

Rumble in the (Concrete) Jungle

By Mariko Gordon

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For some inexplicable reason, Valerie G. had a beef with me in sixth grade. Who knows what I did to set her off, but the time (after school) and the place (by the cafeteria) for a fistfight to settle the matter was set.

The dread and nausea that blossomed as the day progressed was unspeakable. **Val was not the sort of girl who pulled hair or bitch-slapped** - she kicked serious ass and the entire school, boys included, was scared of her.

Val glared at me with **her fists cocked as we mouthed off at each other in the middle of a scrum of elementary school children.** I scanned the faces around me, watching erstwhile friends shoving each other to get a better spot from which to see the fight, feeding off the tension like a bunch of [Dementors](#) in training.

Suddenly, and wholly unexpected, the absurdity of it all hit me.

The flimsiness of the offense; the baiting of the crowd; being swept up in a drama not of my making - it was beyond stupid. **Even at 11 years old, I realized I didn't have to play my part.** And I said so, before walking away slowly with my head held high, not looking back. No one ever bothered me again (if anything, I got props for being a maverick).

So it's ironic that today, some 35 years later, I'm now learning how to box from [WIBA World Flyweight Champion, Eileen Miyoko](#) (a.k.a., "The Hawaiian Mongoose").

Initially, it wasn't the boxing itself that attracted me. It was knowing that as someone whose physiology doesn't generate enough endorphins to get hooked on sweat or elevated heart rates, **I needed two things to get my middle-aged body in shape:** Convenience (the gym is around the corner) and Motivation (The Hawaiian Mongoose doesn't tolerate slackers).

So I signed on. To my surprise, I love it.

Mind you, I've had but a handful of lessons. I'm in that happy stage of beginner's mind - all wonderful discovery, before the hard slogging required of mastery begins. Even so, **I've**



noticed how my boxing reinforces the investing lessons I've learned from close to 25 years in the business:

1. **Don't throw your weight around.** As a boxer, you punch exactly where you aim and no more, even if the target has moved. **If your swing overreaches, you'll be off balance.** At best you'll look ridiculous; at worst, you'll get clocked.

This injunction against overreaching comes in equally handy when investing. When developing your case, it's best not to stretch your upside by using the most aggressive earnings/cash flow assumptions or by assuming huge multiple expansion. **To do otherwise introduces a dangerous imbalance between risk and reward**, the kind that can lead to face-plants or, even worse, knockouts.

2. **Keep your hands up.** In boxing, offense and defense are inextricably linked. **The only way to get close enough to hit someone is for them to be close enough to hit you.** Plus, given that your offensive weapon (your fist) doubles as your shield, using it to attack necessarily leaves you vulnerable.

As an investor, you likewise have to take a risk in order to get returns. Like throwing a punch, every stock you buy carries with it the risk of your portfolio hitting or taking a hit. So make every punch count.

3. **Technique matters.** I've learned that when I hit one of those giant punching bags just right, it doesn't swing; a flying bag means that too much energy is being transferred from your fist out through the target. **A good hit, on the other hand, is one where the force of the blow is absorbed by the bag**, which emits a delicate (and sexy) shiver in the process.

Wild swings in stock and portfolio performance also suggest misplaced financial energy. There may be a lot of motion, noise and activity ... but precious little compounding of investment returns. Better to have solid returns that build in a more stolid fashion, via polite compounding.

4. **Success lies in the golden middle, not the extremes.** I think what I love best about the sweet science is that it **relies on a number of paradoxes**, just like investing.

You need to **keep your weight centered** - not so floaty as to dissipate energy, but not so grounded as to be caught flatfooted. You need to **stay loose and relaxed** so as to react quickly, but **hyper-vigilant** to pick the best possible moment to risk throwing a punch or buying a stock. You need to **think**, but you also need to **trust your experience and intuition**.



More than anything, real fistfights - like real investing - are about staying true to one's discipline, of fighting your own fight and not someone else's. Even if it occasionally means just turning on your heels and walking away.

** Mariko O. Gordon is founder, CEO and CIO of Daruma Asset Management, a NY-based small cap investment management firm. Subscribe to her free monthly e-newsletter On Daruma's Watch [here](#).*

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