



10 Practical Ways to Increase Conviction While Simultaneously Saving Time

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About 2-3 months back, I was talking with one of our clients who was interested in having us work with a larger group of folks at his firm on topics of “process”. That is a pretty big expanse as you might likely imagine – we now have over 100 pieces in our library (and on the website) that are either about “process” or accompanying tools. So we were contemplating a number of topics including “Vanquishing Decision Making Biases” and “Assessing Managements” – both of which might have wide appeal – when we instead turned to what seems like an irresistible combination:

Increasing Conviction
merged with
Saving Time

Seems too good to be true, right? But isn't increasing effectiveness WHILE saving time one of the big promises that “technology” provides? Accomplishing even MORE in LESS time. The snow blower... the calculator...

To us, technology” is really just a method or algorithm of achieving more of what one would like with greater efficacy and efficiency. “Technology” existed for thousands of years prior to the specific invention of the integrated circuit in 1958.

Technology to us isn't about “software” or semi-conductors! Technology has been around for a gazillion years.

So today we offer some ideas or methods or technologies that we consider have saved us immense time AND simultaneously have increased our conviction. I kept today's list short and the descriptions somewhat limited. In some cases, we have more writing on these topics. Some of these will sound old and some might sound new. Some might SOUND conceptual and if they do we will hopefully satisfy your requirement for practicality. We only have so much time on this dear planet and with that in mind I have little interest in concepts that don't swiftly move into creating more efficacy. Concepts aren't worth so much to me otherwise.

OK...

Life is short.

I want to increase the odds that IF you find these ideas interesting that this note might lead to change that you believe in.

In order to hike up the odds of the successful adoption of new ideas or ways of doing something, it can significantly help to make clear the core beliefs which underpin our actions. Otherwise, one might either (1) be left utilizing a collection of nearly random processes or (2) might “try” some things - none of which stick - and are perhaps assessed lightly because we lack conviction that this new way will really work.

In other words... knowing core beliefs allows easier adoption of new behaviors (processes) as they are connected with core beliefs... new processes aren't random.

One of my key teachers, Jullien Gordon, suggested to me that there are beliefs that underpin behavior. If I wish to lastingly change behavior and have it stick, it helps if I change/know the beliefs. Once the belief is truly changed/known then the behavior will naturally follow. I think about why New Year's Eve resolutions seem to have low success. I suspect it is because the “belief” didn't change but rather someone somewhat arbitrarily picked what seemed like an attractive behavior to adopt on a somewhat arbitrary date (i.e. January 1st). As such most resolutions fizzle out quickly. *So...*

Step #1: IDENTIFYING CRITICAL BELIEFS

Here are many of the core/critical beliefs that underpin the 10 ideas I will put forth...

CORE BELIEFS:

- Our job each day is to advance our thinking.
- 20 years after the Internet went mainstream, we have gone from a state of data/information being in shortage and hence very valuable to now being very cheap and abundant. This ONE observation in theory changes SO MUCH about our work but most people have not adjusted significantly or consciously.
- With this in mind, we think “information-edge” investing in public markets is largely finished and has given way to “insight-edge” investing. Somewhat astonishingly, the idea of “perfect information” (which was a false presumption among the pioneers of “Efficient Market Theory”) is now pretty much valid!
- Value-add in an age of information abundance will dramatically shift toward creating systematic ways of converting information into relevant, uncorrelated insight.
- It is critical to quickly re-orient away from working with “data” and “information” and instead learn tools of insight generation and spend time generating insight. WE DON'T HAVE THE LUXURY TO muck about with our time in collecting data/knowledge. “Insight-edge” investing is demanding in new ways and requires our intention and exertion. It is critical to avoid activities that suck time and energy away from insight generation.
- Many new ways of thinking individually and corroboratively have been developed across the past 30 years - and the investment world has largely ignored them, preferring to remain in its own tired conventions. The same questions get asked in both public and private settings, meetings are often stale, “collaboration” is weak in this world while often highly effective in other places.

- The investment world is so often on the treadmill of “doing” that very little time is invested in “thinking”, particularly about effectiveness.
- Often there are “institutional imperatives” that get in the way of change, and people are too scared to not conform with the conventional policy (which likely hasn’t been truly altered across dozens of years). Communication skills for bridging the gap are limited. With greater communication skill, participants in the industry might more crisply and effectively explain why they didn’t follow the “code” in doing their work, and why that led to better insight.
- “Research” is about gathering data/information -- research has collapsing value in a world with abundant information! “Research” will growingly be viewed as a low-level task. Some of what we call “analysis” (e.g. creating an excel quarterly earnings file – I resist the word “model” which COULD perhaps include injections of insight) is really more “research”... just a form of shuffling stuff around. Most of what I see in earnings “reviews” is barely even research in that so little was done other than regurgitate what some other group said was important (often that source is a dearly biased management group). I experience that much of the work is analysis-free. And opinions are sloppy with poor logic chains and too much defensiveness built in which has also massively obscured vision.
- “Analysis” is about divining insights or wisdom from information. It isn’t easy! You risk being wrong! (While in researching – i.e. gathering – there is little to be “wrong” about!) We will be wrong in attempting insight-generation! Often! BUT “insight-generation” is a value-add endeavor that merits the large rewards.
- This collapse in the value of information is occurring in many industries, such as medicine and education. In those parts of our society, clients are demanding

that doctors and teachers generate more insight. We are demanding they re-invent what they do or society will create machines that will do it better such as Watson or the iPad. Society considers that doctors and teachers are fools if they don’t see this. Meanwhile, the bulk of the investment world isn’t taking to heart its own advice by creating time to invest in modernizing its own skills - and, as a parallel to medicine and education, is instead filled with “activity” each day that crowds out career development.

- Knowing what the true problem or true pivotal question really is eliminates the pursuit of all rabbit holes. Humans tend to act as if “asking the right” question is easy. We believe it is both challenging and extremely valuable. The rabbit holes of wrong questions (which could have been avoided if time/thought was effectively spent to reveal the “right questions”) is the equivalent of a hobby. Clients and employers shouldn’t be charged for the time recklessly spent.
- Developing the ability to ask great questions is far more valuable in a state of data/information abundance as it provides incredibly valuable filters which save time and hike efficacy.
- Becoming a systematic “discerning buyer” of data/information (as opposed to an insatiable hog of data) will be associated with efficacy. Admitting to being overloaded or overwhelmed with data/information will come to be viewed as an individual’s specific problem/ flaw and no longer the system’s fault. “If you can’t develop effective ways of filtering through the abundance of data and all you do is complain maybe this isn’t the business for you.”
- “Working hard” will steadily give way to creating the conditions of possibility for unlocking “insight”. If “working hard” in investing was viewed positively in the future it will be viewed as incompetence. As an analogy: “Unlocking” a safe ought to not require a blowtorch but

rather just the combination.

- If we want to save time, it is good to treat time in new ways that honor time as far more precious than we might today. This doesn't mean being "faster"! (*John Wooden: "be quick but don't hurry" --- hurrying isn't a fresh algorithm that many would consider works well as a life style*). We can use time as an engineered constraint which can swiftly eliminate what is trivial in a situation and then demands new ways of thinking to emerge. Necessity can be the mother of invention.
- If knowledge-based work is about increasing, insight-based work is about eliminating. Confucian expression: *"To gain knowledge, add one thing each day. To gain insight subtract one thing each day."* To see clearly what is important it helps to get rid of as much "noise" as is possible.
- We have been societally trained to want to make "fully informed decisions". This is THE last thing I wish to do! Imagine how much of a time sink getting "full information" would be and imagine how dizzying it might be to sort through. I want to make truly insightful decisions and do so with as little input and time as possible. *Being "thorough" is the enemy of being "insightful"*.
- We think that collectively we unfortunately under-utilize teamwork in our industry in a job that is so immense that great teamwork might be step #1. Re-thinking the basic thinking we have about what a team is, and looks like, could on its own unlock immense potential.

IF many of the beliefs we shared seem to resonate with you then please do read on if you wish but if they don't it might be very helpful to pencil out what core beliefs

you have - and from there we might well be able to help you develop some fresh practices that would increase conviction and save time.

One more moment:

"Thoroughness is the enemy of insight generation. Thoroughness can be deeply debilitating."

Step #2:

10 IDEAS TO INCREASE CONVICTION AND SAVE TIME

OK... thanks for working through beliefs. I am not sure if there is a short cut if we want effective change.

One last note:

I realize that some of the ideas here will be politically intolerable at some firms even if deep down everyone might agree! Organizations are tricky and can be political and slow to change for all sorts of reasons. IF YOU THINK that one of the ideas below has great merit but you can't imagine the company actually taking on this change there could be (1) a modified version that COULD work and we might be able to help you in modifying the original idea so as to be embraced or (2) you may want to attend to the challenge as a "communication" issue as opposed to a workflow issue. We may be able to help with communication suggestions that can bridge the gap between the typical work at your firm and what you might

like to adopt. Your process of navigating all this change may free up more positive process iteration for others as well OR IF DONE poorly could put you in the dog house.

IDEA #1: COMPANY INVESTIGATION

MOVE TOWARD PRE-DEFINED “ROUNDS OF INVESTIGATION” AND ELIMINATE “PROJECTS”

We know of one company (and there are likely many more out there) where analysts are given assignments and asked to come back in 2-3 months with their thinking. A typical report at that juncture has crept all the way up to perhaps 70-100 pages. One common refrain we heard in this group is that analysts (i.e. “researchers”) wanted more feedback along the way but none seemed coming. It wouldn’t have been obvious where to have someone jump into this project to offer thoughts, direction, fresh thinking, a different lens...anything. The number of pages seemed to be used as a proxy for quality. Thoroughness was likely for thoroughness sake. I can’t frankly imagine what could possibly be discussed for 90-pages that would be relevant to a stock – and our task is not to know companies merely to know companies. Rather, we learn about companies so we may consider what might happen NEXT so as to consider investing and to discard EVERYTHING else that doesn’t have to do with that simple question. We do NOT under ANY circumstances wish to be “fully informed”. We hope to use THAT tight answer to “what will happen next?” as input into stock selection.

Here is our outline of a suggestion:

- Develop a first three rounds approach to every company you might look at with each round being specified and with time limits such as 2-hrs, 3-hrs, 5-hrs. Whatever you think is the best use of that collective ten hours is yours to call. We are very happy to offer thoughts but in this piece, we are going to stay tight and not move to that question.

(BUT: I suspect you won’t think that creating an excel quarterly earnings sheet is a good use of time when time is scarce!)

Time limits tend to foster a clarity that brings forth the thought: “At this stage what do I realllly want to know given I don’t have much time.” Time constraints can be brilliant in MANY spaces to get at what really matters.

And the only real question after each round is: *“Does this situation merit one more round of work?”* THAT IS THE ONLY QUESTION! Zero reason to think about whether you will take a position.

- After each round, ask a friend to take fresh eyes to mark up your work and offer any thoughts they please. We are aiming to encourage uncorrelated inputs EARLY and OFTEN - not after our brains have cemented/anchored. At THAT point our brains/egos wish to believe we are THE smartest person walking the face of the Earth and our brains/egos can get waaaaay defensive! We could integrate, as a reality check, two 15-minute MAX calls to knowledgeable (even if not truly insightful) sell-siders to ask them “What really matters and why? And what doesn’t matter that is discussed often and why?”
- After three rounds, we would want to eliminate all further work on perhaps half of the companies you started on! We think if pressed, great investment people will quickly develop a method to spot, after 10-hours and input from three sets of uncorrelated fresh eyes, which companies are decent candidates for investment and which most likely are not! For the stocks you choose to STALL, you can create a list of “Three Key Points to Monitor” that would be tripwires for a fresh set of work.

INTENTIONS:

- Massive time savings alone in limiting half of the companies you investigate to a maximum of ten hours. Incidentally, we would expect very few of the companies

you investigate would go the previous full distance as they might be stalled between rounds three and 10 for instance. And the definition of how much time a “full investigation” took would also drop markedly. No more 70-pagers EVER AGAIN.

- Forcing ourselves to get really good at quickly identifying “what really matters” (relevancy) and detaching from being thorough as a “good” (i.e. researcher) and instead seeing it as a “waste of precious time”. “Thoroughness is the enemy of insight generation. Thoroughness can be deeply debilitating.”
- Fresh uncorrelated eyes involved early on.

IDEA #2: MEETINGS

ONE-PAGE OF NOTES MAX (OR EQUIVALENT IF YOU ARE ON LAPTOPS)

I started limiting myself to one-page of notes (and zero complete sentences → I moved to only all sentence fragments or trigger words) and what I found was that (1) I became FAR more discriminating in considering what I would choose to note given my self-imposed limit. I could no longer have the luxury to be a collector of shhhhtttuffff. And (2) I started turning to my notes far more often after the fact because they were filled only with important points and I didn't have to sift through my own self-created NOISE. And (3) I was learning far more quickly because I was able to engage more fully in meetings because I was merely selecting nuggets as opposed to “getting everything down”.

Today, before many meetings I might determine that I actually will only require a half-page of notes so I restrict myself even further.

I also mind-map my notes so the key threads can be easily

linked even if two relevant points came 25-30 minutes apart from one another in a meeting.

I also use two colored pens: a black one for my “notes” which are the trigger words and sentence fragments and red for the questions that pop into my mind along the way which I may raise later in that meeting or ponder afterwards.

All in...I have become a better analyst (insight generator) and less of a researcher bent on debilitating “thoroughness”. Thoroughness is great for generating 70-100 page reports but the enemy of generating insight.

“Thoroughness is the enemy of insight generation. Thoroughness can be deeply debilitating.”

IDEA #3: MEETINGS

TIME LIMITS: 47MIN; 23MIN, 8MIN, 5MIN MAX CALLS

Well I suppose if we took sixty-minute standard meetings down to 43-minutes it could be easy to suggest we had engineered for the “time savings” factor.

Far more powerfully, the self-imposed time constraint would quickly eliminate noise and irrelevant bird-walks and compel us to, again, consider...

“What really matters?”

...far more thoughtfully.

Many topics would be skipped.

You could imagine being in a meeting or having been in a meeting where it starts more so as cheerleading/celebrating by asking something that is akin to “can you tell us, again, all about how awesome you are and why we are reeeallly smart for investing in your stock because THAT would feel reeeeeaaly good... can you do that??” I THINK WE HAVE ALL BEEN THERE. And geeeeeesh its no way to spend life. Life is short.

60 minute meetings can become 47-minute meetings very easily. 30-minute meetings can become 23-minute meetings very easily.

8 minute meetings can be inserted in “walking into someone’s office” to get their fresh eyes input. 8-minutes is a great amount of time to take this in.

5 minute MAX calls. I find that if I am true to 5-minute MAX calls, I have more people ring me back and it forces me to be surgical and relevant. And at the end of most every 5 minute MAX call I am more energized than I was prior.

Oh... I would consider letting the others involved know your intention before the meeting starts as I suspect 90% of the participants will be thrilled to hear of these curbs. There will be a happy time dividend for everyone.

Speaking of time dividends our friend and sports psychologist Morris Pickens has impressed upon me the value of refreshing breaks (e.g. going for a seven-minute walk or calling an old friend for fun for 6-minutes or checking sports scores if that is a hobby) as opposed to always turning a time dividend into the depressing “lost time” of “checking and clearing” email. If time dividends are always wasted into draining activities you might imagine that extending the initial meeting will seem like a funner activity, huh??

IDEA #4: RESEARCH

NO MORE “MODELLING”

“WHICH FIVE CELLS MATTER?”

One of my old bosses Tom Hill woke me up to a reality what the investment community terms “modelling” is NOT modelling. We generate numbers. We don’t truly “model”. Tom told me a story that one of the “analysts” in the group (one who didn’t report to him and who was reaaaally a puppet for bankers and played the “game”) had refused to forward his model and the assumptions behind it. Tom likely was right in interpreting that the “analyst/banker” didn’t have ANY assumptions from which the “model” sprang. All he had was an excel spread sheet of numbers. That isn’t a “model”.

We don’t “model”. We do something and we call it “modelling” only because we know that means there are numbers and it will be an excel file. We don’t create quarterly versions of these excel spreadsheets. We don’t create these “non-models” until about the fifth round of investigation which means that for approximately 70% of the companies we consider we NEVER create even one of these “non-models”.

When we do decide to do a “non-model” it is annual (which is consistent with our investment time frame minimum). And what we INSIST on is that this activity is converted into an “analytical/insight-designed” activity: analysts are asked to identify which five cells reeeeeaally matter in this “non-model” - and WHY - and what that means for our thesis at a rich level and how these five points link to our burning questions.

IDEA #5 ANALYSIS:

CREATING A WORKING THESIS EARLY

A thesis can provide THE guide to which 75% of the current work we do can be eliminated.

It helps I think to have something tangible and relevant to drive all your intention to. We now have our relevant-only notes in tow! That's good. Well I think it is immensely helpful to develop a working business thesis after about ten hours.

Very few people create a thesis (or know what that might look like). One of the many values of a thesis is that it provides a means of focusing the scope of the next work to be done and it provides something to bounce new possible revelations against. I would expect the working thesis to change quite considerably between its first draft and what might be generated right before taking an investment position. It truly is a working thesis not THE THESIS. THAT is only supposed to emerge after all I's are dotted and T's are crossed. (We actually don't think work is EVER complete as implied by that phrase of "dotting all the i's" and crossing all the t's").

The thesis process is also meant to keep us as unbiased as we can be. We are NOT cheerleaders! We strive to be more "scientists" – seekers of the truth – as opposed to penny stock "pitchers". Remember in 11th grade chemistry where you might have a Bunsen burner and you were supposed to come up with an idea of what would happen when you did the experiment: When A happens to B then C will happen because xxxxxxxxxxxx. That might have been our hypothesis or we might adapt it to say "thesis". Whatever word you wish!

Working definition: "A supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation..."

The intention of stock investing is to take advantage of a thought or set of thoughts in my brain that will cause the share price to rise. What we want to do is get that THINKING down VERY clearly – as clearly as we can – so that when business does its "experiment" in the real world each day with regards to that company we can make relevant insightful observations.

If something in here is resonating with you we can spend some time on forming a thesis which sounds easy but can be much more powerful in a specific form. For now: we tend to craft a thesis of no more than 80-100 words which says:

Company A is in the business of XYZ (one sentence).

Company A will benefit significantly because of factor B (one sentence, with up to two more supporting/contextual sentences).

The Financial Impact will be C.

A thesis is a model of what is happening in the real world brought to you in less than 100 words. It IS NOT REALITY and if I ever ever ever hear myself or someone in our group say something like "what is reeeeeeally going on here is " my ears sting as if zapped by electricity. The word "reeeeally" implies... "really"... We are dedicated to the thought that while we want to compete on "insight" and pursue it with strong intention, as humans we are incapable of knowing what is "really" happening in the world. "Really" is in this case is a very strong word. Too strong.

Even if we did know what was "really" going on everything keeps changing anyway.

So we do our best in under 100 words to get at hopefully a LOT of what is going on, and focus our attention going

forward on THIS 80 word thought.

In being so clear and crisp, we can also better detect when it is wise to consider important fresh inputs that might contradict the thesis we are using. Each quarter, as part of our assessment on a company, the most important question we ask is: “Is there a reason to change any of the words we use in the thesis?” If we are awake we suspect that at least half the time there are apt to be at least minor modifications in the 80-100 words. If we stay on top of it, we find that only rarely is there a major one-time reset of the thesis. In other words, the best way to avoid thesis creep may be to write a thesis down in the first place and then monitor it closely and adapt it as needed so we are conscious to active choices.

We find the existence of a thesis will also be an incredible tool for communication among an investment team. More on that in other writings which we can happily forward.

IDEA #6: ANALYSIS

CREATE PRE-DETERMINED GAME PLAN

A pre-determined game plan can also provide THE guide to which 75% of the current work we do can be eliminated.

To extend the utility a good bit further from the creation of a dynamic working thesis, we also create what we call a “pre-determined game plan”.

We have written a great deal about pre-determined game plans already in other pieces and we are happy to share those. For the here and now this is a short version.

The pre-determined game plan contains three elements:

- A business/stock thesis
- Burning Questions

- Thesis Threats

ONE PAGE MAXIMUM: *“To increase knowledge add one thing each day. To increase wisdom get rid of one thing each day.”*

Burning Questions are those questions that you consider to be (1) extremely important to understand the business and (2) you aren’t satisfied well enough with your current answer. For those who consider that all “t’s” ought be crossed and all “I’s” ought be dotted before you invest, “Burning Questions” doesn’t make any sense because those folks consider that they simply MUST answer even those questions and ONLY THEN could they consider investing as if doing so otherwise was unthinkable! For me at least, I have on going important questions that never are fully put to rest.

We think that we are always aiming to learn more. There will always be gaps. If those gaps are too severe we won’t invest but we do expect “gaps” even in our largest positions.

Thesis threats: we grade ourselves on the quality of our pre-determined game plans and as such the thesis threats ought to be as well thought through as the thesis itself. If “they sell so much that they can’t keep up with demand and can only grow 30% instead of 40%” is the top thesis threat then we may be looking at cheerleading as opposed to analysis. (This is perhaps the equivalent to an interview situation where the candidate “confesses” that their BIG weakness is that they truly sometimes care toooo much.)

After all the effort to comprehend the situation, stopping for an hour or two in order to gather our thinking seems like a very small time investment. What it provides is organized thinking and clarity about what we would be wise to keep our eyes open for (i.e. signal) and when we can ignore the market chitter chatter (i.e. noise). The pre-determined game plan is THE tool that allows us to ignore

a huge swath of noise on a day-to-day basis.

We ignore a LOT of data that the world is somehow motivated to release because we can quickly check the data against our pre-determined game plan.

If the data impacts Burning Questions, Thesis Threats or the Thesis itself we pay attention. Otherwise, we let everyone ELSE get into a lather. Are there times that new important change signals appear in the world that aren't already captured by the pre-determined game plan. Absolutely. They aren't too hard to spot. "Company X buys its largest rival." We aren't looking for nuance. We are looking for monumental change.

Are we sometimes wrong in suggesting that something doesn't matter and we can ignore it and then it does matter? Yes. Often? Not really. The world would let us know. In our piece called "Type Two Error Avoidance" we suggest that our industry collectively spends a lot of time making super duper super duper sure that they DON'T say that something doesn't matter only later to learn that it does! A tremendous energy drain. A tremendous passion drain.

"Process can't kill passion"

We also realize that often people in our industry read a lot of extra STUFF in the spirit of being "thorough" ("thorough" being the enemy of insight) so that no boss or peer might ask a question that they don't have an answer to even if deep down they are clear that it is just a waste of time.

The pre-determined game plan can provide an assertive delineation of "WHAT matters and WHY?" and in creating such we also cover "what doesn't matter and why?"

IDEA #7: ANALYSIS:

ELIMINATE HALF OF YOUR STOCK-RELATED READING

With a pre-determined game plan in hand (or even if not), perhaps consider cutting in half your reading on companies. This will unavoidably demand getting clear on what you think is the "noise" and what is the "signal" and what topics are trivial and what sources are average/mediocre, me-too, dime a dozen and probably never merited attention to begin with. With this time dividend, you decide to re-invest in really engaging more thoroughly on the inputs you decide you get the most value from - and be able to actively pursue new better inputs.

Noise will fall to the wayside. Better sources will emerge which you will have capacity to engage with.

You will start a process of both saving time and getting on a path with ever improving inputs which leads to higher conviction.

IDEA #8:

#1: CUT EARNINGS CONF CALLS IN HALF

#2: CUT ANALYST DAYS IN HALF

#3: CUT INVESTMENT CONFERENCES IN HALF

"ELIMINATE MAINTENANCE"

"NOT DO LIST"

Here I will offer three for the price of one. Cutting conference calls in half. Cutting analyst days in half. Cutting investment conferences in half. Insisting on advancing our degree of insight each day. Insist on always/only being part of new conversations. Eliminating

passion- crushing “maintenance” from our vocabulary and activity.

I learned this past May that a dear friend - who has among other things steered a billion-dollar tech company - hasn't had a “to do” list in many many years but always maintains a “not do list”. He finds that if he avoids wasting time on the wrong stuff, he will have plenty of capacity to hear from the universe what he should be doing!

So... with a pre-determined game plan mapped out as our tool to help us comprehend what matters and what doesn't we don't have to do very much “maintenance” ever again!!

Phewww... if “thorough is the enemy of insight” then...

“maintenance is the poison that kills passion”...

The word “maintenance” is pretty rarely EVER used in our company. If we have the Burning Questions and Thesis Threats then we want to be on the offensive and the last thing we want to do is to spend gobs of time hearing about a bunch of stuff we have already considered or discarded. We like one friend's phrase

“Always make new mistakes”.

Here is a corollary:

“Always be in new conversations.”

What “always be in new conversations” demands is that we don't go to places where we KNOW that MOST of the conversation we listen to or engage in is OLD: analyst days, earnings conference calls, investment conferences are some of those places. (Talk about an IMMENSE time saver)

So while we offer “cut conference calls in half” we

actually would like to cut them by 90% and instead use the far more efficient transcripts to expediently find the parts of the conversation that might be advancing relative to our burning questions or thesis threats. Most of the rest is gibberish. IF THE ONLY reason you resist this idea is that your peers or boss might consider you were lazy or were failing to be thorough THAT is a communication factor that has become a drain and is not at all consistent to leveling up to be in the “insight-edge” investing arena. It is grunt work.

Additionally, IF you hear yourself saying “well... we own 4 million shares so you might think I should go to the annual analyst day” I might stop to see if you are apt to advance your thinking in the process or are you just being “thorough” and making a trip to avoid at some point “fessing up” that you decided not to go to a boss or a peer. All that time going to and from and sitting at an analyst day could be used back at home to really drill into the company in order to yield greater insight on the 1-2 Burning Questions that matter.

We have a friend who once said:

“If you are truly an investor and you go to something billed as an investment conference than you ought to go home inspired to do greater work.”

So if earnings conference calls, analyst days and investment conferences get you inspired he would likely say DO MORE OF THAT! If not...

His observation was that most investment conferences are draining. The standard for a good conference might be 3-4 great meetings across 2-3 days --- we have been willing to collapse our standards and let others soak up our time often with “maintenance” in mind.

In the old days, 15 years ago when I would go to investment conferences, I might hear someone BRAG that “I have

seen these guys present about two dozen times [implied: I know THEM at the ‘knowledge’ layer REALLY WELL]” and I always wondered what the underlying belief was in that? Was the message meant to convey “I know these guys reeeeaally well – better than anyone including YOU and THAT is my edge – and the stock has been a winner and so please associate me with the stock’s success”?? I can’t recall someone bragging about “I have seen these guys present two dozen times” if the stock has been struggling a ton. No one fesses up to THAT!

At any rate, we don’t want to have the same conversation twice. I don’t like reading the same book twice. I don’t like seeing the same movie twice. There is so much to learn otherwise that seems far more compelling.

“Thoroughness is the enemy of insight.”

“Always be in new conversations.”

IDEA #9: SELF-IMPOSED RESTRAINING ORDER - AVOID BEING WITHIN 15 FEET OR FOUR CLICKS OF A STOCK QUOTE DURING YOUR DAY

Real-time stock quotes might be reflective of the data-centric Sirens which will have us crash upon the shore while we were otherwise pursuing insight-edge investing.

I don’t think at this point many people would require much to consider that access to daily stock quotes may be the number one generator of distraction - which itself is a significant enemy of insight generation! But far far worse is that this distraction leads to double or triple checking stuff that you don’t truly think merits any additional thought. And it leads to unnecessary action that is draining and non-advancing.

Real-time stock quotes for an investor are the equivalent of

hosting a noise generation machine in my brain.

The mis-match of timing of a real-time stock quote to investing is clear to most everyone. SO this isn’t a matter of “education”.

Those on a diet to lose weight typically KNOW that sugar is an enemy. Investors know that real-time stock quotes are an enemy. **We can inject a PATH OF MOST RESISTANCE to overcome the fact that we have been sucked into a path of least resistance in taking peeks** all through our day of something that is totally mis-matched for our task but triggers our emotion zones and action zones.

IF you worry that NOT knowing that a stock has made a big move that you aren’t aware of might look like you aren’t “on top of the job”, then perhaps outsource the job to a friend or spouse or the people who ARE WISE TO KNOW the real-time stock quotes... the traders.

IDEA #10: ANALYSIS

AVOID BEING REAL-TIME

CONSIDER FINDING ONE SITUATION EACH DAY FOR A MONTH WHERE YOU RESIST BEING REAL-TIME AND THEN ALSO TAKE TEN MINUTES TO JOURNAL ABOUT THE EXPERIENCE

CONSIDER PRACTICING SAYING “I DON’T KNOW YET. I HAVEN’T HAD ENOUGH TIME YET TO THINK THROUGH IT. SOMETIMES I WISH I WAS A REAL-TIME COMPUTER BUT I AM NOT.”

OR JUST: “I DON’T KNOW YET.”

Humans are terrible at being real-time insight generators. But at times we press each other into exactly that predicament.

What is a reasonable amount of time to have processed and insightfully assessed an earnings release? The 30-minute time span between the release and the conference call?

I DON'T THINK SO.

I have a thought that many investors act as if the efficient markets hypothesis was flat out true and as such the only way to win since information-edge investing is no longer viable is to be faster than everyone else. Our thought is that most of us humans (and definitely me at least!) take time to work through to deeper insights. The good news is that if most participants are satisfied with pursuing faster there aren't so many people truly participating or pursuing "insight-edge" investing. Sometimes it might take us 4-5 days to consider that we have been able to generate the bulk of insight that might be available.

In theory this approach of not being real-time might seem to ADD MORE time as opposed to SAVING MORE time but the phrase:

"MEASURE TWICE... CUT ONCE..."

...comes to mind. And along the way we come to consider that perhaps 50% of the stuff that we were aiming to be real-time about wasn't truly necessary to think about at all in the cold light of day. A good friend two weeks ago offered that one great thing about a two week holiday is that it provided a glimpse of what he DIDN'T have to catch up on because much of what transpired while he was out wasn't actually worth knowing about at any rate.

— PIP