

Barbara Lautzenheiser: Independent Consultant

In more than 30 years in the profession, Barbara Lautzenheiser has chalked up an impressive list of firsts, and has become one of the best-known names in the independent consulting business. Not bad for someone who describes her career as “from mousy to mouthy in 27 years”. Her firsts include first woman to head a major insurance company in the U.S. (Montgomery Ward Life Insurance Company, in 1986). Today, she is the principal of Lautzenheiser and Associates, Hartford, CT., a smaller consulting firm (consisting of herself, her assistant Kathy Perkins and Barbara’s sister). She is also very ready with one-liners, quips and advice, as befits someone who calls herself a “Communicating Actuary”. (See her advice, summarized as “Ten Tips for Starting a Consulting Practice” in the insert on Page xxx).

After her stint with Montgomery Ward, Barbara returned to Hartford, where she had been a Vice President of Phoenix Mutual. She turned to consulting, unsure that this was the future that she wanted. But she saw the possibilities offered by consulting to have the “...freedom to do things the way that I thought they should be done”.

Like many who turn to independent consulting, Barbara did not know whether she would make it. So she gave herself nine months to a year to demonstrate that she could build a sustainable consulting practice. This also happened to be the amount of time that she calculated her initial budget (consisting of all her savings) could support her. If the business did not grow before the money ran out, Barbara would return to the corporate world.

After budgeting all her savings for the new business, Barbara proceeded to ignore her budget in the day-to-day operations of her practice. “Doesn’t sound much like an actuary” Barbara says of her approach, “but as long as I felt that the present value of future business was positive, I just kept on spending money”. Barbara describes her strategy as: “Becoming visible. I was present at every meeting, on every panel, behind every microphone with a question. Whatever committees were relevant, I got on them.” She adds: “no lunch ever went by that I did not have a lunch date, although I can honestly

say that no trackable business ever resulted from a luncheon. You can't track where business does come from...now, all my work comes from referrals".

In addition to spending money on travel, Barbara invested in image. An important component of her image is her office. Barbara purposely maintains an office in one of Hartford's most prestigious high-rise office towers. "When I started in the business, it was important to me to let potential clients know that I was in the business to stay; not just an insurance executive between corporate jobs".

Like anyone starting in consulting, Barbara needed a value proposition. Her work at Phoenix Mutual had exposed her to a current hot issue – gender-based and unisex pricing. This led to work with the NAIC on Risk-classification, and four retainers for the new practice. "Not enough to support me, but steady business" Barbara says. Her work on current, political issues resulted in her becoming involved in another emerging topic: AIDS. In turn, this led to positions of increasing responsibility in the Society, culminating in the presidency in xxxx. Her latest honor is the Presidency of the American Academy of Actuaries in 2003-4. Expanding from her original topic, she developed a practice in consumer issues, such as vanishing premiums and illustrations, another emerging issue. Her work in this area led to her developing a practice in expert testimony as an expert witness, something that remains a large component of her practice today. Another important component of her practice is long-range planning on behalf of organizations, such as work that she recently completed for the Life Office Management Association (LOMA).

Barbara's business has always relied on her own expertise. She considers her value-added to be interpretation and explanation of issues, communication rather than number-crunching. "Most actuaries can give you numbers and formulas. I translate actuarial concepts into words that the client's Board members or regulators will understand "

Barbara describes her mission. She illustrates with an example from her work in gender-based pricing: "I developed a uni-calorie chart to illustrate the effect of unisex pricing"

she says. “That way, hot fudge sundaes have the same value as celery. Judges and regulators got the point”.

She has had an assistant actuary in the past, but found the training of assistants to her way of working was time-consuming and ultimately not rewarding, because of staff turnover. She applies a rigorous process to the production of a consulting report (see insert). Still, she is a strong believer in peer review, and will hire a sub-contractor to perform peer review on a consulting report. The one aspect of her practice that, in hindsight she would do differently is to look for more projects that are delegatable. She would invest more time in training staff so that she could leverage herself more.

But that seems like a minor concern next to the success that Barbara has made of a practice that she started 15 years ago, unsure whether it would last a year.

Barbara's 10 Tips for Starting a successful Consulting Practice

1. You have to get business, not wait for business. Make appointments and go talk to people.
2. Become visible. Marketing yourself is a Visibility Issue.
3. Spend money to make money.
4. Decide your unique skills, and market your unique skills.
5. Pay attention to your reputation, with accurate work and quality presentations.
6. It is not just what you do, but how you present it.
7. Image is important to a consultant. If you want clients to believe you are in the business to stay, not just between jobs, you cannot operate out of your kitchen.
8. As a consultant, you are always on call for your clients, 24 x 7.
9. Think positively, or you aren't going to make it.
10. Clients don't hire someone who doesn't look successful.

Barbara's process for producing a successful consulting report:

1. The first draft should be chronological.
2. For the second draft, start with the conclusion first.
3. Third draft: work on consistency.
4. Fourth draft: Check the grammar.
5. Final draft: does it make sense overall?