BEYOND NUMBERS

The History of Eckler Ltd.

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Bruce McDougall

Beyond Numbers: The History of Eckler Ltd.

Eckler Ltd.
www.eckler.ca

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Contents

Dedicated to the life, legacy
and loving memory of Samuel Eckler:
actuary, entrepreneur, leader, pioneer.
To a man whose vision and values
laid the foundations for a firm with a
remarkable past and a compelling future.

Preface

I have been asked why we chose this time to commission a history of Eckler Ltd. Simply put, we wanted people to know who we are, where we have been and how we got here. It's about capturing memories that can fade all too quickly and preserving them for timely introspection and future reflection.

I see this book as a gift from generation to generation and a testament to Eckler's 85th year in business.

While this book provides a history of the firm, it is much more than a simple recounting of facts. It is the story of a successful "family" of committed professionals—and of a quietly remarkable business that has flourished based largely on an unwavering commitment to the values established by Sam Eckler so many years ago.

We have published this book with three audiences in mind.

Our employees, past and present: the remarkable men and women who have worked so diligently over the past eight decades to help Eckler prosper. Their determination, dedication and integrity are the foundation on which Eckler was built and continues to grow.

Our clients: the lifeblood of any successful professional services firm. Our hope is that they get to know us even better—and understand the considerable pride and satisfaction we take in building and sustaining loyal client relationships.

Our future family members: the impressive graduates and recruits entrusted to preserve and build on the Eckler legacy.

I would like to acknowledge everyone who allowed their recollections to form the basis of this book. Thank you for taking time out of your busy lives to share your insights with author Bruce McDougall. Our intention was to tell the Eckler story as accurately as we could and make it come alive through your collective memory.

There are so many talented individuals who have contributed to our firm over the past 85 years, and it was impossible to mention every one of them. We hope this book captures the spirit of their collective achievements!

— Jill M. Wagman, Managing Principal
Toronto • October 2012

Prologue

The following is an excerpt from a May 7, 2012, speech presented by Ken Clark, Retired Principal of Eckler Ltd. at the 2012 Eckler AGM, held in Montreal, Quebec.

Chronicle of a Consultancy

As I look out on the cranial landscape before me, I am heartened to see a number of known grey heads. I am even more heartened to see a number of unknown ungrey heads—sure and certain proof that my beloved firm is renewing itself, and is destined for sure and certain future glory. But it will be of past glory that I speak to you today.

Nous nous rassemblons aujourd'hui au sein de la plus grande ville du monde d'expression française, à l'exception, bien sûr, de la ville lumière elle-même. Il convient, donc, que je dise au moins un mot en français, bien que ce ne soit que symbolique. Fear not. I shall not continue in that vein—that elegant vein—for I am mindful of the great Canadian truth that a person who speaks three languages is trilingual, that a person who speaks two languages is bilingual, and that a person who speaks one language is anglophone.

Bill Weiland sent me an e-mail asking that I, to quote his words, "present the highlights…of a book that recounts our history as a firm." Of course, no consultant can refuse an engagement, so of course I said "yes," without thinking, or without having seen the book. I had forgotten how Machiavellian Bill can be. Later, my heart sank. As you well know, no consultant, having taken the engagement without thinking, and having thought about it, can avoid thinking, "What have I got myself into?"

What's Past Is Prologue

What I got myself into is to muster a non-soporific sermon whose theme is one of the greatest clichés in the English language. There it is. It's true, of course. Our 85-year past is prologue to our future. But so what? In 15 years we shall attain the ripe young age of 100, which is a nice round age to take stock again, to check on progress. I fully intend to be a checker. At my age, that only the good die young is a mighty comfort. More comfort came from two questions. What can a history book, which I had not yet seen, signify? What relevance can the musty events that it chronicles have to the fresh and oh-so-different future? My answer to both questions is, "A lot." I hope to persuade you that that is so. Here we go.

I contend that a written history is timely. Indeed, at age 85, it is overdue. Our affiliate, and younger firm, Milliman, is way ahead of us in the history department, having published not one, but two histories. *Reflections on the First Forty Years* is about the firm's first 41 years. It under-promises and over-delivers, as a good consultant should. Twenty years later, they released *Time Flies—A Secret History of Milliman's 60 Years*. Secret history? I dare say that is the only misrepresentation Milliman ever made.

Another reason why a history is timely is that we are running out of time. The book is based mainly on interviews with grey-haired ex-principals and greying current principals, none of whom is getting any younger. I am one of them, and I am not getting any younger faster than any of them. I do not complain. Old age certainly has its compensations. I'm damned if I can remember what they are.

So the decision was wisely taken that we need a history book, just as the mice in Aesop's fable decided that they needed to bell the cat. Who will bell our cat; i.e., who will write the book? A retired principal? Not a chance. I can assure you that retirement is the most time-consuming activity in the world. So much so that I am thinking of asking for my full-time job back so that I can have some spare time. An active principal, then? Even less chance. Too busy tending to client matters outside to be concerned about family matters inside. The shoemaker's children are always the worst shod.

So we engaged a professional writer by the name of Bruce McDougall to gather the rambling reminiscences and recollections of the firm's old-timers, to organize the resulting oral chaos, and to get it down on paper. Which he did admirably, and presented us with a typewritten manuscript, which requires some minor tweaking and which is scheduled to be published in 2012.

The manuscript arrived. I began to search for the highlights that I am supposed to present. I found one right away—the title page. Yikes! How can I talk about a beast that has no name? I remembered reading Julia Child's autobiography a year or so ago, in which she described the effort needed to complete her first book and the greater effort to find a title for it. She had to call it something in her autobiography and settled, simply enough, on "The Book," and so shall I, except when I get excited, in which case I shall call it "*The* Book." Julia's opus was eventually published as *Mastering the Art of French Cooking*. A mouthful for sure. But a million or so copies were sold, so we need not shy away from a long title when the time comes to select one.

The Book commences at the commencement, which is very actuarial, and with numbers, which is even more actuarial. In 1927, the firm of S.H. Pipe & Company opened its doors to a spacious office comprising 350 square feet in downtown Toronto. Today, as some of you may know, the firm occupies more space.

Year	%
1927	0.0008
2012	0.0102
2140	?

The numbers in this slide are Canadian, but I suspect that inclusion of the Caribbean numbers would not change the result. In 1927, there were 85 actuaries in Canada, a robust number, to be sure, but fewer than the number today in Eckler Ltd. That number, 85, equals 0.0008% of the number of people in Canada at the time. One could say that actuaries were an invisible minority. I did some original research and found that actuaries are also a highly religious group, obedient to the Biblical precept to be fruitful and multiply. Today, the number of actuaries is equal to 0.0102% of the number of people, a great leap forward from 1927. I calculate that, if that meritorious, laudable and favourable trend continues at the same compound rate, then, by the year 2140, there will be more actuaries than people. The point is important. While The Book does not say so explicitly, I conclude from its narrative three things. First, that, at the beginning, to admit only actuaries to the senior level of the firm was a strength, but second, that the time would come when it would be a weakness, so that, third, it was a wise decision, timely made, that the firm's principals could include people.

The Book is about people, counting, solely for the purpose of this presentation, actuaries as people. The Book is about the people who comprise the firm, and the people in the firm's clients who comprise its *raison d'être*. So The Book has more characters than a Russian novel, although The Book is refreshingly shorter. The double-spaced manuscript is a mere 66 pages long, and is highly anecdotal, chock-a-block with quotable quotes, which makes it a good read. It wanders all over the place, but, since it is about us, that's not inappropriate. I am reminded of Stephen Leacock's famous line: "Lord Ronald flung himself from the chair, flung himself from the room, flung himself from the house, flung himself on his horse, and rode off in all directions." The Eckler people in The Book are diverse, the clients in The Book are diverse, and each is more diverse than the other. The Book is a mix: serious history and trivial pursuit.

How accurate is it? Maybe I'm not supposed to talk about that. But I couldn't help thinking of the opening lines of *Huckleberry Finn* where Huck mentions the predecessor book about him and Tom Sawyer:

> That book was made by Mr. Mark Twain, and he told the truth, mainly. There were things which he stretched, but mainly he told the truth. That is nothing. I never seen anybody but lied, one time or another.

I was also reminded of the maxim that history is written by the victors. The book is diplomatically silent about our less than stellar colleagues who have moved on to lesser things. But it does acknowledge mistakes, so you can read it as a textbook not only on how to do it, but also on how not to do it.

You may be astonished to learn that The Book is unabashedly complimentary about our firm, but, since it is about us, that's not inappropriate. I am going to dwell on what The Book says in that regard. We have a number of good characteristics. We are not unique. We share good characteristics with our affiliate firms, but why shouldn't birds of a feather flock together? What are those good characteristics? Here is what The Book says.

We put clients first. Naturally our competitors—notably, and irritatingly, the unworthy ones—say the same thing. But we put clients first even when it hurts. We accept that we can't always get paid what the job is worth. We are willing to say "no" when that is not the answer wanted. We accept that good work can be punishing. I cannot resist citing a quote that The Book attributes to Pat Flanagan: "We just focused on doing the best job for the client and answered the phone when someone called." Does that not say it all?

We have struck a good balance between being all things to all people on the one hand and sticking rigorously to our last on the other hand.

We have a minimal hierarchy. "Procedure manual" is not in our lexicon.

We have no outside shareholders. The shareholders have equal shareholdings. Good for morale. An effective bulwark against a hostile takeover. Or a friendly one.

We can rightly claim to hire good people. More precisely, and perhaps more importantly, we can rightly claim that good people come to us to be hired because of our reputation.

We are independent professionally in an independent firm.

To lighten up that solemn encomium, I wryly note that being independent professionals is a polite way of saying that we are prima donnas. Jim Curtis, who was a CEO at Milliman, used to say that leading a professional firm is like herding cats. Jim Anderson, who was a CEO of Tillinghast before its takeover by The Barbarian at the Gate, was more earthy, saying, "Being the head of a professional firm is like being the only fire hydrant on a street with 60 dogs."

Even though we are prima donnas—sorry, I mean independent professionals—we need each other, we rely on each other, we use each other, we are colleagues and not rivals.

S.H. Pipe & Company
Pipe & Eckler
Eckler & Company
Eckler, Brown & Company Ltd.
Eckler, Brown, Segal & Company Ltd.
Eckler Partners Ltd.
Eckler Ltd.
Enough already!

Over our 85 years, our multiple IDs would perplex an outsider. Do we have an identity problem? Do we periodically have to escape our creditors? Or are we merely fickle? Well, none of the above. The litany of our names is in itself a mini-history of the firm's head honchos. Pipe alone, then Sid and Sam, then Pipe gone, then Dave Brown a big cheese, then Murray Segal a big cheese, at which point we are so cheesy that any more cholesterol would burst the letterhead. So we simplified to the best, and most descriptive, name of all, which succumbed, alas, to the pettifoggery of inflated legalism, and which happened over my retired body.

S.H. Pipe—Sid to his intimates—was a pioneer consulting actuary, although his clientele seems bizarre today. His claim to fame for us is first, that he got our thing going in a modest but honourable and profitable way, and second, that he hired a young man called Sam Eckler, who got our thing going in a not-so-modest but still honourable and profitable way.

The Golden Thread

That is the Golden Thread that weaves its way through The Book's narrative. We can, in all seriousness and in all sincerity, be cognisant, grateful and proud that, 85 years later, we are still here, still honourable and still profitable.

Sam is the hero of The Book, and rightly so, for he, not exclusively, but more than any other, shaped the firm, created its culture, and guided its destiny. He was a strong and positive influence for me and my contemporaries. Those of you who did not work with him missed a good thing. But not completely. Sir Christopher Wren, the great English architect, is buried in St. Paul's, the cathedral he built. On his tomb is written, *Si monumentem requiris, circumspice*. Which reminds me of an advantage of being old—a classical education when young. *Si monumentem requiris, circumspice*. "If you seek his monument, look around you." Sam's monument is the firm. To be in the firm is to know Sam. You need only look around you.

We were not very big on technology in the early days. Quote, "With little more than a pencil, a calculator and a few sheets of paper, Dave Brown prepared a series of actuarial reports that Sam Eckler carried with him across the country…" Unquote. Dave said that, quote, "it was very labour-intensive." Unquote. I reckon that he told the truth, with no stretching.

Pat Flanagan had taken a course in computer programming which, as he noted, made him an expert. He handwrote code and sent it to IBM to make punch cards, some of which were correct. After a week of back-and-forth, he could squeeze some numbers out of the computer. Low tech, but a leap forward from pencil, calculator and paper.

Since then, wow!

Over the years, Sam had built a thriving practice of consulting to the government in British Columbia, which was thrown into jeopardy when the NDP took over in 1974. They thought that the 100-mile diet should apply to actuarial services. So we opened an office in Vancouver, the first in a geographic explosion.

Let me insert a personal note. A funny thing happened to me on my way through The Book. I learned that quite a few among us either came to Eckler as a result of an unsatisfactory experience in another consultancy, or, having come to Eckler from another consultancy for whatever reason, were pleasantly surprised by the difference between the two. I guess I am lucky, and my good luck makes me an exception. I came to Eckler in spite of a highly satisfactory experience in another consultancy and, having done so, had another highly satisfactory experience here. I stand before you as living, breathing, walking, drinking proof that you can, sometimes, have your cake and eat it too. In 1978, I was the chief cook and bottle washer of Milliman's only office outside the United States. One day Sam Eckler phoned to invite me to join what was then the poly-worded Eckler, Brown, Segal & Company Ltd. I was flabbergasted and flattered. I wanted to accept the invitation, but I did not want to leave Milliman. To merge the two firms would have been OK with Milliman, it would have been more than OK with me, but it was less than OK with Messrs. Eckler, Brown, Segal & Company. What to do? Eventually, some incandescent intellect suggested an affiliation of the two firms, which we all joyfully hailed, even though none of us had much idea of what it meant. But it worked. We are living happily ever after and are still licking the frosting on the mutually beneficial cake.

What should you do with The Book? Use it as a tool to recruit clients? Use it as a tool to recruit employees? I think not. Its story and lesson is that time passes, things happen, the world changes, so that Eckler Ltd. must continually reinvent itself, but never completely reinvent itself. Throw out the bathwater but not the baby… Survive and prosper by remembering. Yes to new skills. Yes to new technology. Yes to new scope for our skills. Yes to new clientele. No to putting the client's interest second. No to abandoning our culture. No to being afraid to say "no." No to another name change.

Read The Book!

So I end by saying to you, "Read The Book." Do not wait for the movie to come out.

Read The Book—the paper copy if you are over 30. If you are under 30, read the ebook.

Read The Book, not because I say so—heavens no!—but because it is your history. Remember that:

> Time present and time past
> Are both perhaps present in time future,
> And time future contained in time past.
>
> —T.S. Eliot, "Burnt Norton"

You are blessed by the inheritance of our past, which has been a force for good in the world. No one but you can assure its continuance, given which, it shall be a force for even better. Read The Book, not because I say so, but because it is a guide, an example, an inspiration to a professionally satisfying, economically rewarding career. And if all that does not persuade you, then read The Book because—well, dammit—because I say so.

Thank you for letting me say so.

Chapter One

The Beginning

IN 1938, WHEN SAM ECKLER TOOK THE FIRST STEPS toward building an actuarial consulting practice, Canada had no universal health care, no unemployment insurance and no old age security. Social assistance was extended only to the worthy poor, and only if they'd exhausted all other sources, including their children. Labourers relied as much on trade unions and fraternal organizations as their government to protect them against utter destitution if they became sick or injured.

There were more than 11 million people in the country. Only 85 of them—0.0008% of the population—were actuaries. Insurance companies and the federal Department of Insurance employed 80 of these rare individuals. The other five worked as consultants.

Sam Eckler played a role in changing all of this. Not only did he lay the foundations for Canada's largest independently owned actuarial consultancy, he also contributed to changes in the social landscape of the country that have endured to this day.

At the end of 2011, Eckler Ltd. employed a staff of 235 people, of whom more than 90 were actuaries. They worked in offices across Canada and throughout the Caribbean, providing their services to the same broad range of clients and with the same standards of integrity, honesty and innovation as Sam Eckler himself. Even as the firm encouraged independence and an entrepreneurial spirit among its employees, they remained consistent in the application of the set of core values that distinguish Eckler Ltd. from its competitors and that were put in place by Sam Eckler himself.

A graduate in commerce and finance from the University of Toronto, Sam Eckler grew up in Toronto, in the working-class Parkdale neighbourhood. His father ran a grocery store. Before university, Sam attended Ryerson Public School and Parkdale Collegiate. As an undergraduate, he paid particular attention to one of his professors, a political economist named Harold Innis, and he took to heart the professor's ideas about the risks and opportunities that Canada might face as an industrialized nation in a post-Depression environment.

With his university degree, Sam went to work in 1935 for the Empire Life Insurance Company in Kingston, a few hours by train east of Toronto. He was 22 years old and eager to test himself in Canada's financial community. Within two years, he'd completed his accreditation as an actuarial associate and passed one of the fellowship requirements. "But I became disheartened about the work," he said, "and even the prospects at Empire Life."

Even with the qualifications and experience that he had earned in three years with the company, Eckler received only low-level assignments. "I helped in underwriting," he said, "but only to the extent of preparing rating sheets, searching through one-and-a-half-inch cards for reported impairments from the Medical Impairment Bureau and inserting numerical ratings. Then the actuary and the company's chief underwriter would do the actual underwriting."

Eckler wanted more responsibility. He hadn't worked so hard for so many years to languish unnoticed as a low-level employee at an insurance firm, especially when he knew he could contribute far more to his company, his community and his intended profession. But he knew his options were limited. The actuarial profession had begun formally in North America only within the previous 45 years. As Eckler started working toward his actuarial designation, the majority of Canada's small community of actuaries still worked for the country's major insurance companies. "But they wouldn't hire me," Sam recalled more than 60 years later, "because I was Jewish."

Eckler also wrote a series of visionary essays for *Saturday Night* magazine on unemployment insurance, universal health care and social security.

As an alternative, Eckler considered returning to university to do graduate work in economics. He also contemplated joining a firm of consulting actuaries in the U.S. But in August 1938, before he had made a decision, his father drowned. Sam decided to return to Toronto to live with his widowed mother.

With no hope of joining an insurance company in the city, Sam looked for a job with a consulting firm. There were only three of them at the time, and only two of them operated as full-time businesses. Canada's major insurance companies employed their own teams of actuaries and hired new ones if the need arose. Consultants received assignments from only a limited community of clients, whose members included small fraternal societies, government pension schemes and unions. Most of them operated beyond the closed environment of the country's insurance industry.

Eckler initially tried to contact Hugh Wolfenden, one of the two consulting actuaries in Toronto who ran his firm full-time, but Wolfenden had taken an extended trip and could not be reached. Almost as a last resort, Eckler turned to the city's only other consulting actuary, Sidney Pipe.

Pipe had received his designation in the UK, but he had lived in Canada for almost 40 years. Until the 1920s, he had worked full-time for several insurance companies in Toronto and for the Independent Order of Foresters (IOF). As a consultant, he continued to provide actuarial services to the IOF and other fraternal societies while also developing a pension practice. He also ran a thriving tabulating business until IBM started its own service bureau in the 1930s.

By the time Sam Eckler came knocking, Pipe's actuarial firm had been running for 11 years and now occupied a 350-square-foot office on the eighth floor of a building at Adelaide and Victoria streets, in downtown Toronto.

"I was unimpressed with the office facilities," Eckler said, "but quite fascinated with Sidney Pipe himself."

A short, stocky, florid Englishman, Pipe had been conducting actuarial assignments since 1927 for the IOF, as well as the Canadian Order of Chosen Friends in Hamilton, Ontario, the Ancient Order of Foresters in Toronto, the Women's Benefit Association in Port Huron, Michigan, and some U.S. fraternal societies in Cleveland that provided insurance for some of the North American railroad brotherhoods. Other fraternal societies engaged Pipe, as well, when they decided to become solvent insurance organizations that provided benefits on an actuarial basis.

Pipe was so well regarded in this area that his seminal paper on the history of fraternal insurance had become required reading for fellowship students of the Actuarial Society of America and the American Institute of Actuaries. Pipe himself had served as the president of the National Fraternal Congress of America.

He had also expanded his practice to include pension funds, most of which were sponsored by public-sector organizations and by railways, banks and other financial institutions. Among his clients were the British Columbia Teachers and Municipal Superannuation Fund and the Ontario Workers' Compensation Board, for whom he performed a valuation of the funds.

For several years, Pipe had conducted his actuarial practice by himself, supported only by a part-time stenographer and an electro-mechanical calculating machine. "It seemed astonishing," Eckler said, when he discovered how much work Pipe had conducted with so few resources. It also gave Pipe a good reason to hire a new employee.

For $125 a month, Sam Eckler began working in mid-October 1938 as Pipe's assistant, forming a "warm, professional but rather impersonal relationship" that began, Eckler said, with a mutual need. “Pipe badly needed some actuarial help,” he said, “and I was even more sorely in need of a job.”

Around the same time as he went to work for Sidney Pipe, Eckler began writing the first of several articles that he submitted over the next decade to professional and popular journals. He wrote an article for the International Labour Office on social security plans and unemployment. For this he received a complimentary note from John Maynard Keynes. He also wrote a series of visionary essays for *Saturday Night* magazine on unemployment insurance, universal health care and social security. Influenced by his university studies, the essays reflected Eckler’s thinking about the role of a centralized government in holding together a country as vast and culturally disparate as Canada.

Under Pipe’s tutelage, Eckler learned never to turn away legitimate business and to apply the same high professional standards whether the client came from management, labour, government or the non-profit community. For more than 15 years, through the Second World War and its aftermath, S.H. Pipe & Company remained small, active and focused on its stable roster of existing clients, which ranged from the IOF and similar fraternal organizations to the Amalgamated Clothing Workers and a few other unions. Working with Pipe, Eckler laid the groundwork during these years for the Amalgamated Clothing Workers benefit and retirement plans. These plans became a model for many of today’s joint trusteed plans, now a major part of Eckler’s business. Eckler also became heavily involved in the establishment and expansion of public-sector pension plans in British Columbia, as well as the province’s government-sponsored hospital insurance plan, an early forerunner of Canada’s universal health care system.

Eckler’s role in the firm became more prominent in 1943, when it became Pipe & Eckler. In 1947, when Sidney Pipe retired, the firm was renamed Eckler & Company. And when Pipe died in 1953, Sam Eckler began to expand the company. Over the next 10 years, he hired staff and increased the firm’s gross fees to $125,000 a year from $50,000. (By comparison, Canada’s CPI increased by only 25% over the same period.) The firm also moved twice into more accommodating offices.

From a relatively quiet business, Eckler & Company had grown into a thriving operation that employed a staff of 12, including two actuarial students. (Before they become fully credentialed actuaries, students must spend several years studying for and passing a series of rigorous professional examinations. They may hold positions of increasing responsibility within their firm, but until they successfully pass these exams, they are still affectionately called students.) The firm's success soon attracted offers from other firms. The first one came from George Buck in New York, who offered to buy the firm in 1960. A pioneer in the actuarial profession, Buck had helped to set up the city's municipal pension system. Eckler also received an offer to merge the company with an employee benefits firm operated by Murray Bulger. But Sam Eckler didn't want to sell or merge the business. He wanted to build it.

To this end, Eckler had begun looking for new clients and new employees to provide them with actuarial services. The clients seemed easier to find than the employees.

"My first three efforts in hiring actuarial students showed my acute perception in a student's actuarial promise," he said, "but my lack of practical business experience in managing students effectively. The first three students all eventually became Fellows, but none of them stayed for a very long time."

Eckler remembered one student in particular. Good-looking, clever and charming, he showed up for only a few hours over the first few days. Then he stopped coming to work altogether. Eckler assumed that the student was sick, but soon learned that he'd been sleeping late after spending most of his nights on the town. Eckler finally dismissed him, and the student moved to the United States, where he became a successful consulting actuary in Las Vegas.

Eckler hired a second student when Alliance Nationale in Montreal renewed its contract with the firm. For three years, the mutual life insurance company had retained Eckler on a $6,000 contract to provide actuarial services from Toronto. Under its renewed contract, Alliance Nationale paid a higher fee of $10,000, but wanted Eckler to send a representative to work

Eckler also received an offer to merge the company with an employee benefits firm operated by Murray Bulger. But Sam Eckler didn't want to sell or merge the business. He wanted to build it.

permanently from the client's offices. Eckler dispatched the new student to Montreal.

The student had no business experience, no exposure to actuarial consulting and didn't speak French. While he was a hard worker with a pleasant personality, that was not enough to fulfill the contract. Within two years, Eckler wound up the operation, "a complete failure," he said. The student stayed in Montreal and became a full-time employee of Alliance Nationale. "We lost the account, the office, and the student," Eckler said, "all at the same time."

The third student stayed with Eckler for seven years, until he became a Fellow. But he refused to travel to Victoria on a major assignment. Eckler felt reluctant to expand the scope of his responsibilities, and eventually the student joined another consulting firm.

To make Eckler's task more difficult, most actuarial students at the time preferred the prestige and security associated with an insurance company to the precarious world of consulting. Even his contacts from his university days didn't help. Eckler tried for several years in the 1950s to recruit actuarial students from the University of Toronto. But whenever he asked for the names of promising students, the individuals went to work for life insurance companies instead.

Finally, in 1959, Sam Eckler looked farther afield, contacting a faculty member at the University of Manitoba who taught actuarial mathematics. By the middle of that year, Eckler had recruited Murray Segal, a gold medalist from the university.

Impressed by Segal's brashness, charm and intensity, Eckler had finally found a recruit who lived up to his standards. Segal was also tall and robust, attributes that Sam found reassuring.

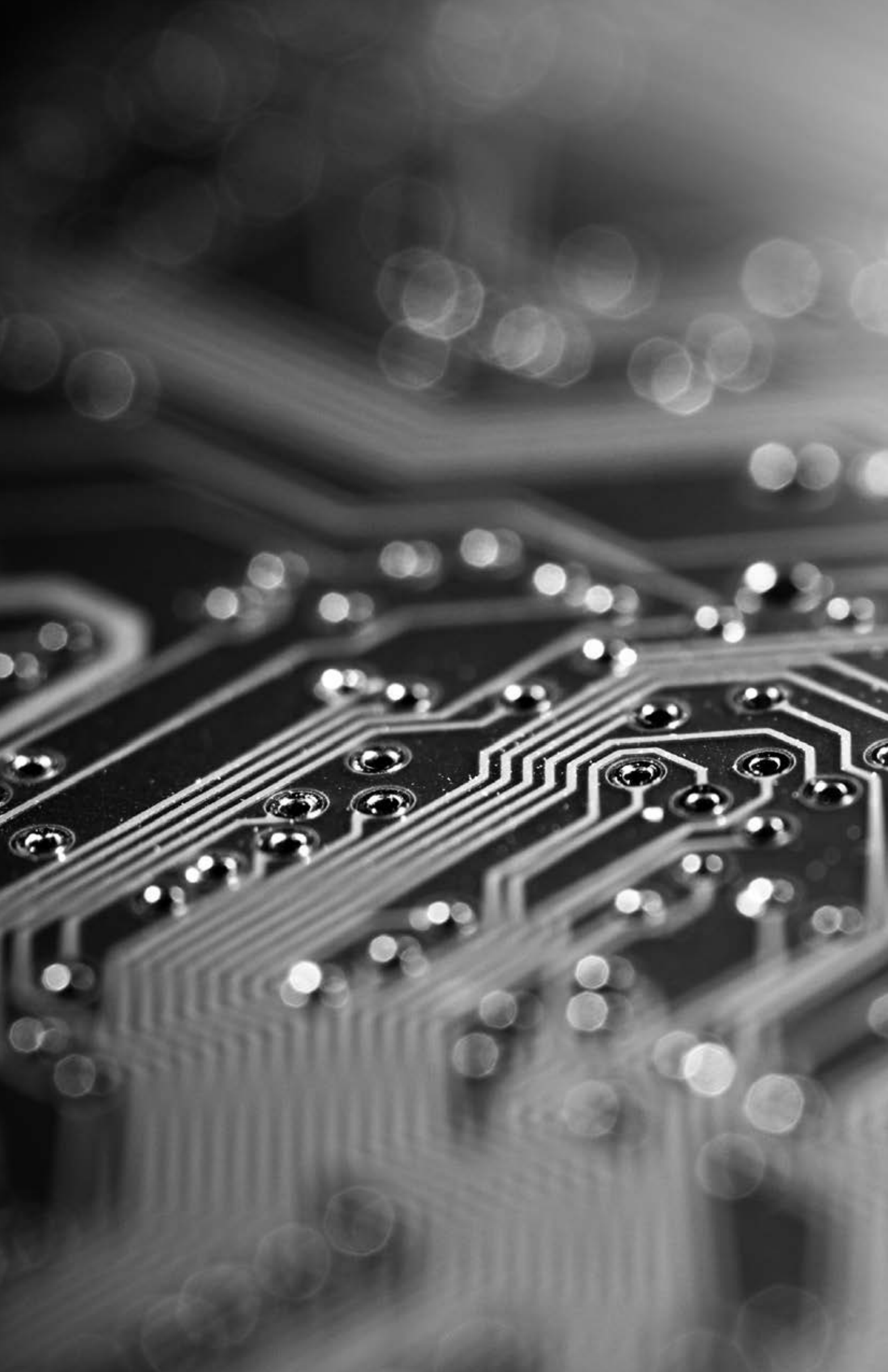
By the time Segal joined the firm, consultants had earned a larger presence within the actuarial community than they had when Sam Eckler took his first job. Insurance companies in the U.S. had started to refer specific jobs to consulting actuaries when they could not justify the hiring of a new employee, and this practice was slowly spreading to Canada. In the meantime, an increasing number of private- and public-sector pension plans were emerging in Canada, and all of them required actuarial expertise. Consulting firms like Eckler & Company provided it.

As the firm attracted new business, Eckler returned to Manitoba the next year and recruited another of the university's gold medalists, David Brown. A native of Winnipeg, Brown had spent a year with The Prudential Insurance Company of America in Toronto, but had returned to his hometown to get married. By the time Eckler recruited him, Brown had gone to work in Winnipeg for Monarch Life. "But there was only one job there that interested me," Brown said, "and that was the president's." Hardly older than Brown, the president wasn't in a hurry to leave.

Unimpressed with his prospects at Monarch Life, Brown had already decided to become a consulting actuary when Sam Eckler met him in Winnipeg and asked him to join Eckler & Company. By then the firm had moved into a six-storey building constructed for the IOF at the corner of Jarvis Street and Charles Street East in Toronto. Brown accepted Eckler's invitation, and moved with his wife back to Toronto.

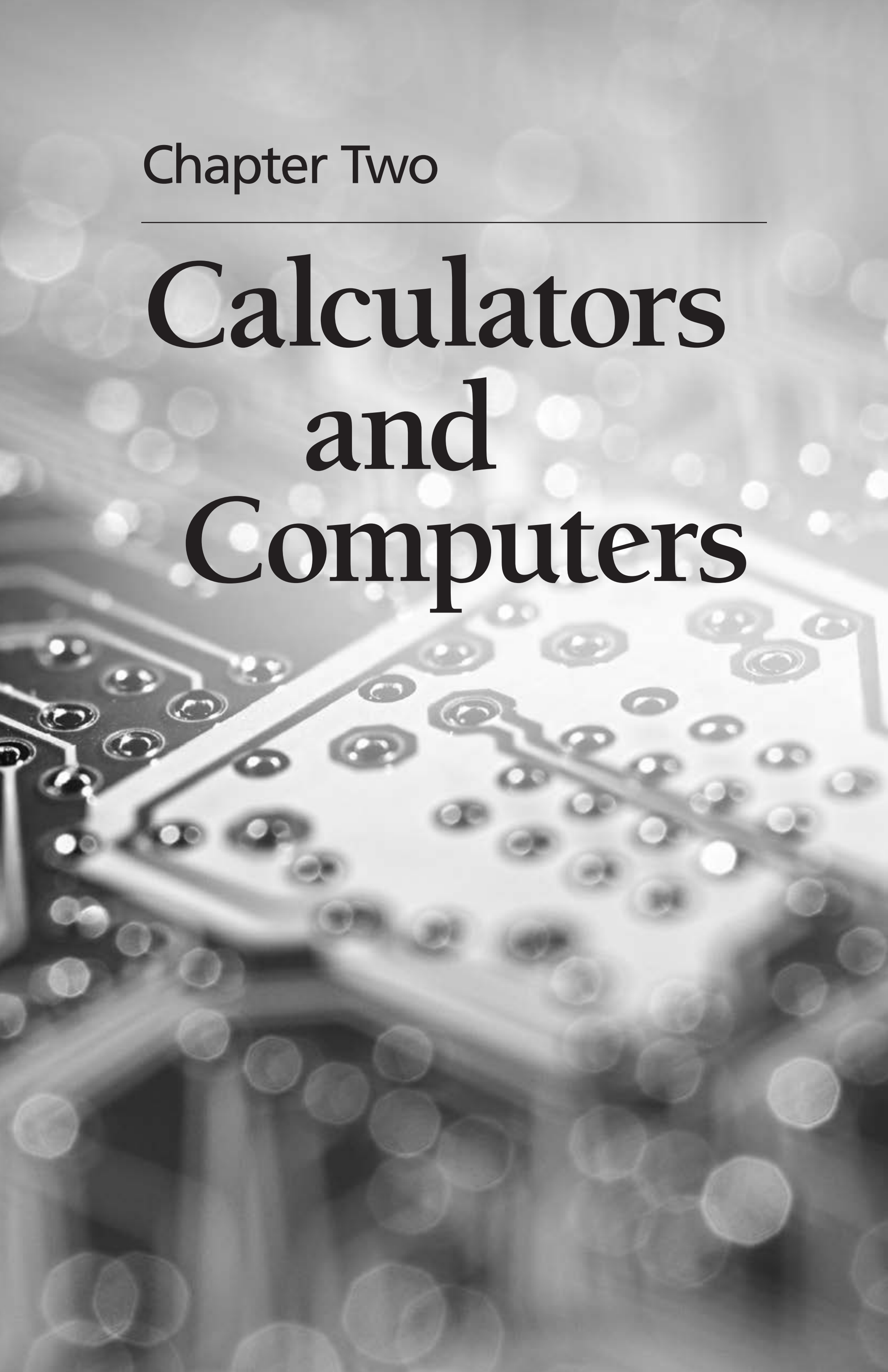
Like Murray Segal, his fellow alumnus, David Brown impressed Eckler, not just with his academic credentials but with his physical presence as well. Not only did the new recruit enjoy a rousing game of touch football, he could also endure the long hours and arduous travel schedule that came with the job. Before meeting Brown for the first time in Winnipeg, Eckler himself had spent four days in British Columbia, during which he'd attended six long meetings, three dinners, four parties and a luncheon engagement and slept for a total of 11 hours. That required a strong constitution. But Eckler looked for much more than good health in a potential partner. He also looked for intelligence, diligence, loyalty, patience and thoroughness. New recruits needed unimpeachable integrity, independence of thought, a generous disposition and a strong will. A sense of humour helped, as well.

In short, as he built the firm that carried his name, Sam Eckler looked for new employees who shared the same aspirations, the same aptitude, the same fortitude, the same entrepreneurial spirit and the same values as he did. Under Sam Eckler and his successors, those qualities have provided the moral and cultural bedrock upon which the firm has grown. Eckler is now the largest independently owned actuarial consultancy in Canada and a unique presence in the global actuarial landscape. It operates in a far different world than the one in which it began under Sam Eckler. But the qualities that Eckler demanded in himself and his employees have prevailed, and they distinguish the firm to this day.



Chapter Two

Calculators and Computers



DAVID BROWN COULD NOT HAVE JOINED ECKLER & Company at a better time. As a high-school student, Brown had excelled in mathematics. He also had an impressive command of English. Assessing his academic strengths, a guidance counsellor advised Brown to consider further studies in actuarial science. "I'd never heard of it," he said.

Brown followed his teacher's advice and enrolled in the actuarial program at the University of Manitoba. When he graduated as the university's actuarial science gold medalist, he also became the first member of his family to earn a university degree. Now, having completed his Fellowship, Brown looked forward to a promising future for himself, for the firm and for consulting actuaries in Canada.

Sam Eckler shared Brown's optimism. In the first three years after he changed the name to Eckler & Company, the firm had increased its billing only moderately. It employed a few clerks, typists and actuarial students and operated from an office about the size of a subway car. But by the time Brown arrived in 1960, Eckler & Company had begun to attract new clients.

"Suddenly, a lot of business sprouted," said Eckler.

Canada had prospered in the years after the Second World War, and more than 6 million working Canadians wanted some reassurance that their prosperity would continue. Some of them belonged to unions or fraternal organizations, but most Canadians relied on their own devices to see them through periods of adversity, unemployment and old age. Canadians had started to live longer, as well, and retire at a younger age. Now they demanded a more reliable social safety net. By the early 1960s, governments, employers and unions had turned their collective attention toward pension, benefit and health care programs. With no agreement on their objectives or the best way to structure or pay for these programs, they hired consulting actuaries like Eckler & Company to help them.

With clients demanding actuarial services, Sam Eckler expected a student to pull his weight. The firm had no room for hierarchy and no time for formalities. David Brown arrived at work and started almost immediately to help Sam Eckler with a pension report. Within a short time, Brown started presenting actuarial reports to clients under his own name. Within three years of his arrival, the firm's annual billings had almost tripled.

"The growth of consulting firms and the growth of pension plans happened almost in parallel," Brown said.

Brown understood clearly the impact of pension and benefit programs on Canadian workers and their families. His father had worked in Manitoba for the railroad and would soon retire. Brown knew that his father was fortunate. Canada's railroads had provided employee pensions since the early 1900s. But for workers in other industries, old age brought a drastically reduced standard of living. If employers sponsored pension plans of any kind, they were often clumsily structured with annuities from the government supplemented by annuities from private insurance companies.

"The government sold annuity contracts only up to $100 a month," Brown said. "After that, you had to buy from insurance companies. It was not an efficient way to fund a plan."

By coincidence, a railway pension plan was among the first projects assigned to Brown at Eckler & Company. This one covered employees of the Pacific Great Eastern Railway in B.C. The plan was one of several, set up for teachers, civil servants and municipal workers, that the B.C. government intended to convert to a final salary formula. The province had hired Eckler & Company to help, and Sam Eckler turned to Brown for the detailed calculations.

With clients demanding actuarial services, Sam Eckler expected a student to pull his weight. The firm had no room for hierarchy and no time for formalities.

With little more than a pencil, a calculator and a few sheets of paper, Brown prepared a series of actuarial reports that Sam Eckler carried with him across the country to Vancouver and Victoria. "We included a number of cash-flow projections," Brown said. "That was a novelty at the time. But it was very labour-intensive. To make a change, we had to do the whole thing over."

In addition to projections of income, Brown's reports included other innovations such as an inflation factor and a real rate of interest applied to the calculations.

As the B.C. government's expert, Sam Eckler spent months in public and private meetings with provincial ministers, pension committees, municipal leaders and union representatives. Everyone involved favoured a suitable pension plan for employees. But no one could agree on the best way to structure it. With detailed projections in hand, Eckler spent hours explaining the implications of different structures.

As the discussions continued, participants spent increasing amounts of time nitpicking over the details rather than examining the structure of the plan itself. "We finally gave up cash-flow projections," Eckler said, "because their chief effect seemed to be to drown the client in a morass of figures."

Now Eckler asked Brown to prepare a clearly expressed valuation balance sheet and a calculation of the employer and employee contributions required under different proposals. The reports no longer included actuarial tables and formulae, Eckler said, "but they did contain the plan provisions, the history of plan changes and a very useful financial history."

Disagreements about plan objectives, structure and funding between government and labour representatives created turbulent political waters. On several occasions, they threatened to capsize the discussions altogether. With each side looking for weaknesses in the other's position, they turned to their consulting actuaries to conduct the detailed arguments. At one point an actuary hired by the teachers and municipal employees unions refused to accept one of Eckler's reports because it included an inflation assumption in the valuation balance sheet. As their clients looked on from both sides of the table, the union actuary accused Eckler of using bad judgment in making such an assumption, because it might never occur. Fortunately, both sides in the discussion supported Eckler's position and respected him enough to dismiss his opponent's argument—and argumentative demeanour—out of hand.

While few of the plan participants understood the specific calculations and assumptions, the reports from Eckler & Company influenced the financial security of thousands of municipal workers, teachers, firefighters and policemen in B.C. The firm's influence extended even further when the government of Saskatchewan also hired Eckler & Company to assess its pension plans. This time, the firm faced opposition from a different quarter.

"A couple of professors at the University of Saskatchewan, Buckley and Shklov, had written a paper against funding," said David Brown. "They said it was a bad idea. Saskatchewan retained us to counter that idea."

In addition to an evaluation of the professors' paper, the government asked Eckler for a conventional valuation of its plans and an assessment of the cost of portability, escalation in benefits and other changes to existing pension provisions. While Sam Eckler continued to travel back and forth to B.C., David Brown and Murray Segal spent more than a year in Toronto preparing a report for the Saskatchewan government.

"It took a long time and a lot of work with electric calculators to provide the necessary answers," Eckler said. "We showed valuation balance sheets and employer costs on many combinations of assumptions."

The province soon asked the firm to prepare similar pension reports for the University of Saskatchewan and the province's Crown Corporations, as well. The projections included future new entrants to the plan, which required an assumption about the future growth in employment and plan membership. The report demonstrated clearly the critical importance of this assumption on the future cost of the province's pension plans.

"We also expressed a clear opinion that the methods employed by Doctors Buckley and Shklov for financing pension plans were not relevant to the questions assigned to us," Eckler said, "namely the cost of introducing portability and escalation on the various actuarial assumptions."

Eckler's reports not only challenged the academics' assumptions, they also confirmed the advantages of full funding. They were so persuasive that the University of Saskatchewan decided against the unfunded plan arrangement advised by its own faculty members. Out of apparent revenge, the two professors "effectively vetoed any suggestion by the university that it employ our firm in any future pension work," Eckler said.

Sam Eckler presented the firm's final report to the Saskatchewan government in December 1963, on pension plan proposals for the government's Crown Corporations. It was the first major report issued by the firm under a name other than Sam Eckler's. Recognizing Brown's contribution to the firm's success, Sam Eckler changed its name the following year to Eckler, Brown & Company Ltd.

Despite changing the name, Sam Eckler still controlled all the shares. "We had a loose management structure," said Pat Flanagan, who joined the firm in 1969. "Basically, if Sam Eckler said do something, you did it."

While Eckler cultivated new business and attended to his clients in B.C., Brown concentrated on clients closer to home. One of those clients, the trustees of the welfare plan sponsored by the Ironworkers Union and the association of their employers, had selected the firm in 1962 to provide actuarial services to its welfare fund after employer and union representatives had rejected each other's initial nominee. Both sides appreciated Eckler's reputation for fairness and integrity. They also acknowledged the firm's extensive experience in administering multi-employer plans for organizations such as the Amalgamated Clothing Workers and the International Ladies' Garment Workers.

Under Brown's management, the firm not only served as actuary for the Ironworkers plan, but administered collection, billing and claims, as well.

It also handled claims for doctors' services and drugs. "We'd screen them, then send them on to insurance companies to pay," Brown said.

It was a labour of duty, not profit, but after 25 years, the firm discontinued its administrative role for the Ironworkers, although it remained as the plan's actuary. "I went to the trustees and proposed that they set up their own administration program," Brown recalled. "They took our people to do it. They're now right across the street from us, on Sheppard Avenue."

Meanwhile, through his extensive network of contacts, Sam Eckler attracted more clients as the 1960s passed. In addition to the fraternal societies that had employed the firm for years, Eckler conducted actuarial assignments for steel manufacturers, life insurance companies and food conglomerates. With the Ontario Department of Insurance, it reviewed the actuarial aspects of the province's incorporated life insurance companies and fraternal societies. Eckler, Brown also participated in the conversion of a fraternal society into a stock life insurance company called Reliable Life, one of the first conversions of its kind in Canada. Sam Eckler was one of a panel of three actuaries who advised the Ontario government on portable pensions and other legislative reforms to employer-sponsored pension plans. When the province invited him to become the first chairman of its newly established Pension Commission, Eckler turned down the offer, a decision that he later regretted. "It would certainly have helped to expand our pension practice," he said. Some years later, David Brown became a member of the Commission, on which he served for 12 years.

> “It’s important to give sound advice,” Sam Eckler said, “whether we represent employers or employees. We’re not advocates, we’re experts.”

Sam Eckler also remained heavily involved in professional actuarial organizations. He was the first consulting actuary to become president of the Canadian Association of Actuaries. He was also president of the Fraternal Actuarial Association. For the Society of Actuaries, he served on the board of governors and several committees, and he was heavily involved in the transformation of the CAA into the Canadian Institute of Actuaries in 1965.

With hard work, high standards and meticulous attention to detail, Eckler, Brown prospered throughout the 1960s. By the end of the decade, the firm’s annual billings had reached almost $400,000 and were growing at a rate of 20% a year. The firm had also distinguished itself within the actuarial profession, which not only raised its profile but attracted talented recruits, as well.

One of them, Jack Levi, walked through the door unannounced in 1967. Levi had graduated at the age of 18 from the University of Calcutta and had begun his actuarial studies in England before his spirit of adventure led him to Canada. He impressed Eckler not only with his character and aptitude, but also with his self-taught skills in applying computer technology to actuarial challenges. Soon after Eckler hired him as an actuarial student, Levi became the firm’s resident computer specialist.

As David Brown recalled, “We’d say, ‘How do we solve this problem?’ and Jack would go away and come back with a solution.”

Another young recruit, Pat Flanagan, joined Eckler in 1969, attracted by its reputation within the profession. "Eckler was the crème de la crème," said Flanagan. "It was the top professional firm in the country."

Flanagan had worked for two years for an insurance company after graduating with a degree in mathematics and a gold medal from the University of Western Ontario. "But I was a small cog in a big machine," he said. "The bureaucracy was focused on getting ahead as opposed to doing the job well. I couldn't stand it."

Seeking a better alternative, Flanagan left the company and travelled for a couple of months in Europe. He returned to Toronto with $4 in his pocket, having decided to become a consulting actuary. His first choice of employer was Eckler, Brown & Company.

"In my previous job, I'd tried to learn all I could about the various consulting firms," Flanagan said. "I consistently heard that Eckler, Brown was the top professional firm in Canada. It was a consensus, not just my opinion."

By the time Flanagan returned to Canada and arranged an interview, the firm had moved to new offices in Don Mills, north of the city, in a building constructed by one of its oldest clients, the Independent Order of Foresters. Flanagan started working the next week. "I thought I'd stay for a couple of years," he said. "I stayed for 36."

From his first day with the firm, Flanagan began to appreciate the unique qualities of Eckler, Brown. "I arrived at 9 a.m.," he said. "There were no actuaries in the office. They'd been here half the night before, and they arrived at 10."

As soon as they did, they began asking questions and listening to Flanagan's answers. They asked about his education, his professional aspirations and the political future of Canada's Liberal government. Within an hour, he was working with David Brown on one of the firm's multi-employer pension plans. Within two days, he'd spent 12 hours a day on his first assignment and augmented the $4 in his pocket with his first paycheque.

"I never dreamed that things could be this way," he said. "It was a transforming experience, like day and night. There was no rug ranking, no internal tension. If a client had a problem, we solved it. Everybody did everything. It wasn't so much who had the expertise, but who had the time."

With a growing client list, only four qualified actuaries and a total staff of 20, Eckler, Brown & Company had little time to waste. At least twice a year, Sam Eckler travelled to Vancouver and Victoria to review the province's municipal, teachers' and public service plans. These B.C. assignments involved actuarial consulting services and a valuation of the funds. The firm worked on three- to five-year retainers, which contributed substantially to its total revenues. When the retainers expired, Sam Eckler worked hard to win their renewal. Local actuarial firms pressured the B.C. government to replace Eckler, arguing that they could do the same job without travelling across the country to attend a meeting. On one occasion, a firm offered to contribute several thousand dollars to B.C.'s political leaders in return for the province's actuarial consulting business. Sam Eckler refused to make a similar gesture. The government renewed Eckler's assignment anyway. "They wanted us to do the work because of its quality," Eckler said.

In addition to established clients such as the Ironworkers, United Steelworkers, and Amalgamated Clothing Workers in Ontario and Quebec, Eckler, Brown provided actuarial services for companies such as General Steel Wares and Slater Industries in Hamilton, Ontario. "It's important to give sound advice," Sam Eckler said, "whether we represent employers or employees. We're not advocates, we're experts."

Eckler pointed out that the firm earned a large portion of its income from employers in B.C. and Saskatchewan. Eckler himself played a major role as a senior advisor to a study of the retirement systems for Canada's university personnel, which led to actuarial appointments of the firm by a number of universities. The firm had also won a consulting assignment in Bermuda, where the government had started developing plans for a hospital insurance program.

"We did every sort of actuarial work," said Flanagan. "Pensions, group benefits, life insurance, arbitration, actuarial evidence. But we were still a small firm."

To David Short, who joined Eckler, Brown about six months after Flanagan, in 1970, the firm's size was a recommendation. "In a small firm, I'd be working directly with senior people," said Short in an interview in 2010.

With a degree in mathematics from Oxford, Short and his wife, a classics scholar from Cambridge, had travelled to Canada, intending to stay for two years. "Forty-two years later, we're still here," he said.

Like Flanagan, Short had worked for about 18 months in group underwriting for a large insurance company in Toronto, handling requests from brokerages and consulting firms. He still had seven of his ten actuarial exams to pass when he joined Eckler, Brown. "But there were 12-hour days on client work and then more work studying for exams," Short said. "Eckler set aside the time for me to study."

Short also enjoyed the advantages of working directly with Eckler's qualified actuaries. "All the senior people were my mentors," he said.

As Flanagan and Short established themselves at the firm, Jack Levi continued to follow his muse and moved to Vancouver in 1969 to pursue a master's degree in computer science. Fortunately, Flanagan had taken a university course in computer programming. "That made me an expert," he said. Sam Eckler and David Brown jumped at his offer to upgrade the firm's systems.

Initially, at least, Flanagan's programs were rudimentary. He first had to write code by hand on large sheets of paper, then send the sheets by courier to an IBM office downtown for processing. Three days later, IBM sent back a stack of punch cards. Inevitably, some of the holes would be punched inaccurately into the cards. After more than a week of further exchanges, Flanagan could finally run the program with actual data. Slow and cumbersome as this may have seemed, it was still a long step forward from pencils, paper and calculators.

"Automation led to a substantial improvement in processes," Flanagan said. "Actuarial evaluation of pension plans involves data from each member of the plan. Then we have to

> Actuarial evaluation of pension plans involves data from each member of the plan… By hand, it took 15 legal-sized pages filled with numbers. With a computer program, we could get the data onto a single form.

calculate pension costs. There are a lot of assumptions and projections involved. By hand, it took 15 legal-sized pages filled with numbers. With a computer program, we could get the data onto a single form. To do the calculations, we might assume an interest rate of 4%. Then the client would ask us to determine the impact on the results of using an alternative assumption of, say, 4.5%. We could either do another 15 pages of calculations or press a button."

The more efficient the firm became, the more business it could accommodate. By 1972, Eckler, Brown employed 25 people and earned annual fees of $478,000. "And we were still growing," said David Short.

Up to 1967, and despite the implications of its name being Eckler, Brown & Company, Sam Eckler owned all of the shares in the business. And the firm also held most of the personal investments of Eckler and his wife, Beulah. But now, after almost 20 years as its owner, Sam Eckler decided to restructure the firm.

Victoria
Island
Echo Bay
NORTHWEST
TERRITORIES
YUKON
TERRITORY
Whitehorse
BRITISH
COLUMBIA
Hay River
CANA
ALBERTA
Prince Rupert
Edmonton
Island
Vancouver
NORT
WASHINGTON
MONTANA

Chapter Three

Expanding Westward

"WHEN I FINISHED MY QUALIFICATIONS IN 1975," said David Short, "Sam Eckler said, 'You can now consider yourself a partner.'"

A partnership might have enhanced an actuary's credibility, but of more immediate concern to younger actuaries like Short and Pat Flanagan was their status as profit sharers. Prompted partly by Sam Eckler's sense of fairness and partly by the imposition in 1975 of wage and price controls by the Liberal government under Pierre Trudeau, the firm now included its senior actuaries as minority stakeholders.

Through the 1970s, the firm's annual billings climbed toward $1 million. Sam Eckler still decided how to distribute the firm's profits, "but our share tended to go up every year," said Short.

Under the name Eckler, Brown, Segal & Company, the partners gradually adopted a more formal structure than they had under Sam Eckler's sole proprietorship. "Sam still controlled the company," said Short. But the partners began applying their skills in a much more focused way. No longer did "everybody do everything," added Flanagan, as they'd done throughout the 1960s.

Short, for example, worked closely with David Brown on multi-employer pension plans. Flanagan applied more of his time and energy serving fraternal benefits societies, some of which had been clients for 25 years or more. Murray Segal turned his attention away from pensions and benefits to concentrate on building a practice as an expert witness providing actuarial evidence in litigation. When he wasn't meeting clients, participating in high-profile government commissions and cultivating referrals from his large community of business contacts, Sam Eckler continued to travel several times a year to Vancouver and Victoria.

The firm's presence in B.C. became more permanent when the NDP assumed control of the provincial government from the Social Credit party in 1974. The new government promised further actuarial assignments but only to firms located within the province. "So we opened an office in Vancouver," said Short. By then, another senior actuary named Bob Tipping had become closely involved with Sam Eckler on the firm's pension assignments in B.C. Tipping was the most logical candidate to represent the firm on the west coast, so he and his family moved to Vancouver.

Tipping conducted day-to-day business for Eckler from the firm's small office on West Georgia Street. Among other tasks, he worked on detailed actuarial assignments, then sent draft reports to Toronto for checking and final preparation. When the time came to present a report and conduct critical discussions with a client, Sam Eckler still took the long flight to Vancouver to represent the firm in person. Cumbersome as it seemed, the arrangement paid off. When the government needed an actuarial firm to investigate the finances of B.C.'s Workers Compensation Board, it chose Eckler for the job.

By then, the firm had attracted new business in Ontario, as well, including an assignment from the province's Workers' Compensation Board. Sam Eckler's relationship with a pioneering actuary named Don Baillie led to a major assignment in 1975 for Bell Canada. A contemporary of Eckler, Baillie had been associated with one of the three firms in Canada that had operated since the 1920s, and also taught actuarial mathematics as an associate professor at the University of Toronto. He and Sam Eckler had built a close friendship. In 1980, Baillie joined forces with the firm as a part-time actuarial consultant, bringing Bell Canada and the Ontario Teachers Superannuation Plan as clients to the firm.

More structured, more prosperous, with more clients and a different name, Eckler, Brown, Segal & Company still retained the values that had attracted its partners to the firm in the 1960s. The firm retained its collective spirit, as well. Christmas parties were rousing events, and weddings were celebrated with enthusiasm, as Pat Flanagan recalled. On the day before his marriage, in 1976, Flanagan rushed out of a morning meeting at Eckler's offices in Don Mills to keep an appointment with his future wife. "I grabbed my suit coat, ran to the car in the lot outside the Foresters Building and found it covered in streamers and toilet paper and the seats filled with confetti," he said. "So were my pockets. I looked up at the 15th floor and saw the faces of all the people in the office looking down at me and getting a big kick out of this. I waved and drove away."

The combination of a collegial workplace, impeccable standards, flexible management and extensive involvement in the profession made Eckler, Brown, Segal an attractive place to work. So did the firm's profit-sharing and shareholding arrangements. Within the rarefied world of Canadian actuaries, Eckler stood out among its competitors.

"Most of our competitors were multinationals," said Flanagan. "Kids got a salary plus a bonus, maybe, and it was a token amount. But they had no say in their firm's business. They'd receive a memo from head office in New York telling them what to do next."

The situation was much different at Eckler. "We had a financial stake in the firm and a seat at the table," said Flanagan, who became a profit-sharer at the age of 25 and a shareholder seven years later. "This was an important part of our job satisfaction."

The enthusiasm of the partners corresponded to their dedication, not just to the firm and its clients but to the profession, as well. Like Sam Eckler, other partners became leading members of the Canadian Institute of Actuaries. In 1976, David Brown became president of the CIA, the youngest actuary until then ever to hold the position. Other partners began their life-long participation on committees involving social security, pension reform and pension legislation, asserting an influence on government policy far out of proportion to the size of the firm.

"These were well-regarded people," said Ken Clark, a partner who joined the firm in 1978.

Like David Brown and Murray Segal, Ken Clark had not only studied actuarial science at the University of Manitoba, he had also graduated as a gold medalist. The next 10 years he spent in the U.S., first with The Prudential Insurance Company of America and then with Milliman & Robertson, Inc. Under the direction of Wendell Milliman and Stuart Robertson, Milliman & Robertson had built a national practice in the U.S. as consulting actuaries to the insurance industry. Ken Clark moved to Canada to begin a similar initiative, based in Toronto.

For Canadian consulting actuaries, the insurance industry was an untapped market. In the U.S., insurance companies had begun to hire consulting actuaries in the 1950s. "But insurers in Canada were still loath to use outside help," Clark said. "They used their own actuaries instead. They regarded themselves as a team. If they couldn't solve a problem, they engaged another actuary. As a result," he said, "I had little competition."

One of them was Eckler, Brown, Segal. A few years earlier, Sam Eckler had collaborated with Wendell Milliman on a paper for the Society of Actuaries, and he and David Brown were on good terms with other members of the firm through the International Association of Consulting Actuaries. Soon after Clark returned to Canada, the partners at Eckler, Brown, Segal decided to set up their own life-insurance consulting practice. Now they were looking for someone to lead it.

Despite Clark's arrangement with Milliman, Sam Eckler recognized the contribution that Clark could make to his firm. "All of us recognized [him] as the best person for the opening," Eckler said, "but none of the partners thought he would show any interest in it. I telephoned him anyway. I had nothing to lose."

When he received Sam Eckler's call, Clark had already spent more than five years building his practice. "It happened slowly," he said. "I had to make a market by making myself conspicuous. I went to all the meetings, got to know the actuaries and insurers."

Clark listened with interest to Sam Eckler's proposal. In an interview in 2009, Clark recalled their conversation. "Sam said, 'We have a small financial services business. You have a big one. Put them together, and we'll have the biggest in Canada.'"

Annual billings had risen throughout the decade by an inflation-adjusted 8% a year and were approaching $3 million by 1982. To maintain this pace, the firm's partners set their sights on establishing the firm on a national scale.

Clark felt torn. After five years of hard work, his practice had started to grow. He felt uncertain about the prospect of joining forces with another firm, especially one like Eckler.

"Compared to their competitors, they weren't large," Clark said, "but they were well regarded. I knew the firm focused mainly on union and government pension plans, and they wanted to grow the business."

With some initial misgivings, Clark accepted Sam Eckler's invitation. Fortunately, his misgivings quickly disappeared. "It didn't work out the way I thought it would," Clark said, more than 30 years later. "It worked out better."

The first priority for both Clark and Eckler was to arrange an agreeable association with Milliman & Robertson. They completed that task by the end of 1978. "Ken helped us tremendously," Eckler said.

Eckler, Brown, Segal now focused more formally on two distinct communities within the consulting-actuarial marketplace. On the one hand, partners like David Brown, David Short and Pat Flanagan continued to provide actuarial services related to pensions and employee benefits. On the other, Ken Clark led the firm further into actuarial consulting for the financial services industry, with assignments involving the annual valuation of liabilities and valuing the shares of stock life insurance companies.

"It was a big change," said Flanagan.

By the end of the 1970s, the number of partners at the firm had more than doubled. Annual billings had risen throughout the decade by an inflation-adjusted 8% a year and were approaching $3 million by 1982. To maintain this pace, the firm's partners set their sights on establishing the firm on a national scale. They tried initially to open an office in Halifax. When negotiations broke down in that city, they turned their attention to Winnipeg.

"All our partners had heard about John Corp," said Sam Eckler.

Corp had come to Manitoba from England in the mid-1970s and quickly established himself as a leading actuary in the province. He was now a consulting actuary with Reed Stenhouse in Winnipeg. In just six years in the city, he'd served as part-time chairman of the Manitoba Pension Commission and chairman of the Canadian Association of Pension Supervisory Authorities.

"He had so impressed the University of Manitoba," Eckler said, "that it transferred its pension consulting business from our firm to him."

At a meeting of the Canadian Institute of Actuaries in 1982, Eckler and Brown attended a presentation by Corp on the need for uniform pension-plan regulation in Canada. Again the two partners were impressed by Corp's competence.

John Corp held Eckler in similarly high regard. He'd negotiated with David Brown when a group of grain-elevator operators set up the first pension plan for their employees in Thunder Bay.

"I was a management rep for the companies," Corp said in an interview in 2010, "and Brown represented the unions. I was impressed by his professionalism and the lack of antagonism. It was a constructive process."

Corp was even more impressed after the University of Manitoba transferred its pension consulting business to him. He knew that David Brown had strong ties to the university. He also knew that Brown was one of three gold medalists from Manitoba who worked for Eckler. When Corp took the university's business away from Eckler, he fully expected Brown to react with understandable displeasure.

"It was a complex plan," Corp said, "involving defined benefit and defined contribution arrangements."

To make sure the valuations were correct, Corp mustered his courage and called David Brown for clarification. To his pleasant surprise, Brown didn't hesitate to give Corp what he wanted. "He couldn't have been more helpful," Corp said. "We'd taken the account away from him, and here he was helping me."

The encounter was still fresh in his mind when negotiations resumed with Brown in the spring of 1982 about the grain handlers' pension fund. As the negotiations proceeded, Brown and Corp met one evening for dinner. More than 25 years later, Corp still remembered the conversation. "About halfway through, Brown said, 'How would you like to open an office for us?'"

On Sam Eckler's behalf, David Brown presented Corp with an attractive offer. It included "a substantial degree of autonomy, a significant degree of technical support, computer software developed for pension-plan valuations and cash flow projections, compensation based on the operating results of the Winnipeg office, and a share in the financial fortunes of the firm as a whole." This all sounded fine, except that Eckler at the time had only two clients in Winnipeg, and one of them had just transferred its business to Corp.

Corp hesitated. He'd been thinking of leaving Reed Stenhouse to work on his own, but he hadn't reached a decision. "I was giving up a secure job with a good paycheque to start from scratch," Corp said.

The decision became easier when Corp started inquiring about office space for Eckler in downtown Winnipeg. A mutual acquaintance got wind of Corp's inquiries and passed along the news to his boss. "I got fired," Corp said.

Now Eckler's offer seemed more attractive than ever. By November 1982, Corp had found an office and had started the firm's office in Winnipeg. He was impressed from the outset by the degree of autonomy that he enjoyed under the arrangement and by the prospect of a lucrative practice.

"After paying expenses and a fee to the Toronto office," Corp said, "the rest was mine. You can't get more entrepreneurial than that."

Emphasizing autonomy, self-sufficiency and an entrepreneurial attitude, Eckler applied the same structure in setting up its Montreal office and attracted a similarly motivated actuary to run it. Nick Bauer was CEO of Montreal Life when he led the negotiations to merge his company with Empire Life in Kingston. The merger involved the purchase and sale of outstanding shares by the parent companies. To prepare a valuation of the shares of Montreal Life, Bauer and Empire Life readily agreed on Eckler, Brown, Segal as the clear and obvious choice.

Bauer had no doubt about the integrity of the valuation. In the 1970s, he'd served as vice-president of the Canadian Institute of Actuaries at the same time as David Brown was the CIA's president. "Eckler had a very good name," he said in an interview in 2010. "The firm was highly respected."

When the merger of the two insurance companies was completed, Eckler invited Bauer to join the firm. Under the arrangement, Bauer would have to build a Montreal practice almost from scratch, but this time, the offer was improved by the firm's growing reputation. Eckler had become "the leading financial services consultant to insurance companies in Canada," Bauer said. But he still turned down the offer. "I wanted to make it on my own," he said.

Bauer certainly had the drive to succeed. The feisty son of Hungarian immigrants, he'd gone to work at the age of 17 for Sun Life after the company awarded him a $100 prize for obtaining the highest mark in mathematics in his high school. "They gave me the most deadly boring job," he said. "I didn't know anyone."

Joining a group of women in his office one day to watch them play canasta, he was asked if he intended to become an actuary. "What's an actuary?" he said.

Once he found out, he decided to become one. He attended McGill University, then set out to complete his actuarial exams while working for Montreal Life. Twenty years later, Bauer had risen to the position of CEO. When Empire Life took control of his company, Bauer decided to return to his actuarial roots.

"I installed a two-line phone in my basement," he said, "hung my shingle out and asked if anyone wanted to conduct a very expensive conversation with me."

Working initially for Guardian Royal Exchange, the parent company of Montreal Life, Bauer's consulting business turned a

He found all that he wanted with Eckler, and more. At the firm's expense, Bauer set up Eckler's first office in Montreal and almost immediately began to expand the business.

profit in its first month. Soon he started looking for office space outside the house. At the same time, Eckler came back with another offer to join the company. This time, he decided to accept it.

The arrangement seemed agreeable from the outset. Eckler wanted to open an office in Montreal. So did Bauer. Eckler wanted an entrepreneurial actuary to take charge of its operations in the city. Bauer wanted to apply his entrepreneurial instincts to his actuarial practice. "But I needed a larger operation behind me," Bauer said, "so that I could offer services on a scale that I couldn't do as a lone wolf." Bauer also wanted the support of accomplished peers to review his work, "so they could say, 'Nick, you twit, don't do that.'"

He found all that he wanted with Eckler, and more. At the firm's expense, Bauer set up Eckler's first office in Montreal and almost immediately began to expand the business.

"Because of his tax expertise and specialized knowledge of asset and liability management for financial institutions," said Sam Eckler, "we anticipated a successful operation immediately." In fact, the office grew "with meteoric speed," he said.

Under an arrangement similar to John Corp's in Winnipeg, Bauer ran the office as a distinct entity, with an entrepreneurial flourish and a share of the revenue based on performance. "Montreal was my business unit," Bauer said. "I was the only shareholder."

Eckler, Brown, Segal now operated from offices in Montreal, Winnipeg and Vancouver as well as its head office in Toronto.

By 1985, the firm had successfully established a national presence while maintaining the culture that distinguished it from its competitors. "People felt comfortable with and liked each other," said Nick Bauer.

Self-sufficiency and integrity were part of that culture, and those qualities were perpetuated under a profit-centre structure in each city. With the help of Ken Clark, who had learned the ins and outs of the profit-centre concept during his years with Milliman & Robertson, the structure encouraged entrepreneurial initiative and cooperation while alleviating internal conflict.

As the firm attracted new business, the structure became critical to its efficiency. Each office and each profit centre encountered opportunities and challenges unique to its circumstances, but had the autonomy to address them independently and with the full support of the rest of the firm.

In Vancouver, for example, Jack Levi had maintained his ties with the firm and a friendship with Bob Tipping as he developed his expertise in computer science. Levi rejoined the firm in 1976 and developed a computerized valuation system as he completed his Fellowship studies. "When Bob Tipping left the firm," David Brown recalled, "Jack held the office together until Tom Weddell came along in 1981."

When a third partner, Jeremy Collisbird, joined the firm in 1982, the three FSAs worked with one secretary, no actuarial students and no other clerks. "The Vancouver office was a very peculiar and unique one in consulting actuarial work," said Sam Eckler. "But it successfully serviced a lot of large clients and continued to grow."

In Montreal, the firm's office expanded quickly, adding three actuaries and two actuarial students, along with computer specialists, clerks and secretaries. Two actuaries focused their expertise on the insurance industry, while the third handled pensions and employee benefits.

In Winnipeg, Eckler's list of clients seemed more mercurial, and John Corp worked for almost two years before his efforts paid off. Focusing primarily on pension consulting, Corp also worked with self-funded group benefit and disability plans, primarily for the University of Winnipeg and the University of Manitoba, which Corp retained as a client when he joined Eckler.

A turning point occurred, Corp said, when James Richardson & Sons became a client. With operations in commodities, oil and gas, financial services and consumer products, Richardson had operated in Winnipeg for more than a century and was among the oldest companies in Canada. “It wasn’t a huge money earner,” Corp said, “but you can’t get a better recommendation in Winnipeg.”

With an expanding client list, Corp hired his first actuarial student, acquired the office’s first computer and attracted another partner, Doug Poapst, from Great West Life, who specialized in consulting as an expert witness. The firm’s partners felt confident that Poapst would join, until they invited him to Toronto to get acquainted with Sam Eckler and David Brown and some of the other partners. “We couldn’t find a day that was convenient for all of us,” said Pat Flanagan, “so we settled on Good Friday.”

Poapst arrived on Good Friday at Eckler’s offices in Don Mills and found all the actuaries in the company there, hard at work. “He must have wondered what kind of sweatshop we were running,” Flanagan said. “So we took him out for lunch, but almost every restaurant in the neighbourhood was closed for the holiday. We finally explained to him that, the more senior you are at Eckler, the longer the hours.”

The meeting must have impressed Doug Poapst. After flying back to Winnipeg two days later, he joined the firm. Eckler’s expansion would continue, in Winnipeg and across the country.

1,08
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1,83
1,95
1,60
-0,30
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-0,47
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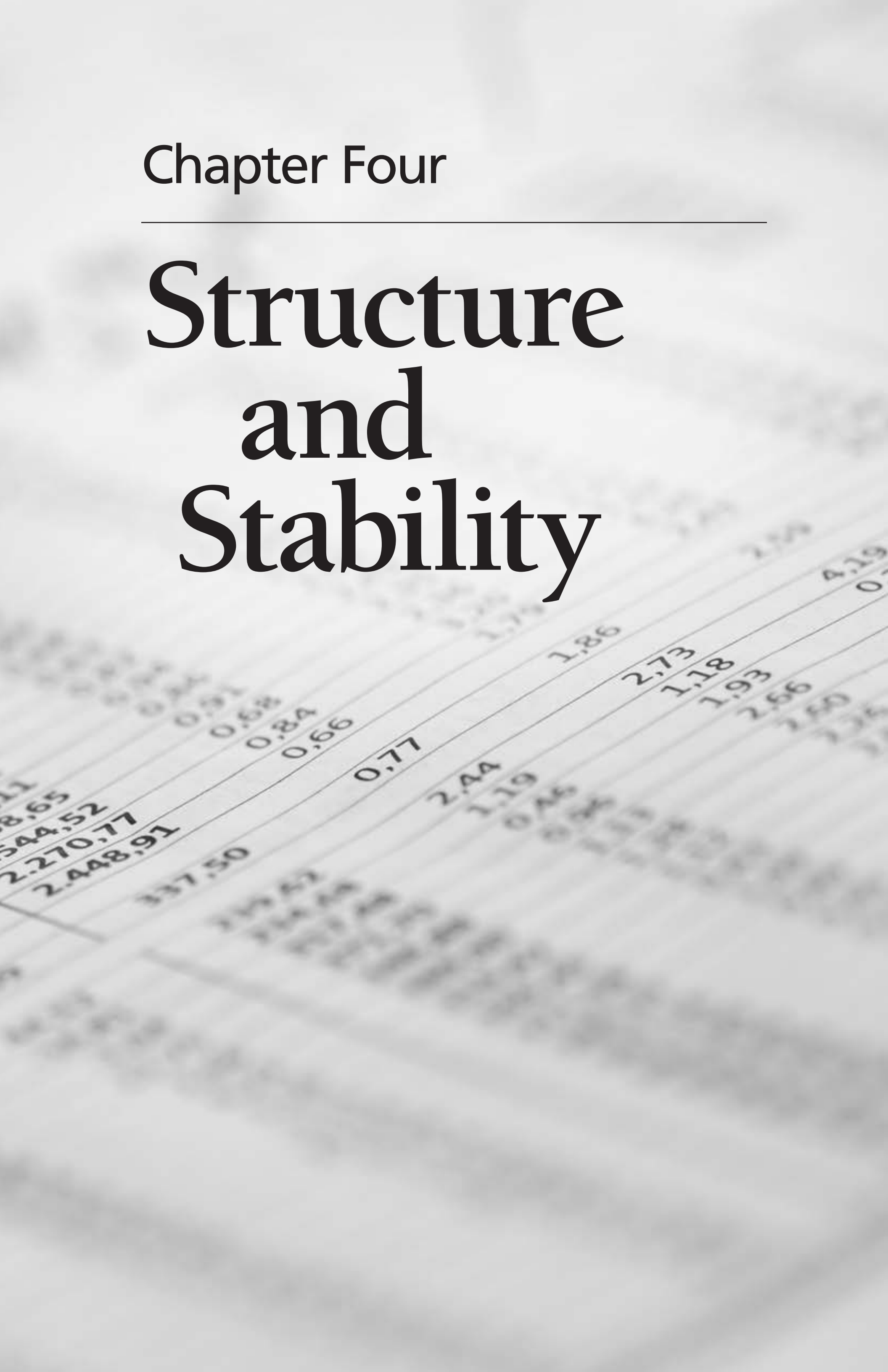
1,83
-2,22
11,05
10,81
10,73

Chapter Four

Structure and Stability



THE FIRM'S EXPANSION BECAME EVEN MORE DRAmatic through the 1980s, as it attracted new clients across the country and new partners to serve them. Eckler was appointed by Honda as its employee benefits consultant, and Slater Steel, in Hamilton, Ontario, resumed its relationship with the firm. The Pension Commission of Ontario appointed Eckler to do the actuarial work related to the wind-up of the pension plans of Massey Ferguson, which had declared bankruptcy. This ground-breaking assignment involved the first payment of a significant claim on the Pension Benefit Guarantee Fund.

"Changes in the Pension Benefits Acts and in various tax requirements also brought a flood of work," said Sam Eckler.

In Vancouver, Eckler received assignments from the B.C. government and the province's Workers' Compensation Board. The firm also conducted actuarial work for Finning Tractor, B.C. Telephone and the Vancouver Steelworkers.

In Winnipeg, the firm retained its local clients, such as James Richardson and the University of Manitoba, added clients farther afield, such as Lakehead University in Thunder Bay, Ontario, and received a major assignment from the Saskatchewan government involving teachers' pensions. The Saskatchewan assignment reversed an unspoken veto imposed more than 20 years earlier, when Eckler had contradicted the opinions of two Saskatchewan academics.

"The actuarial business has its ups and downs," said Sam Eckler with customary diplomacy. "Very often, clients who leave us for reasons we consider invalid come back stronger than ever."

Growing at almost 14% a year, the firm's billings rose to $8.8 million by the end of the decade. Fortunately, Eckler had already adopted the rudiments of a profit-sharing structure in Vancouver, Winnipeg and Montreal, and later adopted the same structure in its Toronto office, which mitigated the potentially divisive impact of such rapid growth. But for the first half of the decade, profits in Toronto were distributed according to "precedent and the chairman's views," in the words of the chairman, Sam Eckler.

"There were a few blips," said David Short, "but the trend was generally favourable. There were never serious issues."

Consistency, stability and a collegial structure enabled Eckler to focus its attention where it belonged, on the firm's clients. That was not only Eckler's first priority, it was also the firm's most effective sales and marketing tool. For years, the company's expansion had depended primarily on the recommendation of satisfied clients. Either they retained Eckler to conduct further assignments or they referred the firm to other clients with an unqualified endorsement.

"There was no focus on marketing," said Pat Flanagan. "We just focused on doing the best job for the client and answered the phone when someone called."

In addition to the quality of its work, Eckler appealed to clients in other ways. They felt reassured, Flanagan said, by the presence of a senior partner on major projects. "We assigned the work to the person who made the pitch," Flanagan said.

Eckler's stability helped, as well, in reassuring clients that they were in good actuarial hands. "There was virtually no turnover [of senior consultants] at our firm," Flanagan said in an interview after he'd worked at Eckler for more than 35 years.

Every few years, a client might replace or reassign its executives in finance and human resources, and their replacements would inherit the actuarial relationship with Eckler. But at Eckler, the partner responsible for the client's actuarial services seldom changed. David Short, for example, spent 36 years with the firm. By the time he retired, he'd worked with more than a dozen executives at three major clients. "After so many years,"

> Relying on reputation, stability and client service rather than aggressive marketing, Eckler built its business without jeopardizing its corporate culture.

he said, "you often know more than they do. They come to you and ask if you remember why we did this 20 years ago."

Relying on reputation, stability and client service rather than aggressive marketing, Eckler built its business without jeopardizing its corporate culture. "You have to grow to survive," said David Short. "And I think we've grown at a reasonable rate. But we've also maintained our stability."

Under a more hierarchical management structure, Eckler's competitors evaluated their annual performance based strictly on revenues. They set arbitrary targets for increasing them from one year to the next, then pursued those targets with single-minded determination.

"There was none of that here," Flanagan said. "Our focus was on keeping the client and doing more for the client if it was required. Our reputation earned us new business."

As much as it reassured clients, Eckler's reputation also impressed the firm's competitors. The same qualities that attracted assignments from clients also attracted job offers from other actuarial firms. Even Sam Eckler had been asked several times to join another firm. On the rare occasion when a competitor's blandishments succeeded, Eckler took the opportunity to re-examine its priorities. With insights gained from making sometimes uncomfortable readjustments, the firm reinforced the foundations of its structure to make itself even stronger.

The brief departure in 1983 of David Brown, for example, came as an unexpected shock. Brown left the firm to become head of Mercer's international pension practice in New York. "It was like an earthquake," said David Short.

When they recovered from the news, the remaining partners reacted according to their well-established collective instincts. "We sat down and talked," Short said.

The discussions lasted for months. When they ended, the firm emerged with a new name, a new structure and a renewed focus on the values that gave Eckler its unique identity. The firm also understood better than ever the importance to its survival of consistent growth.

The first item for discussion was how to reallocate the work. "We had to decide what was best for the clients," said Short. "It's not easy to move assignments from one partner to another."

As the partners redistributed assignments, they also reconsidered the firm's name. Within days of Brown's departure, Eckler, Brown, Segal became simply Eckler Partners Ltd.

To reinforce its capabilities in the absence of one of its most senior members, the firm hired a seasoned actuary named John Pettigrew from another firm. "With his wealth of experience," said Sam Eckler, "he helped a lot in smoothing over the difficulties."

But the structure of the firm presented a bigger challenge and took far longer to resolve. And in the midst of their considerations, David Brown returned. After only eight weeks, he had reconsidered his decision, contacted Sam Eckler and asked if he could rejoin the firm. "Everyone welcomed him back," Eckler said.

Even after Brown returned, the discussions precipitated by his departure kept going. They involved issues such as the firm's expansion, the qualifications of new partners and the way in which partners were remunerated. These concerns had become too compelling to ignore any longer.

Everyone understood the competitive advantages, for example, of expanding the firm into a national actuarial practice. The firm's presence in Canada's major cities made a difference in attracting clients and in hiring new recruits.

In addition to opening offices in Vancouver, Winnipeg and

The discussions lasted for months. When they ended, the firm emerged with a new name, a new structure and a renewed focus on the values that gave Eckler its unique identity.

Montreal, Eckler tried in the early 1980s to start a similar operation in Halifax. After negotiating for six months, the firm made a proposal to two employees of Mercer to open an office in the Maritime city. In keeping with Eckler's policy, the Halifax office would operate under the proposal as a distinct profit centre.

The proposal was a departure in one sense, since one of the Mercer employees involved, Lew Smith, was not a qualified actuary. Smith's status challenged many long-held assumptions about the qualifications for partnership in the firm. But as Sam Eckler said, the firm's prospects depended not on its partners' credentials but on their competence and values.

In the end, the negotiations reached an impasse not over actuarial qualifications, but over legal liabilities and employment restrictions. Under the circumstances, the risk involved in opening a Halifax office exceeded its potential success. More than 10 years later, and under much different circumstances, Eckler would try again to open an office in the city, with much different results.

Eckler also discussed a partnership with an actuarial firm in Quebec called Pouliot, Guerard. Initially, the partnership was regarded as a critical step in building a national practice. It would also dispel the firm's reputation as a consultant solely to unions, Sam Eckler said, and make the firm "more attractive to corporate interests."

As they had in Halifax, negotiations reached an impasse in Quebec when Pouliot, Guerard "began to push for a complete merger," said Eckler. Eckler's partners preferred a more informal association that would allow the firm to retain its unique character.

"In retrospect," Sam Eckler said, "that reluctance on our part to move into a radical change in our firm seems to have worked out quite well."

Instead of embracing radical change, Eckler took a more considered approach to expanding geographically and diversifying its services. With Nick Bauer's tax expertise and specialized knowledge of asset and liability management for financial institutions, the firm augmented its presence in Quebec while growing its general insurance business. New partners such as Joe Cheng and Paul McCrossan, who joined the firm in 1989 after serving two terms as a Member of Parliament, also raised the firm's profile as actuarial consultants to the financial services industry.

In addition to strengthening its insurance practice in Montreal, the firm made further inroads into Quebec in employee benefits consulting. In Toronto, it continued its actuarial litigation practice under Murray Segal. It extended its relationship with Milliman & Robertson and later joined an international federation of consulting actuaries called Woodrow Milliman.

As revenues increased steadily, the firm focused on well-defined practice areas, sometimes to the exclusion of others, such as management consulting. "We couldn't have grown into some areas," said Ken Clark, "but any organization has to decide about diversification. Do we stick to our last or broaden our services to attract more clients? It's a balance. We can't be all things to all people."

As billings increased, the firm began to re-evaluate once again the way it compensated its partners. From the "less elegant and more subjective methods" adopted over the years by Sam Eckler, the partners decided to adopt a profit-centre accounting system across the entire firm. Its affiliate in the U.S., Milliman & Robertson, had adopted such a system years earlier, and Eckler's offices in Vancouver, Winnipeg and Montreal already operated as profit centres. A similar arrangement in Toronto would bring more fairness to the way the partners were compensated. In 1986, they created three distinct divisions within the Toronto office: employee benefits, financial services and actuarial expert work.

The new structure reinforced Eckler's egalitarian approach to management and confirmed once and for all the firm's unique characteristics. "Ownership became equal across the board," said David Brown. "If you left the firm or died, you had to sell your shares back to the other partners at book value. But you were paid based on the results of your profit centre." The structure would also have far-reaching implications for the firm's future prosperity.

The firm's more formal approach to ownership was soon put to a dramatic test when, at 74 years of age, Sam Eckler ended his long working relationship with the firm. Eckler had already resigned as president at the end of 1985, replaced by David Brown. Three years later, he resigned as chairman and CEO, replaced again by David Brown, with the title of managing partner. Finally, six months later, at the annual partners' meeting at Minaki Lodge, Eckler formally resigned as a director and partner and sold his shares back to the company. For the first time in almost half a century, Sam Eckler would no longer participate as a partner in the firm that carried his name.

Chapter Five

Canada and Beyond

"OUR FIRM HAS GROWN PRIMARILY BECAUSE OF the people in it," Sam Eckler said in 1990, two years after he'd stepped down as chairman. "We value most highly the quality of our work, the service to our clients, our reputation and our contribution to the actuarial profession."

For more than 40 years, Eckler himself had set the firm's priorities. Not only did they distinguish the firm from its competitors, they also advanced the actuarial profession itself.

Eckler and his former partner Sidney Pipe, for example, were pioneers in the 1930s in conducting actuarial valuations of pension plans for teachers and municipal employees. Eckler also provided actuarial support when the B.C. Civil Service plan changed from money-purchase to defined-benefit.

One of the few actuaries in the country with extensive experience and expertise in the field, Eckler was appointed in 1960 to a three-member advisory panel to the Ontario Committee on Portable Pensions. As Brown wrote later in a paper for the *North American Actuarial Journal*, "The technical work of 'the three wise men,' which formed a considerable part of the committee's 1961 reports, turned out to be invaluable when the Ontario government decided to enact a revised version of the Pensions Benefits Act."

Although it made no requirement for transferability, the Act took a major step forward in imposing greater fairness on the province's pension system. It called for stronger consumer protection for plans covering Ontario employees. It also "imposed minimum standards for funding, vesting and disclosure of information to plan members and to regulate the investment of pension plan assets," Brown said. All of these advances were attributable, at least in part, to Sam Eckler's participation in creating the legislation.

Ontario's Pension Benefits Act became "the model for similar legislation in other provinces of Canada and at the federal level," said Brown. It preceded similar legislation in the U.S. by nine years. "Its practical operation was largely designed by actuaries," Brown said, "and from its inception, actuaries played a leading role in its day-to-day administration."

The new pension laws referred to "generally accepted principles of sound actuarial practice" and required valuation reports from qualified actuaries. This required, in turn, a national organization to define accepted standards, regulate their application and set the qualifications for becoming an actuary. Once again, Sam Eckler participated in establishing such a national body when he helped to transform the Canadian Association of Actuaries, of which he'd been president, into the Canadian Institute of Actuaries in 1965.

"Almost at once," said Brown, "the FCIA designation was recognized in federal insurance legislation and the pension benefits legislation of Ontario and Quebec.

"Apart from the achievement of accreditation for the CIA," Brown continued, "the profession in Canada has been engaged over the years in a more or less continuous dialogue with plan sponsors and pension regulators about professional standards for the form and content of valuation reports."

From pensions and benefits to life, property and casualty insurance, such a continuous dialogue has informed the development and application of standards in all aspects of the actuarial profession. Eckler Ltd. has contributed leadership and an influential voice to the discussion. At the provincial level, John Corp, founder of Eckler's office in Winnipeg, served as the third chair of the Manitoba Pension Commission and also served as Chairman of the Canadian Association of Pension Supervisory Authorities in 1982. Under Corp's leadership, provincial authorities developed a consensus proposal to reform their pension legislation.

Another senior actuary, Paul McCrossan, joined Eckler after serving in Ottawa as a Member of Parliament. As an MP, McCrossan discovered that actuarial reports on public-sector pension plans, required by law, were seldom made available to politicians or the general public and did not always address the relevant benefits. Thanks to McCrossan's observations, the Auditor-General of Canada expressed a reservation in his opinion in 1980 and again in 1982 because the government had omitted certain liabilities related to indexing of pensions for retired government employees.

McCrossan persisted in addressing the issue. In 1984, he became one of the few MPs ever to succeed in guiding a private members' bill into law. The Public Pensions Reporting Act, which came into force as a direct result of McCrossan's initiative, removed several discrepancies in the actuarial reviewing of public-sector pension plans. Among other things, it required the chief actuary of Canada to conduct an actuarial review of major public-sector plans and Canada's social-security plans, and required the government to table the results in Parliament.

"Where debates formerly raged in a vacuum of information about just how generous and costly these public-sector programs really were," said David Brown, "the published actuarial reports now provide an objective common ground on which politicians, unions and taxpayers can make informed assessments."

While it hasn't always led to such dramatic results, Eckler's presence has informed almost every aspect of the actuarial profession in Canada and beyond. Consultants at the firm have been involved in the formation, growth and leadership of the Canadian Institute of Actuaries, the Society of Actuaries, the Casualty Actuarial Society, the Caribbean Actuarial Association, the International Actuarial Association, the International Association of Consulting Actuaries, the Canadian Pensions and Benefits Institute, the International Foundation of Employee Benefit Plans and the Younger Actuaries Club.

Eckler consultants participate, as well, on provincial and federal government commissions, review panels and advisory councils. Four partners in the firm have served as presidents of the CIA or its predecessor. Five have received the CIA's gold volunteer award, an honour extended since 2001 to only a handful of the approximately 2,800 actuaries in the country.

Professional involvement brings rewards, as well. Meetings provide an opportune forum for recruiting new employees. They also enable participants to keep informed of trends in actuarial practice. As members of professional committees and advisory councils, Eckler representatives influence actuarial standards and government policy. They also enrich their professional expertise and keep the firm up to date on the profession's most urgent concerns.

"Our involvement on committees exposes us to current trends and issues, which we can share with the rest of the firm," said Pat Flanagan, who served as vice-president of the CIA and chair of the CIA's Pension Standards Committee.

Flanagan, for example, participated in the 1990s in revising the Income Tax Act. "I'd go to these meetings," he said, "and spend time with people who thought that reading the Income Tax Act was fun. I'd learn a lot, though, and I'd bring that knowledge back to the office."

In recent years, actuaries from Eckler have contributed directly to government policies on the taxation of pensions, same-sex spousal benefits and Tax-Free Savings Accounts. "Because of our involvement with the profession," Flanagan said, "people at the Department of Finance give us more credibility."

Professional involvement also adds to the firm's appeal to clients. "They like to know that their actuaries have been in leadership positions in the profession," said David Short, who retired from the firm after more than 30 years and continues to serve on the Actuarial Standards Board and the Ontario Financial Services Tribunal.

Eckler's enhanced credibility has contributed to its continual expansion, as well. In 1992, for example, the firm began negotiations to acquire the life-insurance consulting business of a small firm called Actrex Partners Ltd., formed by some partners from Tillinghast after their former company was purchased by Towers Perrin. When negotiations started, Eckler was represented by two past presidents of the CIA, David Brown and Ken Clark, and a former Member of Parliament, Paul McCrossan.

"We negotiated with many other firms," recalled Sylvain Goulet, one of the partners of Actrex. "But they were business negotiations. They focused on questions like, How much do we want? How much do we get? What do we have to give? They wanted a business plan."

"With Eckler, the questions were much different," said Goulet. "The discussions were all about the opportunity and how it made sense for all of us. They wanted to know how they could bring us into the family. There was no negative negotiating and no fighting."

Eckler's approach appealed to Goulet's passion for the profession and his firm belief in self-determination. Goulet had known from the age of 12 that he wanted to become an actuary. Growing up in Grand-Mère, Quebec, on the Saint-Maurice River, about 50 kilometres north of Trois-Rivières, he read a book about Lloyds of London, which stimulated his interest in mathematics. After that, he learned more about the concepts of pooling and insurance.

After studying actuarial science at Laval University, he and his wife, who graduated from Laval at the same time, decided in 1979 to come to Toronto for three years. Thirteen years later, Eckler acquired the life insurance practice of Actrex, and Goulet joined the firm.

Goulet brought more than his passion for actuarial concepts to the firm. He also brought a sophisticated suite of actuarial software that Eckler's insurance practitioners could apply to enhance their insurance modelling, asset-liability expertise and the early stages of stochastic modelling. The power of the software has advanced in step with the exponential growth in computing power, providing Eckler and its clients with a proprietary tool for modeling and forecasting.

"Technology has influenced the work that we do and the way we do our work," Goulet said in 2010, after 18 years with Eckler.

Around the same time as Goulet joined the firm, Eckler began negotiations to expand into other parts of Canada. The firm's partners had decided 10 years earlier against opening an office in Halifax, but reconsidered in 1993, when Eckler purchased the local office of The Wyatt Company.

"We had a number of clients in the Maritimes by then," said David Short. "This time, we thought that a presence in Halifax would work."

It didn't work overnight, as Short quickly discovered. The office might have carried Eckler's name, but it took several years to adopt the substance and values that distinguish Eckler from its competitors. "There was a sense at the time that this was a pretty sleepy place to work," said Peter Hayes, who joined the firm from Sobeco Ernst & Young in 1996. "It just wasn't a true Eckler office."

At the time, Hayes wasn't entirely sure that it would ever become one. He assumed he'd been hired to take over the office when his predecessor retired. "I was this guy's succession plan," Hayes said in an interview in 2010. "So my view of Eckler was a bit tainted. I thought I'd stay for a couple of years and figure out what I wanted to do with the rest of my life," he said. "That was 14 years ago."

It took perseverance and patience to transform Eckler's Halifax office into a practice that lived up to its name. As the Principal responsible for the Halifax office, Hayes attributes much of the credit to the partners in Toronto, such as David Short and David Brown, who encouraged his initiative. "They were incredibly patient," he said. "I'm convinced David Short was a buffer between me and the people who said 'Close it down. The thing will never work.' I'm very grateful. It took years."

The transformation began with Hayes himself. Although he was accustomed to a more conventional, hierarchical approach to management, Eckler provided him with an opportunity to practise his profession in a way that challenged his creativity and encouraged cooperation in serving clients. "Not just getting it out the door fast," he said, "but getting it right."

Greg Malone noticed the difference, as well. A graduate of St. Mary's University in Halifax, Malone had not yet completed his actuarial Fellowship when Eckler acquired Wyatt's practice

> Eckler impressed Malone as a boutique operation, "loaded with highly skilled and entrepreneurial people. The bureaucracy was also much lighter, which appealed to me."

in the city in 1993. Compared to the multinational environment in which he'd started his actuarial career, Eckler impressed Malone as a boutique operation, "loaded with highly skilled and entrepreneurial people. The bureaucracy was also much lighter, which appealed to me."

Working almost immediately with Eckler's senior actuaries, Malone felt as if the firm appreciated his contribution. "I also learned tremendously from them," he said in 2011. "There appeared to be a much greater interest in me personally, my career path, well-being and compensation."

Malone responded in kind. Seeing an opportunity for himself and the firm in providing pension clients with advice on asset allocation, performance measurement, liability modelling and other projects, Malone moved in 2001 to Toronto to become head of Eckler's investment consultancy.

Peter Hayes shared Malone's enthusiasm for the positive environment that Eckler created in its Halifax office. For the first time in his actuarial life, he said, he had the freedom to "apply creativity and thought to each assignment. There's no hand-holding, and no monopoly on ideas. We're expected to deliver a service that's meaningful and specific to each client. And the expectation runs from the administrative staff to the senior actuaries."

Motivated by these expectations, the Halifax office began to turn around. "We started to raise the bar," Hayes said, "in terms of service standards, advice and our presence in the marketplace. We also needed new blood, so we hired good people."

In 2011, the Halifax office included 14 staff. “We look for a good fit,” Hayes said. “We’re not just 14 clones. We have different personalities. But we all pull in the same direction.”

To reassure existing clients while attracting new ones, Hayes said, “we raised our profile in the community.” The Eckler name began appearing on by-lined articles in local publications. Eckler practitioners participated in seminars and conferences. “It allowed people to see how competent we’d become,” Hayes said.

In keeping with Eckler’s priorities, Hayes and his colleagues participate in their professional organizations, as well. Hayes himself has served on committees of the Canadian Pensions and Benefits Institute and the Society of Actuaries. For three years, he chaired the SOA’s group that oversees the development and administration of actuarial exams throughout North America and Asia.

The efforts brought results. “The place turned around,” Hayes said. “We re-established our credibility. We’re now a pretty substantial presence in the marketplace, and this is now a true Eckler office.”

At the same time as Eckler was expanding through acquisitions, the firm was also hiring seasoned professionals to expand and strengthen its existing practice areas. In 1992, for example, Bill Weiland moved to the firm to lead its property and casualty (P&C) insurance consulting activities. Weiland was one of the most respected P&C actuaries in the country, and his departure prompted his previous firm to try to lure him back. To do the job, his former employer sent two young actuaries, Brian Pelly and Cynthia Potts, to meet with him.

They had their own reasons for asking Weiland to return. Without him, Pelly recalled in 2011, “Cynthia and I had been working under a lot of pressure. But because we weren’t shareholders ourselves, we received very little information about what was happening within our firm. We were working long hours, but we never seemed to make a profit. It was a tough time.”

As they discussed with Weiland the possibility that he might rejoin his old employer, Weiland told them about his experience at Eckler. He talked about the collegial environment and the way the firm’s actuaries focused on serving its clients rather than competing for advancement in the corporate hierarchy. “He told us how great life was at his new firm,” Pelly said.

The more Weiland talked about his new firm, the less attractive his old firm seemed to his two visitors. Instead of luring Weiland back to the fold, Pelly said, he and Potts decided to follow his example. “We ended up joining Eckler.”

Pelly had pursued a career as a P&C consulting actuary primarily because it offered a challenge. In the 1970s, when Pelly studied actuarial science at the University of Waterloo, insurance companies followed the same generic guidelines in setting premiums and had little need for consultants. With fewer than half a dozen P&C consultants in Canada, Pelly’s school did not even offer a program in the P&C discipline. That changed when government regulators required insurance companies to set premiums according to their own guidelines. To match price with risk effectively, some companies built their own actuarial departments internally. Others relied on consulting actuaries. “P&C had lots of green field,” Pelly said, “and room for creative thinking.”

By the time Pelly joined Eckler in 1993, the firm’s P&C consulting practice had become a thriving area of business. “We did good work, and we became known in the industry,” Pelly said, particularly as Eckler represented its clients in provincial regulatory hearings. “Doing good work always helps,” Pelly said. “People move within the industry. If you’ve done good work, they hire you again.”

As the firm’s P&C practice expanded, Eckler took steps to extend its operations beyond Canada. Ken Clark had extensive experience in the Caribbean and had built a network of relationships in the region. In 1995, the firm decided to open an office in Barbados and invited an actuary there named Charles Herbert to Toronto to discuss a plan. Herbert had taught mathematics for two years and also worked as a boat-builder in Barbados before becoming an actuary. He made his first visit to Toronto from the Caribbean in mid-winter.

“I remember the visit well,” he said. “It was minus four degrees. But I still took the job.”

Even before his first visit to Toronto, Herbert had become familiar with Eckler as an actuary for the Barbados Mutual Life Assurance Society. The company had hired Sylvain Goulet as its consulting actuary while Goulet still worked for Actrex. When Goulet joined Eckler, Herbert kept in touch. A few years later, Herbert left Barbados Mutual to become the first local actuary to work for Wyatt. When that office reorganized, Herbert received a call from Eckler to set up a benefits practice in Bridgetown, a Caribbean banking centre and the capital city of Barbados.

"There were two of us at the beginning, working in a small office in Lower Collimore Rock," Herbert said in an interview 15 years later. "Each of us took a corner."

The Barbados practice developed quickly. As Goulet recalled, he and Herbert submitted a business plan for the Barbados office to Eckler's board, but decided to cut forecast revenues in half to avoid over-expectations. As it turned out, the office's initial revenue stream was twice as much as Herbert and Goulet had originally contemplated and four times as much as they had presented to the board.

Herbert had already been appointed as the actuary for the Royal Bank of Canada (Barbados) when he joined Eckler, and he brought that assignment with him. "I'd also worked for 15 years with the pension department of Barbados Mutual," he said, "so I had lots of other contacts."

Focusing on actuarial assignments for pension plans, the Barbados practice grew rapidly over the first five years, as existing plans hired Eckler to conduct evaluations required by regulation. "At the time," Herbert said, "regulations required evaluations once every three years."

Among the first people to join Herbert as the practice expanded was Martin Steinbok. Herbert had been Steinbok's math teacher before his pupil went on to obtain a degree in actuarial science from the University of Waterloo in 1984. In 1996, Steinbok became co-manager of the Barbados office and is now a shareholder in the firm.

In more recent years, Eckler's Caribbean practice has grown rapidly, as the need for actuarial services has increased throughout the Caribbean. The firm has attracted clients from Trinidad and Tobago, the Bahamas and the eastern Caribbean, and has expanded its practice into Jamaica. Meanwhile, revised standards in Barbados increased the frequency of pension-plan evaluation and disclosure to once a year from once every three years. “Our business doubled,” Herbert said. In Bridgetown, the firm hired its fifth employee and moved from its single-room office into larger quarters. “We ran out of corners,” Herbert quipped.

Now the largest actuarial presence in the Caribbean, the firm employs 15 people in Barbados and another 15 in Jamaica. Operating within the firm’s Financial Services practice, Eckler’s Caribbean offices derive 80% of their work from pension and benefits consulting. And in keeping with Eckler’s commitment to the profession, the firm’s Caribbean offices are closely involved in their professional organizations. Daisy Coke, Jamaica’s first actuary, was a founding member of the Caribbean Actuarial Association and was serving as its president when her firm joined forces with Eckler in 2000. Charles Herbert and his colleague Lisa Wade have also both held presidential positions in the Caribbean Actuarial Association.

At the same time as the firm expanded geographically, Eckler also reinforced its reputation for delivering unbiased and highly ethical actuarial services. Under Ken Clark, for example, Eckler had conducted several demanding actuarial assignments in the life insurance industry. On more than one occasion, a client that engaged the firm received a report that contained more bad news than it wanted to hear. “Engagements like that can be very stressful,” said Clark. “People want us to go one way or the other. But we have a reputation for integrity. We won’t be pushed around.”

Eckler’s integrity was precisely what appealed to Canada’s life insurance companies when they demutualized in the late 1990s. “They needed an independent actuary to report to policyholders on the fairness of the process,” said Nick Bauer in Montreal.

The transformation of these companies into joint stock companies involved the distribution of billions of dollars in shares. Each company required an independent actuarial opinion about the fairness of the allocation of shares among eligible policyholders and assurance that the interests of policyholders and the security of their policy benefits were protected. “The independent actuary had to be highly ethical,” said Bauer.

When the companies looked for actuaries, all but one of them engaged Eckler either as an advisor in developing their conversion plan or to prepare the independent actuarial opinion. “That said a lot about our firm,” said Bauer, who spent more than 2,000 hours a year, for three years, working on these projects.

It also said a lot about Eckler’s good timing. Highly publicized scandals in the U.S. involving companies such as Worldcom and Enron had cast doubt on the credibility of auditing firms that also acted as consultants for the same client. “Companies wanted to appear lily white,” said Luc Farmer, who was, at the time, managing partner of Ernst & Young’s actuarial advisory practice in Montreal. “They wouldn’t hire an auditing company as a consultant, even if it was allowed.”

Farmer had lost at least one potential client that wanted to avoid the appearance of a conflict between auditors and consulting actuaries. “We’d been chosen to be actuaries for Canada Life,” he recalled in 2011, “but the audit committee saw our name and asked who was the second choice. It was Nick Bauer at Eckler.”

The decision convinced Farmer that Ernst & Young should sell its actuarial consulting practice. “We needed to be sold, because we’d lose all our clients otherwise.”

Eckler was one of several firms to bid for Farmer’s division. But more than the others, Eckler wanted to build its presence in the province of Quebec, and the acquisition would further that objective in a single decisive step. “We saw a good strategic fit,” said Bauer. “We’d received small assignments [in Quebec], but we were far from becoming the dominant actuarial consultant in the province.”

When the two firms completed their negotiations, Eckler acquired Ernst & Young’s proprietary valuation software and added about 20 employees to its office in Montreal and another five employees in Toronto. “We ended up at Eckler,” said Farmer, “working on Canada Life.”

Eckler intended to pay for the acquisition from profits generated by the new operation, without jeopardizing the income of Eckler's current shareholders in Quebec. "It was far from risk-free," Bauer said.

In hindsight, the acquisition delivered better results than Bauer or the firm had anticipated. Not only did Eckler retain all of Ernst & Young's clients, but the new business also performed better than anyone had expected. In the process, Eckler established itself once and for all as the dominant actuarial presence in Quebec. "We had 95% of the Quebec market for P&C and life clients," said Farmer a recipient of the CIA's gold volunteer award. "We still do."

With demand growing for Eckler's services in the insurance industry, the firm augmented its expertise in 1999 when it hired Hugh White. With more than 30 years of experience in the industry, including top management positions with a major global insurance company, White held a prominent position within the actuarial profession and within the insurance industry. "He was a great addition to the firm," said Brian Pelly, who replaced White in 2011 as head of the Financial Services group.

Becoming a partner in 2000, White consulted in the Property & Casualty practice and eventually served on Eckler's Board of Directors. He was also an active member of the actuarial community and helped to develop the Actuarial Foundation of Canada to promote youth awareness and education in mathematics and financial matters. "He always had time for everyone," Pelly said, "and he had a very inquisitive mind. If you gave him a problem, he enjoyed the challenge of solving it with you."

Now the firm had to grapple with a different challenge. So far, Eckler had achieved its steady growth without jeopardizing its unique culture. But as the shareholders looked ahead, they faced some difficult decisions in balancing the firm's growth and prosperity with the culture that had carried it through more than half a century.

Chapter Six

The 21st Century

BY THE 21ST CENTURY, ECKLER HAD EXPANDED across Canada and into the Caribbean. It had affiliations with actuarial firms in the U.S., the UK and around the world. It had earned a national reputation for conducting actuarial assignments with unimpeachable honesty and irreproachable ethical standards. It had taken occasional missteps along the way, but the firm had achieved its reputation by attracting some of the most talented and motivated consultants in the profession. They applied their skills in a collegial environment that encouraged autonomy, creativity and cooperation. Individually and collectively, they focused their professional expertise on delivering the best possible service to each of their clients. After many decades, the senior members of the firm had established Eckler as a unique presence within the global actuarial profession. Now they had to step aside and let their successors take over. It wasn't an easy step to take.

"In the Toronto pension practice, we had six partners," Pat Flanagan recalled. "Three of us were born in 1946. The other three were born before that. When we asked about a plan for succession, there wasn't one. That's when we realized we had to do something."

In the firm's early stages, succession planning was not a priority. The partners focused on maintaining and building the business. No one gave much thought to the future beyond the next assignment or the next strategic acquisition. Even after Sam Eckler retired, the need for a succession plan came initially as a surprise.

The partners had concentrated so hard, for so many years, on expanding the firm that they'd given only passing thought to their replacements.

Through the 1990s, Eckler also recruited several experienced consultants who helped the firm to focus on business development. Until then, Eckler had attracted clients primarily by doing good work. As Brian Pelly said, "We built the practice mostly by answering the phone."

As competition intensified, Eckler had to take a more disciplined approach to business development and to other aspects of its operations. When David Howe joined the firm in the early 1990s, he had already distinguished himself within the profession while acquiring experience in the more structured environment of another consulting firm. "We benefited from that experience," said Jill Wagman, who joined Eckler as an actuarial student in 1993. "He brought to the Toronto Pension and Benefits practice a focus on developing new business."

Howe also became active in Eckler's global network, eventually becoming its executive director. "He built some great relationships for us," Wagman said.

At the same time, Eckler was attracting younger professionals like Wagman, with an abundance of talent and the ambition to assume control of the firm when their time came. In personality, character and attitude, they reflected the predominant culture of the firm. They'd been hired for those characteristics in the first place.

"Chemistry is important when we're hiring new people," said Brian Pelly. "We spend a lot more time assessing a candidate's personality and character than skills and credentials. Those are important, of course, but we're going to be working together and we need to know if we fit."

Within Eckler's pension and benefits practice, Flanagan and his five partners all assessed new candidates before inviting them to join the firm, and their assessments went far beyond a candidate's credentials. That became obvious when Wagman replied to Eckler's ad in the CIA Bulletin for a group benefits actuary. "I wasn't a group benefits actuary," she recalled, "but I said I'd like to be."

Through the 1990s, Eckler also recruited several experienced consultants who helped the firm to focus on business development. Until then, Eckler had attracted clients primarily by doing good work.

Once she joined the firm, Wagman immediately appreciated the cultural differences between Eckler and a more conventional actuarial environment. The firm maintains a strict policy, for example, that actuarial students must have time to study for their Fellowship exams, a policy that allows them to devote the hundreds of hours required to prepare for each one. She noticed, too, that the firm's flat organizational structure eliminated silos and the limitations that go with them. Eckler also places much less emphasis on an individual's rank within the internal hierarchy, Wagman said. At her previous firm, associates were seldom invited to attend client meetings, but Eckler did things differently. Within days of her arrival, David Howe invited Wagman to go with him to a client meeting. He explained to the client that the meeting would give Wagman an opportunity to learn more about the business and that the client wouldn't get billed for her time. Wagman was so impressed with Eckler that she contacted a friend, Cameron Hunter, at her previous firm to tell him about it. A few months later, he joined the firm, as well.

Another recruit, Ian Edelist, had contacted Eckler while he was finishing his university degree. When an opening arose at the firm a few months later, Pat Flanagan invited him to an interview. Edelist had already accepted an offer from a competing firm. But Flanagan asked to meet him anyway.

They met at Eckler's offices on a Sunday morning. "He showed up in a suit," Flanagan said. "I was wearing jeans and a T-shirt."

During the visit, Flanagan introduced Edelist to an actuarial student who had come to work that day. “She was wearing sweatpants,” Flanagan said.

After several meetings, Edelist had impressed Flanagan and his partners enough that they offered him a job, even though they knew that he intended to join another firm at a higher starting salary. Fortunately, Eckler’s atmosphere had impressed Edelist. He accepted the offer. “I was thinking long-term,” he said more than 15 years later.

The new recruits had an abundance of actuarial aptitude and all the basic qualifications required to run the firm, but they needed time to gain experience and earn their Fellowships. In the interim, Eckler needed to re-evaluate the way it deployed its expertise to relieve senior members from the time-consuming demands of its day-to-day operations. With this in mind, the firm turned to seasoned professionals to take over while the senior partners prepared for their retirement.

In 1996, David Grace joined Eckler’s Toronto Employee Benefits practice. A former associate of David Howe, Grace consulted primarily on designing and funding pension plans while applying his experience within the firm to structuring its operations. “He brought a new rigour to the financial management of the profit centre,” said Wagman.

Until then, partners had billed sporadically over the course of a year, issuing monthly invoices and following up on accounts as they became overdue. Under Grace’s leadership, the practice adopted more conventional billing practices.

Influenced by Howe and Grace, Eckler also leveraged the skills of its junior and senior members more efficiently. Junior members assumed more responsibility for the day-to-day work, leaving senior members free to develop new business, maintain client relationships and oversee performance to meet the firm’s high standards.

“I sat next door to David Howe,” said Sandra Dudley, who joined the firm during this transitional period. “He was a wonderful mentor and extremely adept at client relations.”

Dudley joined Eckler after more than 25 years with other consulting firms and insurance companies and had worked with David Grace in building a group practice at another firm. Accustomed to much different management structures and internal hierarchies, Dudley now became the first female partner in Eckler's Pensions and Benefits practice. "I had to unlearn a lot of behaviours," she said.

In particular, Dudley had to accustom herself to the partners' disregard for internal status and their collective focus on client service. "At other firms, a lot of competition is internal," she said. "At Eckler, our reward system is geared toward helping to develop people and building multi-disciplinary solutions for our clients."

Dudley appreciated the way Eckler's cooperative atmosphere enhanced the services that it delivered to its clients. "More than any other firm I know," she said, "I think it's a firm that focuses successfully on clients without strife. It's the most harmonious environment you can work in. And it's a unique characteristic of Eckler. In Sam Eckler's way of seeing the world, every plan sponsor in every sector is entitled to good, strong advice."

At the same time as Dudley adjusted to Eckler, the firm adjusted to its continuing expansion. With 96 people on staff, the firm could no longer rely on informal management procedures. Murray Segal, the firm's secretary-treasurer and CFO for more than 15 years, attended to and oversaw the countless details of running both the Toronto office and the firm as a whole, from professional liability insurance to contacts with suppliers to dealing with income-tax issues. He was the deviser and custodian of the firm's accounting records and paid particular attention to issues of fairness and equity between profit centres and the individual partners. Segal maintained an expanding file of memos, reports and minutes, all written by hand in his unique script. "There were never any questions," said Charles Herbert, "because nobody else wanted to work through all those numbers."

When Segal died suddenly in 2003, the firm had to adjust quickly. David Short assumed Segal's responsibilities as secretary-treasurer. "It required some work," he said.

Growth and change also demanded organizational adjustments and new approaches to management. Unlike other firms, where a few dominant shareholders control the majority of shares, valued at market price, Eckler gives one vote to each shareholder, and their shares are bought and sold at book value. Each structure has its advantages and disadvantages. “When you become a shareholder,” said Nick Bauer, “you inherit the goodwill of the firm. When you leave, you sell your share back to the firm and leave it a bit better than when you came.”

Under such a structure, Bauer said, “nobody can bully others because he has more shares. We operate by consensus. If you want something done, you have to be persuasive.”

Larger, more hierarchical firms operate with a top-down philosophy. “They’re run like a corporation,” said Luc Farmer. “There’s lots of red tape. Lots of marketing. Lots of vision planning. You may decide, for example, to focus on one client to grow the account to $5 million in five years. Then you go out and do it.

“At Eckler,” he continued, “we’re not top down, so there’s sometimes replication from one department to another. It’s also tough to initiate large projects requiring lots of resources. If three people invest $1 million over three years, it comes from our own pockets. And everybody wants his small department to succeed.”

In some respects, a flat structure also makes the future of Eckler more predictable. A large majority of shareholders have to vote uniformly to sell the firm. “We’ve received many offers,” said David Brown. “But it’s like persuading a herd of cats to vote together.”

While maintaining its collegial atmosphere and flat structure, Eckler became increasingly bound by legal regulations beyond its control as the firm expanded. Regulations require shareholders to document decisions at annual meetings, for example, and develop more consistent bylaws. Employee evaluations had to be documented to comply with labour regulations. Hiring procedures had to be more closely monitored, and the firm adopted a formal privacy policy. Yet no one at Eckler wanted to impose the rigid policies of its more bureaucratic competitors.

By now, the firm had extended its services beyond the boundaries of conventional actuarial consulting. Some Eckler consultants focused their expertise on areas such as information technology, communications and investment management.

To solve the dilemma, the firm turned to Sandra Dudley. One of the first female partners at the firm, Dudley was also among the first partners who was not a qualified actuary. With her extensive experience in other organizations, Dudley assumed control of human resources policies at Eckler.

By now, the firm had extended its services beyond the boundaries of conventional actuarial consulting. Some Eckler consultants focused their expertise on areas such as information technology, communications and investment management. Clients who needed investment advice in the context of their pension funds, for example, could now turn to Eckler instead of a competing firm.

With a richer portfolio of services, Eckler grew more rapidly than ever. Dudley arrived at the firm when the Group Benefits practice included one senior consultant and one junior. When she retired from the firm about a decade later, the practice had expanded to 11 people, she said.

Eckler's Communications practice blossomed, as well. The firm had been providing communications services for about 10 years under the direction of Susan Deller. As clients restructured their pension arrangements, the firm focused its communications activities more strategically.

"Our clients needed to communicate with their employees about pension issues in the context of changing regulations, new plan structures and an evolving pension environment," said Paul Harrietha, who joined the firm in 2000. "We started doing videos, building websites, creating client communication programs and measuring their effectiveness."

To support the technological requirements of its communications services, Eckler also built a Technology practice. Under Sean Keys, who joined the firm in 2002, the practice focused on delivering web applications, mobile solutions and administrative systems.

But even with its expanded repertoire of services, Eckler preserved its collegial atmosphere and maintained its emphasis on addressing a client's specific requirements.

"There's no hoarding of work," said Jill Wagman. "If a client's pension plan needs better communications, I'll call Paul and introduce him to the client."

Because the firm pools its revenues within profit centres, it encourages consultants to look throughout the firm for the resources required to assist a specific client. "We look at what the client's doing and figure out how to further its business objectives," said Sandra Dudley. "There's no disincentive to bringing in someone from our IT practice, for example, if it will help the client. In fact, if you could find the slightest opportunity, you wanted to bring them in. That's when consulting is fun: helping the client to figure out how to meet challenges."

With a richer portfolio of services, Eckler grew more rapidly than ever. "It enhanced our marketability," said Dudley. It also contributed to more rapid expansion. "In the first 10 years of the century," she said, "we went through a period of spectacular growth. Our revenues more than doubled, and our growth came at the real human-intelligence end of the business."

Eckler's Communications practice, for example, expanded its focus beyond pension-related assignments to include change management, employee education and customized solutions, often in conjunction with the firm's Technology practice. Under Harrietha's leadership, the firm now employs 10 communications specialists who serve clients and act as a resource to the firm.

For the firm's senior partners, Eckler's interim plan was unfolding on schedule. Older partners began to step aside to make room for their well-chosen successors. As the new century proceeded, “we were going out the door,” Pat Flanagan said, “and they were running the show.”

For only the third time in 40 years, the firm also moved its head office to another location, farther north in Toronto to Sheppard Avenue East. The new office was large enough to accommodate the firm’s considerable growth, including its expanding Investment Consulting, Communications and Information Technology practices. The Financial Services practice was now divided into four distinct practice groups. By creating smaller, self-sufficient units, the changes encouraged more innovation. With changes in the insurance industry and consolidation of Canadian insurance companies, for example, the market for the firm’s Financial Services practices has changed. In response, one of the Financial Services groups under Sylvain Goulet’s leadership has extended its scope into Latin America and Puerto Rico and has developed new business in India, Vietnam, Hong Kong, the United Arab Emirates and Europe. And they did it quickly. “In the old days,” said Charles Herbert, “they would have needed agreement from everyone. That inhibited innovation.”

Growth and change continue to challenge the firm’s internal cohesion. It helps that some of the firm’s more accepted practices encourage cooperation. Peer review, for example, ensures a high level of quality. “Risk management is a big part of the business,” said Nick Bauer, “and peer review is a great way to keep management standards high.”

Nevertheless, expansion has come at the expense of close relationships across the entire firm. “I frequently get on the elevator in the morning with someone going to our office whom I’ve never met,” said Brian Pelly. “That’s inevitable. But collegiality and mutual support are still the glue that holds the firm together, and we take them very seriously.”

Those characteristics continue to attract creative recruits, who see opportunities for applying their entrepreneurial talents in a supportive environment. “I knew very little about the firm other than it had a reputation for having some strong actuaries,” said Todd McLean, who moved to Toronto from Calgary to assume the leadership of the firm’s Group Benefits practice from Sandra Dudley.

McLean had been encouraged by Paul Harrietha, a friend and former colleague, to consider moving to Eckler in 2001. "From what he was telling me," McLean said, "Eckler sounded like a place that 'got it.'"

After meeting with Dudley and other shareholders, McLean packed up his family and headed east. "It's been a great ride thus far," he said in 2011. "Eckler is still a place that 'gets it,' primarily because of the people."

Beyond its internal concerns, Eckler has to address many of the challenges that have affected the entire actuarial profession. From consolidation of the insurance industry and the shift away from defined benefit pension plans to the accommodation of non-actuaries as partners, the profession adjusts constantly to a changing environment, where clients demand new skills and new services.

"There has been an increasing demand for actuaries in non-traditional roles," observed a report from the Canadian Institute of Actuaries, "such as risk management, compensation consulting, workers' compensation, health care management, financial planning, investments, environmental liability, and information systems."

A global approach to standards and regulation is also affecting the profession. The adoption of International Financial Reporting Standards, for example, may affect the application of solvency regulations in North America. Requirements imposed on companies in Europe are prompting their subsidiaries in Canada to conduct capital modelling. "Capital modelling is a relatively new thing in Canada," said Pelly. "We're becoming involved."

Eckler's future growth will occur in areas such as pension and benefits, where the firm does not hold a dominant position, and in new markets, providing new services at the same time as it offers more conventional actuarial services to established clients. "We need to convince banks, for example, that we can provide services for managing risk," said Luc Farmer.

A changing environment presents opportunities, as well. "We have a huge opportunity to grow our Communications

> "This firm has survived for more than 85 years precisely because we know how to change with the times within a preferred work environment."

practice through working with our other offices in Canada," said Harrietha, "and through our association in the U.S. with Milliman. We're expanding the practice in a meaningful way, while many of our competitors trim or close their communications practices."

Eckler's continuing success will also require a more formal approach to marketing, particularly in emerging areas of the profession. But sound marketing depends on strong foundations, and Eckler's current shareholders still emphasize the principles and qualities that have defined the firm since it began.

"Our success has come by maintaining our values," said Harrietha. "Teamwork and collaboration are critical. We don't need to be the biggest, but we need to provide meaningful service. If it comes to a choice between quality and commercial gain, we'll opt for quality every time. It's who we are."

While emphasizing service to its clients, the firm's values also contribute to its stability. "A lot of people stay a long time here," said Pelly. "My kids are all jealous of me, because I love my work way more than they do theirs." But even Pelly knows the day will come when he has to step aside. "I don't want to work forever. I'm 57." When he does, he knows that his successors will hold the firm in the same high regard as he does.

"This firm has survived for more than 85 years precisely because we know how to change with the times within a preferred work environment," said Todd McLean. "Good clients push us to be better. Smart employees drive innovation and opportunity. There's something in our DNA that causes us to stay ahead of the curve without sacrificing the stuff we love about this place."

More than 50 ago, Sam Eckler reminded the actuarial world of the qualities that made his firm unique. Not only did he provide exceptional service to clients at all points on the organizational spectrum, from corporate and government pension plans to fraternal societies, multi-employer retirement funds and unions, but he also contributed his voice to the debate over Canada's changing social environment. As he built the firm that carried his name, he informed it with the humanity and values that made him an exceptional individual.

Those values prevail as the firm moves forward through the 21st century. They motivate the current leaders of the firm as they raise awareness in the marketplace of Eckler's capabilities beyond traditional actuarial services. From modelling non-insurance or pension-related risk to investment management, "We have to redeploy actuaries to do other things," said Jill Wagman, who became the firm's managing principal in 2012.

Wagman and her contemporaries hold the firm's future in their hands, and they fully understand the opportunities and challenges that they've inherited. As Wagman said, "We've been handed a stellar reputation in our industry, thanks to our founders. Now we have to uphold it."

SAM ECKLER • 1914–2012