

Think Like a Marine

By David Raileanu

December 1, 2009

Retired Marine Corps Major Patrick Gould, Ph.D., tells a story of his friend Glen, the minefield commander at Guantanamo Bay, Cuba.

“We had dummy mine fields and we had real mine fields. Glen knew where every real mine was.

“I said, ‘Glen, if you came across a cordoned-off area in the center of the base, and it had minefield signs all over it, would you go in there?’



Glen asked, ‘There wouldn’t be any mines there?’ And I said, ‘Yeah, but would you go in there? You’re the guy who knows where every single mine is on this base. Would you go in there?’

“He thought about it ... and said, ‘Well, no.’ It would take a very confident person to say it’s a fake and blow through it.”

Gould describes what he calls “the horns” of the dilemma: Does an opposing tank commander choose to drive right through the sign, effectively taking a gamble that the sign is lying and there are no mines in the ground, or stop and risk enemy engagement?

Gould’s point? To stress the value of decisiveness. A tank commander pausing to read the signs makes the irrationally conservative decision to do nothing rather than risk the mines. All Gould needed was the enemy to take this extra time; by that point, he could have already brought a significant amount of fire down on the enemy.

Gould relates this story as one of the lessons in his book, *Prudent Decision Making in an Imprudent World*, available via the link above. He lays out strategies for determining the best course of action, arriving at a decision well prepared and reasonably secure, and ultimately achieving the best possible outcomes.

Indecisiveness has its costs in investing, as Gould notes. The longer it takes for a person to decide what to do with his or her financial future, particularly when it comes to saving for retirement, the more opportunities to realize potential benefits they lose. As the book states, “No decision applied to your long-term financial welfare can be as destructive as a poorly made decision.”



His theories prove useful for understanding decision-making in all arenas, not just those that involve life-and-death decisions. He applies many of his theories of risk, reward, preparation, security, and asset management to the financial world, working from modern portfolio theory and ultimately offering a practical decision method.

Gould draws heavily from his twenty-year career in the US military, during which he was a commander and instructor. The stories he relates share common bonds of preparation, information gathering, and risk management.

A Gunshot or the Sun

One such story relates his experiences teaching new recruits the benefits of staying hydrated during long marches in the hot sun. He begins by describing some of the challenges facing his company: exhaustion, heat, and material considerations.

In the spring of 1989 he became commanding officer of an anti-tank missile company. He operated with a significant amount of heavy artillery, capable of swift devastation.

Because they were preparing for desert warfare, Gould's company trained in the notorious 29 Palms region of California, where temperatures routinely reach over 100° F. They marched between five and 25 miles a day, carrying flak jackets, helmets, packs, and weapons.

Impressing upon his men the importance of hydration was of utmost importance to Gould. Proper hydration reflected not only an appreciation for the physical limitations of the body but also a subjective recognition of the need for preparation. He needed his men to respect the desert.

Gould used the marches as an opportunity to teach his Marines a lesson about making prudent decisions. Some of the men followed the rules out of fear, others out of respect. All learned the value of making conscientious preparations for an upcoming challenge.

The lessons stuck with his men. They proved immediately useful when it came time to put their training into action. When his company traveled to Saudi Arabia for Operations Desert Shield and Desert Storm the following year, the other units around them struggled with the temperatures, but his team was completely prepared.

Gould cites the parable of the ant and the grasshopper as an example of the value of preparation. He describes those who purchase flashy, expensive cars or lease every three years as those living for today rather than preparing for the oncoming winter. This may sound familiar to many financial advisors. According to the Center for Economic and Policy Research, most baby boomer households will have accrued less than \$113,600 in net assets outside of the value of their home. Gould goes on to describe



the direst cases: The bottom 40 percent of households will leave their jobs with little more than \$23,000.

Refusing to acknowledge the inevitable need for a financial plan, pursuing recklessly conservative investments, or mindlessly following the crowd, Gould says, are all indicative of a lack of preparation that will actively prevent retirees from reaching their long-term goals.

It means 'in relation to'

Gould also stresses the need for effective communication. Objective information, he says, must be the foundation upon which subjective, educated assumptions are built. He recounts one story of a strategy meeting in which a communication failure is rectified by a particularly prescient general.

Before significant military maneuvers, Gould writes, generals often call for an operations briefing, bringing together senior officers and their lieutenants.

“Since general briefings were relatively infrequent events, ambitious officers tried to use these as opportunities to impress the big boss with their superior knowledge of pertinent facts and figures. This gathering was no different. The lieutenant colonel stepped onto the elevated platform and immediately pulled out a telescopic pointer. At one point, he pointed to his map and said in a most convincing tone, ‘General, I will land my reconnaissance teams at H-Hour minus two on Orange Beach *vis à vis* Landing Zone Bluebird.’”

Gould – who, as little more than a map-carrier, remained silent – laughed to himself as the Marine giving the presentation could not come up with a definition for the borrowed term. Nor could anyone else in the room. The general, however, was persistent. He wouldn’t allow anyone to continue without knowing exactly what the lieutenant colonel meant.

“What’s this *vis a vis* mean?” The general ordered someone to go find a dictionary so that they could all learn the meaning.

The lesson was not that the general was introduced to a foreign phrase or that the assembled advisors could have used some brushing up on their vocabulary. Rather, it shows how important it is that all those responsible for making decisions base their conclusions on accurate information, unadulterated by misunderstandings and half-formed opinions.

At the same time, Gould points out, information, provided it is clear and accurate, can come from any source, not just the ones with the highest titles or the most ribbons pinned to their shirts. “Wise security-based decisions are not always the boss’s opinion



for how things are going to be done. When critical decisions demand objective information, you should not let anyone's subjective opinion take the place of objective information."

Imperfect communication dooms investors, and Gould says Bernie Madoff's victims failed to adequately understand their risks, as did the investors in the South Sea Company catastrophe of 1719. The two cases share many similarities: well known and savvy investors, vast sums of wealth, a government complicit in the fraud, to name a few. But what links the two disasters so neatly is the willingness on the behalf of the duped to be misled. "No one wanted to be the last serf on the manor," Gould told me. "Everybody saw that everybody was getting fabulously rich and didn't want to be left out. ... They were throwing money at things that no one really understood."

MOOSE-MUSS

Prudent Decision Making reads more like thoughtful and critical analysis of decision-making than it does a guidebook or manual, but Gould manages to reference a classic military mnemonic.

Military tacticians refer to something called the Principles of War when they analyze and assess different courses of action they might take. The nine principles are Mass, Offensive, Objective, Simplicity, Economy of Force, Maneuver, Unity of Command, Surprise, and Security. Like everything else in the military, the principles have an official acronym: MOOSE-MUSS.

Of the nine, Gould lists security – the protection against negative consequences – as the most relatable and tangible principle to apply to the wider world of decision-making.

He goes on to caution the decider, whether military or otherwise, against the common mistake of neglecting security. "When I taught the principles of war to Marine second lieutenants, I emphasized that importance of security considerations at all times. While the other eight principles were essential to all known forms of combat, violations of security had the single greatest potential to kill them. Ambushes and flanking attacks since time immemorial have been designed to exploit either ill-informed or overconfident enemies who were unable to grasp the critical nature of looking out for their own security."

Clearly, in both tactical and financial decisions, neglecting to account for security will result in unintended, negative consequences. When investors realize this eventuality and plan for it by gathering information and benefiting from the experience of those who have faced similar situations in the past, prudent judgment becomes much more attainable.



Of course, not all decisions work out well. Gould reminds us, "Perfection is not the objective in your ability to make prudent decisions. It is not possible." No military commander or financial advisor makes the right call every time. Judging yourself by this standard is fruitless and self-defeating. "Instead," Gould writes, "you should try to use all of your hard and soft skills to the best of your ability. The important thing is to keep your skill weaknesses from becoming a threat to your entire decision-making process."

As a military axiom states: "Always reinforce your success, but never neglect the defense of your weaknesses. One helps you win, while the other prevents your untimely destruction."

Many more stories and anecdotes await readers of *Prudent Decision Making*. While the book posits many conclusions that are already well established in the field of behavioral theory, the applications the author provides give life to the raw philosophy. Gould provides a chance for any decision-maker to reach better conclusions on a consistent basis.

Gould recognizes that, ultimately, real-life decisions are judged based on their consequences, just as they are in the military. "The divide between a bold military risk and a foolish gamble is not that wide. In the recorded history of armed combat, prudent risk-taking has always resulted in victory. Foolish gambles have always resulted in utter defeat. No one ever really seems to know the difference until the victors write their memoirs."

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