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# *CV SPOTLIGHT (Process)*

*(Release #43, Year 2022)*

HEARING WHAT I DON'T WANT TO HEAR

32-SECOND VIDEO: FAITH HILL

UNCOMMON PROCESSING

July 18, 2022

*(with a response from physicist Steve Crandall)*

*"When I go to the doctor and he tells me I need to eat healthier food, I don't like it! I try to reinterpret what he says. My reinterpretation doesn't hurt the doctor; it hurts me..."*

*... Phakchok Rinpoche*

**QUESTION FOR MANAGEMENT:**

*"What very specific process and systems do you have in place so that the organization hears what it doesn't want to hear?"*

## COMMON QUESTION FROM CLIENTS:

*“How can we bring contrary views and contrary information into our investment meetings successfully? We say that we want this but I don't think we do it...”*

This PROCESS note is sub-titled “Uncommon Processes” because very few humans find positive energy in “Hearing What I Don't Want To Hear”.

I think we humans often look to do anything to avoid it. I will start with me and The Rolling Stones!

Occasionally I find it extremely extremely helpful to intentionally debunk a common perception about me being particularly zen.

OK...

Last week Coburn Ventures turned 17-years-old and I wrote a note to all the “insiders”. It was joyous making time to recall with deep gratitude each person.

By my count, there have been 21 people who have worked significantly “inside” Coburn Ventures “proper”.

Here comes the debunking:

EVERY SINGLE one of those people would absolutely agree that there have been plenty plenty plenty of times when I...

...HAVE NOT WANTED TO HEAR WHAT I DON'T WANT TO HEAR...

And plenty plenty of those times I haven't handled it well at all!!

## THE ROLLING STONES

Oh... and Kelly too! She will tell you. One incident springs to mind. We went to see the Rolling Stones 3 years ago. I am a HUGE Keith Richards fan. Mel helped us get SECOND ROW seats! I was excited for weeks. I envisioned seeing Keith Richards fingers on the guitar up close all night long. But.... The ticket brokers fooled us! We were indeed in the second row but there was an entire section in front of us which was NOT in any way indicated beforehand. So... we were actually in the 28<sup>th</sup> row.

I most certainly did not want to hear this!!!!

This took me perhaps 90-minutes to recover from. Thankfully, we had gotten there so so early to soak it all in that I had time to go from so angry for being scammed and disappointed that there would be no up-close Keith Richards fingers back in the jam by perhaps the third or fourth song. And I recovered from being so cranky and ruining Kelly's night. We had a BLAST. I think 75-year-old Mick Jagger strutting the stage two months after heart surgery kicked the crankiness out of me by altering my perspective.

FAITH HILL AND CARRIE UNDERWOOD

I am going to provide a clip here of reacting TERRIBLY to “What I don’t want to hear” only to provide an image. Sometimes images can help me internalize a key idea...

This was from the 2006 Country Music Awards. Kelly and I were big into country music at that time. One of our many favorites was Faith Hill. Here she reacts to hearing what she did not want to hear. She lost the award for Female Vocalist of The Year. A young upstart – Carrie Underwood -- beat her. I do NOT share this in any way to criticize Faith Hill. My heart goes out. Sadly, this real-time reaction has defined and massively affected her career post-2006.

Most of us don’t have to have our bad or regrettable moments exposed in real-time in front of millions of viewers.

The task as investors day-to-day is the same though: what is our relationship to hearing what I do NOT want to hear...

Here it goes: a 32-second video if you might click before moving on as the image might advance the ideas below.

<https://youtu.be/fa71uKbau1o>

## SO WHAT ???

Developing an extraordinary capacity to “Hear What I Don’t Want To Hear” might be the #1 capacity of a great investor. The ultimate “Uncommon Process” perhaps.

It is a common phrase that “great investors are right only 60% of the time”. As such it becomes really important the efficacy in dealing with being wrong. But maybe even before that, it may be the case that the percent of rightness and wrongness is linked to the degree to which...

...I WANT to hear what we don’t want to hear...

That seems weird, huh? Not just that I am “OK” handling “What I Don’t Want To Hear” but I actually WANT to hear it and maybe even DELIGHT in it ??

Before we get to thinking about “teams” and investment meetings, I might want to start at individuals or, well, “me”! I like to start change unilaterally... that is, I like to change what I can do better without having a team meeting first. DO what I can do first.

The global evidence of the human condition not surprisingly suggests that “me” is not interested much in “hearing what I don’t want to hear!” Heck, there are thousands of processes for middle managers to provide basic feedback such as the sandwich method and still they flop because “me” doesn’t want “to hear what I don’t want to hear”.

## SCIENTISTS NOT CHEERLEADERS

SOMETHING BIGGER I BELIEVE IN

I mentioned my anti-zenness at many times when I hear what I don't want to hear.

As I thought about it this morning, among the many parts of work and life, I think I have largely done a pretty good job of “Hearing what I don’t want to hear” when it comes to contra-evidence about investments.

If so... Why is that ??

I think my capacity grew because I believe deeply in something bigger than an attachment to specific stock news. Importantly, this is not a Jedi trick that works for 5-10 seconds but truly a fresh deep belief that displaced ANY attachment to specific company “news”. I didn’t just make something up! That would not have worked.

Across time I came to consider that the job of an investor is one that mimics that of a portfolio scientist, not a stock cheerleader. I noticed that my cheerleading (or “hoping”) methods in the late 1990s often resulted in DISASTER! On one single day in early 1998 – after, guess what, a BIG stock collapse on my watch – I ended all cheerleading. One day... FINISHED! I went home and even threw out every bit of company SWAG down to pens and pencils that might have micro attachment built in. I even threw out a Lucent golf shirt I adored.

Ahh, the sacrifice! 😊

I view us as scientists. I want to be great at an investment-modified scientific process.

I develop a hypothesis.

I test it.

I really get it going as our dear friend and physicist Steve Crandall notes below: “You try to poke holes everywhere and ask others to join in!”

I am far far far more beholden to the investment-modified scientific process than any specific investment “working”.

If instead I get hooked or locked in or attached or even assess my value based on my initial hypothesis being right, I will never WANT TO HEAR WHAT I DON’T WANT TO HEAR.

Back to The Rolling Stones. Was there something bigger for me to believe in at that moment of realization? Absolutely! I could have thought THIS way instead:

*“Isn’t it just crazy lucky that the girl of my dreams somehow decided she would marry me and here we are – as so often! – having a blast together and, can you believe that the Stones are even touring with Mick at 75-years-old and I have a large cold wonderful beer in my hand and, geesh, I can afford to be scammed and not really feel it too much financially while our son Eamon works at the Consumer Financial Protection Bureau helping many people who have gotten completely wiped out by scams.”*

That was also fully possible at the moment of “Hearing What I Did Not Want To Hear.”

...Pip

## FROM STEVE CRANDALL

*(Pip Lead... I have known Steve for almost 20 years. He spent a great deal of his*

*career as a physicist at the legendary Bell Labs. He has opened entire new ways of thinking to me. He has taken a deep interest in our kids from the time they were 8 having dinner in the festival-like settings of Nah Thai long ago. We often will wonder as a family: What do you think Steve would say? More importantly, he is one of the kindest souls I will ever meet in my life. Here is his first thinking as a scientist upon reading the notes above.)*

There are those moments when you find something and realize you may be the only person in the world who has seen it. Discovery, even modest ones, are an amazing thrill.

*"Physics is like sex: sure, it may give some practical results, but that's not why we do it..."*  
*...Richard Feynman*

It's true for science in general. But the thrill is quickly followed by another realization. Again, Feynman has captured it:

*"The first principle is that you must not fool yourself and you are the easiest person to fool."*

You start on a long process of finding any possible fault with what you've done while maintaining some hope. In fact, this process often begins very early during the conjecture phase with delightfully fun Fermi calculations to illuminate bad paths. You try to poke holes everywhere and ask others to join in. It's estimated that 70 to 80% of the work in experimental particle physics is hunting for flaws in your work and the work of others. Over time you learn finding flaws can be as useful as discovery, although certainly not as exhilarating. By doing so you build technique and your knowledge base. Sometimes the lessons learned by you and others come to your aid in finding something even more special.

It's difficult work, but it makes those special moments of discovery even sweeter.

'As long as you don't blow your fingers off or fall off a ladder, everything you find can be a useful learning.' - my thesis advisor

And no... I don't have the discipline to apply this in many other areas of my life.

...Steve

### **QUESTION FOR MANAGEMENT:**

*"How do you process customer complaints?"*

*...thank you for this awesome question JP...*

