, the plan will fail. Feedback is the breakfast of champions, and, as the opener said, we must have goals, and we must be able to measure progress towards those goals, probably on a monthly basis.
- (3) We must not be over-ambitious in the scope and comprehensiveness of this plan. It is better to do three-quarters of it well than all of it badly. I have just read an article in a journal of economic affairs, reminding us of the Pareto principle, which says that 20% of the input provides 80% of the output. I make a plea for something that in three years' time we will still be attacking with gusto, and which will not have been consigned to the wastepaper basket.

Mr K. Sandom: I suggest that actuaries provide expert advice covering the range of possibilities and their likelihood, as well as relevant solutions to financial and business problems. The word 'likelihood' is better than the word 'probability', because probability has statistical and mathematical meanings and our mission is to communicate to the layman.

It has been said that we are talking about the uncertain future: the future is uncertain anyway.

Mrs C. M. Prime: If we are to be a pragmatic profession in a fast-changing world, we have to go further than Mr Shucksmith's suggestion about mitigating uncertainty. This would not be perceived by the public as something really helpful to the community.

I defend the words that we are providing expert and relevant solutions. This does not mean that the solutions are unqualified. It does not mean that they cannot be communicated to the public in a way which makes them understand that, when changes take place, the solutions will change as well.

Everything we know is uncertain, what we do is to reduce the probability of an unfavourable outcome. From this point the job is one of communication, to reduce this message to language which can be understood by our clients and our public.

Mr G. Heywood, M.B.E.: The image of our profession and its expansion into various fields is something which has interested me during the whole of my professional career, and I have tried to do everything I could to enhance these two areas. In reading the Mission Statement, I was encouraged by three facts:

- (1) For the first time in this area, the Institute and the Faculty have set up a Planning Joint Committee and are working together. We are still a small profession, in spite of the increase in numbers in recent years, and this co-operation can only be very much in the interests of all of us.
- (2) Although criticisms have been made of it by the opener, this is an in-depth document. It is planned to be put into practice in two stages over two periods of three years, and it seems to me to be a very serious study of the problem.
- (3) The committee are endeavouring to bring members of the profession into discussions by meetings through the many provincial actuarial societies which we have in this country.

The subject is by no means new. It was referred to as long ago as 1926, in a paper by Fred Menzler called, 'The Proposed Extension of Professional Scope' (*J.I.A.* 57, 58) which was discussed at a special meeting rather than at an ordinary sessional meeting. As a result of the paper, the Council set up a high-powered committee. It made a number of recommendations of which several are of interest. One recommendation was to appoint a permanent committee charged, among other things, to keep in touch with developments of other bodies, such as the Royal Statistical Society, the Chartered Insurance Institute, the Institute of Chartered Accountants, and so on. Another was to advertise Institute publications in suitable professional and trade journals, and to secure inclusion in the *Public Schools' Yearbook* of an adequate description of the actuarial profession. A third one was to have a *Yearbook*, and the last one I will quote was to have an annual dinner. That resulted in our biennial dinners, which now form an essential part of our calendar. The first biennial dinner's principal guest was Winston Churchill, who was then Chancellor of the Exchequer.

In spite of the good intentions of 1926, and in spite of constant prodding by Menzler during the remainder of his lifetime, little progress was made. It is true that we expanded into the Stock Exchange, to some extent into statistics, and also into industry, but into non-life insurance hardly at all, and not at all into other areas.

In 1972 the theme of my Presidential Address (*J.I.A.* 99, 1) was the widening of our field of activity, elevating the scope of the profession, and thereby bringing to the notice of the public the activities with which we are concerned and the services which we are able to provide. The same theme yet again. I moved on in that address to discuss closer liaison with Governments, other professions, industry, the press, the public and finally overseas.

What did we do in 1972? We set up the Public Relations Committee. We decided to have a dinner; and so the President's dinner, which takes place in the years between the biennial dinners, came into being. The purpose was to carry out the very ideas that we are talking about here.

Since 1972 we have not progressed anything like as far as I had hoped. As a result, we have a third committee looking at the subject yet again. I am encouraged by this latest committee, because of the co-operation with the Faculty, the in-depth study and the participation by members of the profession. When the 21st century dawns I hope we do not have a fourth committee set up to look at this problem once again.

Mr R. D. Corley: I welcome the strategy, and align myself with those who say that a plan is no use until something happens that otherwise would not have happened.

I would like to take up the side issue of whether the Institute and the Faculty should amalgamate. This came up quite forcefully during my term as President, because the Councils of the Institute of Chartered Accountants in England and Wales, and the Institute of Chartered Accountants of Scotland proposed that those bodies should merge. W. M. Morrison, who was then President of the Faculty, and I sat down together and looked at all the reasons for merging set out in their paper. We decided that between us we had already secured all the co-operation that they were hoping to achieve by merging. The English and Welsh voted for merging, the Scots voted against it, and so they still have not merged. You might find the same result if a merger were proposed for actuarial bodies.

I should like to emphasise that the co-operation between the Institute and the Faculty is much greater than anybody at this meeting has acknowledged. All our most important outward-looking committees are joint committees and they make joint statements for the two bodies. It is only for a few domestic matters that we act as separate bodies. Even for those, and particularly for the ones relating to education, we are now looking to see whether we cannot get some advantage from a pooling of resources.

It is natural that this question of merging comes up at a time when the subscriptions are being increased. We have considered this before, perhaps not in great depth, and concluded that there was not much chance of getting subscriptions significantly lower by merging the two bodies.

The positive side of maintaining two bodies is the energy that exists in Edinburgh. As one who had to try to get the maximum amount of work out of actuarial volunteers, I became aware of the huge debt which the Institute bears towards the Faculty and their energy. For example, it is commonplace for anybody who chairs a joint committee to find that a note written round to the members gets a reply from Scotland by return, and from England within a week or two. The amount of effort made in Edinburgh to maintain a full professional body is very substantial, and is a great addition to the strength of the profession as a whole.

I have visited regional societies, and although there are many good actuaries in the English regions, overall they do not contribute as much to the profession as those centred in Scotland. The Institute would destroy something if it were to cause Edinburgh to turn into just another regional centre. I would advise those looking for an amalgamation to pause and think carefully.

Mr M. C. H. Gallen: It is important that objectives be clearly linked to real actions whose success can be measured. The objectives which have been expressed can, over time, be refined so that this can happen.

The introductory section of the document calls upon all the members to be actively involved in giving full co-operation in attaining these aims, yet it does not specifically say that the action plans will be rolled out to the members to focus their activities in the best way possible. I suggest that it would be helpful to do so.

Mr R. Frankland: In the section on 'Standing' the comment is made that "The need to promote the standing of the profession is even greater in a number of other E.C. countries, where actuaries tend to be regarded much more as technicians . . .". I suggest that, outside of the insurance industry, that criticism is equally true of the profession in the U.K. In a recent newspaper article the problems of insurance companies were attributed largely to the preponderance of actuaries in the general management of these companies. I disagree, but that does say something about the image of our profession.

In the Mission Statement, the role of the actuary in implementing solutions is commented on. It is through the large number of actuaries who do get involved in the implementation of solutions that they are able to ensure that they go beyond the role of spectators, and actually contribute to the industry. If we truly desire to develop the profession into wider areas, then we should concentrate initially on those areas where we have that inside experience. The spectator role gives us an insight into what is going on in the area we wish to move into, but does not give us the full understanding required to solve the problems.

If we can become seriously involved in the management of other areas, then we can perhaps use our technical skills, our problem-solving skills and our analytical skills to complement, rather than to replace, the existing non-actuarial skills which already exist. There are many areas of long-term financial decision making which involve uncertainty. In many of those there is a great deal that we have to offer. First, we must understand the problem from the inside as much as from the outside.

Mr D. G. R. Ferguson: I was unhappy about some of the earlier speakers criticising the part in the Mission Statement about providing solutions. Many members of the profession are, or have been, managers, and as managers we have to find solutions. We draw upon our professional training and background to help us weigh up the future, and then take decisions. We hope that more than 50% of the time those decisions are right. If we are going to push out the borders of the profession, as Mr Frankland was suggesting, then we have to be pragmatic. Those of us who are managers have to be seen to be making decisions. Those of us who act as advisers must not be seen as an 'on the one hand/ on the other hand' profession. We give the advice which leads to solutions which we believe to be the best. That is the way forward.

Professor A. D. Wilkie: Like the opener and Mr Heywood, I find that this document could have been written at any time in the past fifteen years, or even the last 150 years— in spite of some specific small references that date it. It could also have been written for almost any other profession. It is full of abstract words and of platitudes. It is a pity that we have spent a meeting discussing several pages of these platitudes. I would rather have seen us discussing what was going to be done.

At the end of this document I do not see anything which changes at all what I propose to do in the immediate future, either at work or in my professional commitment, but I might have seen something if the action plans were being presented for discussion. I take a specific example. I am involved with the C.M.I. We have recently produced new standard tables. When should we be producing some more? It will probably not be within the next six years. Do you want them within the next twelve years? We would like to know what you think our specific targets should be. It is that type of matter that I think we would be better employed discussing.

It would help in any further discussions about the Institute and the Faculty for those involved to look back at the history of the two bodies, and to see why, after the foundation of the Institute in 1848, the Scots thought it necessary to have a separate body. There were several Scots on the original Council of the Institute. William Thomas Thompson, in whose offices in London the Institute had been founded and who was at that time General Manager of Standard Life, was a Vice-President of the Institute. He was also a founder of the Faculty.

Mr M. D. Barker: Having read the Mission Statement a number of times, it appears to me to class us in a fairly narrow position as problem-solvers. In the management hierarchy a problem-solver is fairly well down the ladder. The important people in this world are not the problem-solvers, they are the people who create—or rather identify—the problems.

We may be classifying ourselves far too much as technicians and not as the leaders of industry that we would like to be. If we are to achieve the influence and standing in the community which we believe we deserve, then we have to include in the Mission Statement the fact that we identify problems and that we set the agenda, not merely implement it.

Mr M. Arnold: Maybe we should take some comfort from Mr Heywood's comments about previous attempts at this exercise, in as much as not only have the dinners survived the two previous exercises, but we still have a *Yearbook*, and, as the current Chairman of the Public Relations Committee, I can confirm that we still have a very active PR Committee.

The real work has now to begin in determining the actual action plan. The success of that will depend very largely on the extent to which the actual membership can be involved in processing the various action plans. I make a plea to the various committees that will be determining the action plans to try and involve as many members as possible, recognising that we have many members in various

other bodies, such as the ACA, the SPC, the NAPF and the Groupe Consultatif. Action plans should be geared towards pointing our members toward these bodies in a way which will enable us to achieve the plans and the Statement.

Mr R. B. Colbran: I wish that this document did not have to be called a Mission Statement. Those words give an image of too great a degree of self-importance being attached to ourselves. I wish that we could think of a simpler term.

I welcome particularly the outward-looking aspects of the statement. Too often in the past we have refrained from commenting in particular areas, because we have said that they were not professional matters. I see in this statement a much greater willingness to see ourselves looking more widely.

I hope that when we come to the action plans we can find the resources to move things forward. Much of what is said here could have been objectives in the past. It has been sheer pressure of work that has stopped us from going forward in these directions.

Mr Arnold referred to other representative bodies. I think that there is a danger of confusion, because there are so many organisations dealing with the activities with which we are concerned. I suggest that we must work alongside them and not against them, and that we all move together to promote our professional reputation.

Mr E. Short: I should like to concentrate on the particular aspect of influence. If I were not a member of this Institute my knowledge of the actuarial profession would have been obtained, not from the profession, but from the individual members of that profession. Their role, I feel, is crucial. To involve the profession in generic exercises is going to be counter-productive if individual members carry a different message, or a slight variation on that message, in dealing with laymen, particularly journalists. Journalists are sharks looking for blood. They will go for the individual who will give them that blood. Individual members of the profession have an overall responsibility when talking to the press. We should be very careful not to score cheap points for the organisations for which we work at the expense of our professional responsibility.

Mr S. F. Yeo: I echo the views of the previous speakers that the Mission Statement could have been written for many other professions. One aspect I find missing is that there is relatively little attention paid to our small size. This means that we are limited in manpower resources. It also affects the cost of membership. A large majority has just, at a Special General Meeting, authorised the future increase in subscriptions to £750. How long does this process have to go on before a number of our employers and individuals who are responsible for paying subscriptions start to question whether they want to pay this high level? I suggest that we may start to see falling numbers amongst our colleagues in the investment area, who do not need to be actuaries in order to carry on doing what they do day-to-day. Then we would be faced, not with the hope of expansion, but the real possibility of contraction.

There is no reference in the Mission Statement to the danger of fragmentation. We have a profession which is active in a number of different areas, and it is getting harder for Fellows to move from one area to another. We have to keep the profession together if we want to maintain the benefits of economies of scale, yet pursue a number of different objectives.

It is difficult to find issue with anything in the Mission Statement, but I think it is surprising that the question of priorities is left to policy. Surely we should set down some priorities in the Mission Statement. We cannot expect to achieve all that is set down here over the next decade. We should, perhaps, have narrowed the range of what we might reasonably expect to achieve, and then we can all put our energies into going for that limited range of priorities.

Mr P. H. Hinton: Financial and commercial problems are cited—why not financial, commercial and social problems? Are we not selling ourselves rather short? I know that most of the problems we deal with have financial components, and most of the solutions—if ‘solutions’ is the right word—are financial in nature, but we have, on occasion, debated things of far wider relevance than simply business problems.

Mr D. A. Allwood (closing the discussion): It is one of the great strengths of the actuarial profession, particularly in the U.K., that individual actuaries already share such a strong sense of the purpose of their profession. This is the hallmark of a true profession.

Our knowledge and skills are based on distinct principles and practices; we share a common language of actuarial work and, perhaps above all, we share common values. We also share a high degree of commitment to our profession. This sense of purpose, core values and commitment are shared by all actuaries—members of the Institute and the Faculty alike. In considering the strategy, we should develop some further thoughts on how best to harness that commitment.

The profession faces increasing challenge from both without and within. Some of these challenges are set out in the strategy document, and I should like to bring to your attention three of these:

- (1) The wide difference in standing and recognition of the role of actuaries in the U.K. compared with elsewhere in the E.C., where actuaries are regarded much more as technicians. It is gratifying to see in the strategy document that each of the five key areas has a European dimension.
- (2) The distinction between the particular competences of actuaries and those of other financial managers is becoming increasingly blurred. This presents us with a major challenge.
- (3) Sadly, in the U.K. and elsewhere the existence of a profession is no longer regarded as a guarantee of total integrity and professional conduct. Mr Shucksmith raised a number of points on this issue.

In the U.K. we are a small profession and have limited resources. To respond effectively to these challenges we need clear direction and strong leadership. The strategy statement sets out the direction and the nature of the proposed response. Each aspect of the strategy is supported by explanation and by example. In this stage of the planning process the quality of thinking is most important.

We have a Mission Statement which defines the common goal of the Institute and the Faculty: "to develop the role and enhance the reputation of the actuarial profession". There was little disagreement on that.

For Mr Goford and Mr Shucksmith the process of giving advice, which is both practical and relevant, was a preferred form for the aim to provide solutions to business problems. Professor Benjamin would also like to see greater prominence to serving the public interest in the Mission Statement.

One of the challenges to the committee was to draft a statement which was brief. We are in danger of incorporating far too many issues. It was interesting to see our own Mission Statement being defended by the President of the Australian Institute, Mrs Prime.

In support of the Mission Statement, five key areas have been identified in order to achieve the common goal. An over-riding strategic aim is developed for each of these and a strategy is defined for pursuing those aims. We now have a comprehensive framework of objectives covering standards, education, professional development, standing and influence. Each of these clearly contributes to fulfilling the Mission Statement.

Several speakers suggested that we have nothing new. Perhaps, at the strategic level, this is not surprising. What we should look forward to is more energy and more action to achieve improvement and change. There is broad support for the Mission Statement and the strategic objectives as a whole, and a recognition of the need for more working together between the Faculty and Institute.

In their current form, the Mission Statement and strategic aims are statements of intent. Together they define the way forward and the focus for future activity in broad terms. They do not specify actions or identify measures of performance. The 'next phase' referred to in the strategy paper is absolutely vital: "each committee will take the objective for which it is responsible and develop an action plan for pursuing those objectives, incorporating more specific goals and targets which the committee plans to achieve initially within the next 3 years". That is the action many people are looking for.

There are two key issues here:

- (1) Without specific action and clear measures of success we will not develop the proactive role which the President envisaged in his Presidential Address in June 1990 (*J.I.A* 118, 1).

- (2) Is the committee approach, as currently practised, the best way to harness individual commitment across the whole membership?

Mr Daykin and his team have done a fine job in defining our future direction. It is a good start, but the real challenge is yet to come. It will need continuing strong leadership to harness effectively the energy and commitment of individual members, including students, and to take the actions necessary to develop and carry out the plans. It is the co-ordinated actions of individual members which will achieve the strategic aims and ensure the continued success of the profession into the 1990s and beyond.

The President (Mr H. H. Scurfield): I have been impressed over the last year by the enthusiasm which so many have shown in developing the strategic statement for the profession in the U.K.

First, there have been the members of the Planning Joint Committee, lead by Mr Daykin, who have been the catalysts and drivers. Secondly, there have been the committees of the Institute and the Faculty—some of them joint committees—which have contributed in their own fields. Thirdly, there have been the Councils—an almost complete turnout of the Councils for our first ever joint meeting, at which we found so much in common. There was a strong wish to proceed jointly on planning and on education. Fourthly, those attending this meeting have demonstrated their interest. I gain strength and confidence in regard to the will of the profession.

In June 1990 I said that "I see the principal role of Council is to make tomorrow's Institute of Actuaries out of today's. The world in which we are working is changing and we must ensure that we so organise ourselves that our successors are fully prepared for the challenges that they will meet. It is my firm belief that while, in a number of spheres, we are on top of events, in others we are only reacting to events. It would take a big push to accelerate our development. I shall be very interested to hear whether or not you agree with me." It is heartening one year later at the end of this process, to find that you do agree with me.

We make no apologies for starting with a mission and direction, rather than with detailed plans. That is a necessary part of the process. That provides the background against which the firm action plans can be made, together also with the commitments, the dates, and maybe even figures. We needed that background and direction to enable the committees to follow through in their own particular areas of expertise. The next stage will be forthcoming by this autumn.

I ask you now to show your thanks to all those who have worked so hard to present this document and plan, and especially to Mr Daykin and his Planning Joint Committee.

Mr T. J. Geoghegan (replying): I do not wish to comment upon the Institute taking over the Faculty, or the Faculty taking over the Institute; however, I should like to comment on the very close co-operation which members of both bodies have displayed while working together so closely in this particular committee.

The objective of this exercise was to think through what business we are in, and why we are in it. One of the problems in the past was that we were far too quick in trying to define what actually had to be done without trying to define where we were going and what goals we were trying to achieve.

A further objective of this exercise was to overcome the weaknesses in the SWOT analysis. We also wanted to create discussions among the membership. This has started this evening and so far it has been most successful. I take the point which has been raised a number of times about having wider participation. We did try, and had to find during this exercise a balance between getting things done and having much wider participation.

In the introductory section of the document it states that the profession should not just respond to events, it needs to be more proactive. This can only be achieved if we have very clear goals. Because we are such a small profession we also need to be much more efficient in our planning and in the use of our limited resources. Again, we need to know where we are going, and specifically what objectives we have in order to achieve this particular aim.

A number of speakers have referred to our image problem, which is quite a serious one for the

profession, and is probably undermining our desire to recruit large enough numbers and at high enough standards.

Several people commented on the term 'providing expert and relevant solutions'. We put this phrase into the Mission Statement for several reasons. One was to cover the proper criticism that we may not have been so outward looking as we should have been. We did not mention the phrase 'public interest'. We thought the term 'relevant solutions to problems' would cover this. If we do not give relevant solutions to client problems, then the profession does not have a future. We will become irrelevant. We must provide solutions for the needs of clients. We have this fascination at times with exactitude at the expense of relevance.

I do not see any contradiction whatsoever in being professional and in being commercial. That is something that we will have to tackle in our objectives.

One speaker raised the matter of the battle between technicians and managers. In many European countries and increasingly so in the U.K., actuaries are relegated to the back room of the life office and have little influence on strategy. This is a danger we must overcome. Most actuaries in the world speak with an American accent. If you travel anywhere within Asia or South America, every actuary you meet— with perhaps one or two exceptions— has been educated by American standards and belongs to the American arm of the profession. I was surprised that there were not more contributors this evening on our influence outside the U.K.

There was a point raised between confusion of identity with various actuarial bodies. I should like to confirm that we have set up six monthly meetings now between the Association of Consulting Actuaries and the senior officers of the Institute and the Faculty. I am sure that will be helpful to both sides.

So where do we go from here? The ownership of this discussion and the points raised is extremely important. It is no good Council agreeing and the planning committee putting forward ideas if they are not actually owned by the members. We must translate them into action plans, and we will now ask individual committees to adopt specific objectives which will fit within the strategic objectives set out in this document.

These targets will have to be measurable and capable of being monitored. This point was raised by a number of speakers and is extremely important. Most marketing and business plans fail at implementation. You can have all the Mission Statements that you wish, but unless you have specific plans for implementing these strategic objectives the whole exercise will fail. The hardest part of the task is yet to come.

I hope that we can go forward from here. We will take on some of the points that you have raised. I should like to feel that the planning committee has the enthusiastic backing, and commitment, of all the members of the profession.