

# Excess Returns

Monthly insights for investment marketing and sales professionals



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Practice makes perfect. And even if you don't believe in perfection (sadly, some people don't), practice can mean the difference between new business won or lost, between kudos or public embarrassment. Yet some investment management professionals spend more time practicing their tennis swing than their new business presentations. This issue of *Excess Returns* investigates why some people avoid practice while others excel at it.

With best wishes,

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Founder, Principal and Director of Research

## In This Issue

The Perfect Score

Practice Perfect

Grit

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*Alpha Partners is an investment marketing firm specializing in research and presentation strategy. Our goal is to create alpha (excess returns) by helping investment firms win, keep and diversify assets under management.*

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## The Perfect Score

*“Winners are simply willing to do what losers won’t”*

— Sign on the wall of the Hit Pit Gym in [\*Million Dollar Baby\*](#)

I frequently attend client conferences either because I helped coach the presenters or as part of a research initiative. A few years ago, I had the good fortune to watch one of my clients give what was, in effect, her state of the investment markets presentation to approximately 100 institutional clients. Her half-hour presentation was superb. Her spoken comments were concise and on point; her content linked to the slides without repeating them. She clearly had rehearsed, but her delivery did not seem at all scripted. She was relaxed and used humor in an appropriate way that suited her personality. All I could think was, “Wow!”

Later that day, I ran into her during a coffee break. “Oh, hi Liz,” she said. “I am so glad you are here. What did you think of my presentation? Any suggestions?” I was astonished that she asked this question. *Didn't she know that she had killed it?*

More recently, when I completed an interview with a former professional athlete and star fund manager, he asked, “How did I do? Is there anything I could have done to make this interview more useful for you?” I was pleasantly surprised by his question (after all, I was working for him), particularly as his interview had been thoughtful and focused and, best of all, I learned something new.

## Strategies Practiced by Winning Professionals

There's a pattern here. These people got to the top of their profession for many reasons, not the least of which is that *they are constantly seeking to improve.*

During my career, I have worked with some of the best investment firms in the world — not only “best” in terms of investment performance but also in all aspects of their business. What makes these firms stand out is their ability to compete effectively. In other words, they know what is required to win and they are willing to act accordingly. I have learned a few things from these companies about the art of successful practice:

**Seek expert outside perspective.** Working with an outside firm can help everyone establish a framework for successful practice. Even more important, outside experts are likely to be more demanding than insiders simply because they have a better sense of competitive reality. (I am not, for example, going to allow someone to get away with describing a “long-term, research-driven perspective” as a competitive advantage.) An Alpha Partners client who started working with us in 2004 recently told me that I had given him a “template for success,” and of course nothing could have made me happier. But outside perspective, no matter how helpful as a starter or a refresher, does not take the place of internal practice.

**Practice on your own.** The firms who work with Alpha Partners regularly see our involvement as one part of a much bigger process. They find efficient ways to practice alone. They also practice as a team, conducting at the very least two dry runs before every major presentation. They learn the art of giving and getting feedback effectively. (An important way to improve performance, according to the book [\*Practice Perfect\*](#), is to improve feedback.)

**Establish context.** Our clients often ask me, “How would you rate us on a scale of 1 to 10?” And, in a competitive world, this certainly is a reasonable question. But what is more important are the components of the score. If you score a 7, for example, for your new business presentation (good but not great), what matters is what you are doing right to get the 7 and what is missing that would get you to a 10. Yes, a 10, the perfect score. Because, to believe in practice, some part of you also needs to believe in the possibility of a perfect score, of doing something so well that it can't be done better.

**Believe in perfection.** While writing this article I participated in a dressage clinic riding my horse, Vintage Trial (Vinnie), with the Olympic trainer [Eric Smiley](#). Mr. Smiley told me why our preliminary work was a 6 or a 7 and explained what we needed to do to improve. As we kept working, Vinnie and I got better as a team. Mr. Smiley kept pushing us: “All right, so now that's an 8. What are you going to do differently to show me a 9?” “More impulsion?” I ventured. “Yes, that's right, more impulsion. The trot needs a bit more swing.” I asked, Vinnie gave and Mr. Smiley said, “That's right. That's lovely!” On that happy note, I thought we would end the session, but the next thing he said was, “*Now what are you going to do to score a 10?*”

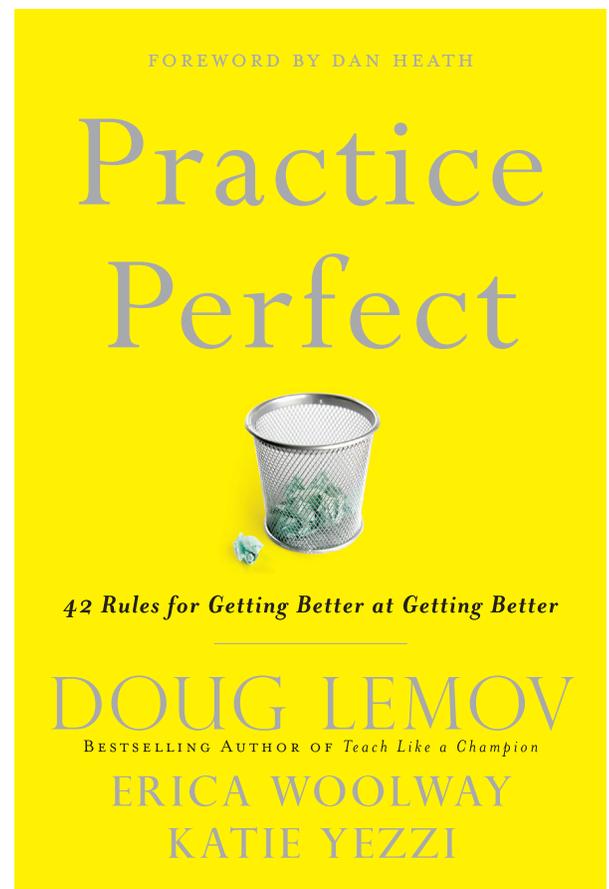
I honestly didn't know; I was riding as well as I've ever ridden and Vinnie, who can be a cantankerous little fellow, seemed to agree. I do know this, though: I am likely to perform far better from here forward based on (1) my belief that a 10 is possible and (2) a much better understanding of the elements that define a 7 versus a 9 or even a 10.

The enemies of practice are pride, fear and self-satisfaction — and perhaps another, larger enemy: the belief that a perfect score is impossible. I have found over the years that the investment professionals who are most resistant to improvement are people who tend to be a bit cynical, people who are unlikely to give, and therefore unlikely to get, a perfect 10.

My clients who wanted to know how they could improve both scored perfect 10s. Not because they have worked with my firm effectively and not because they practice in a thoughtful way, but because they are engaged in a constant pattern of improvement. Investment management professionals today operate in an environment where face time with clients and consultants is harder to come by and where standing out from a crowd of competitors is increasingly difficult, especially for firms selling traditional investment strategies. To compete effectively in this world, you need to believe in, and strive for, a perfect score.

## Practice Perfect

If you've spent time in a gym watching people work out incorrectly, you already understand the need for this book. Time spent on practice is not time well spent unless it's high-quality practice. [\*Practice Perfect: 42 Rules for Getting Better at Getting Better\*](#) provides invaluable advice on how to practice well, whether you want to improve your presentation skills, your sport or your interactions with employees. I found the chapters on how to give and get feedback more effectively (Rules 23-30) to be particularly helpful. The authors, for instance, consider “the use of reflection and earnest conversation as a way to avoid practice.” As in, “don't sit around talking about the advice I gave you ... just try it!” The authors also spend quality time on something we have long focused on at Alpha Partners (Rule 26: Use the Power of Positive): building on performance strengths in addition to addressing weaknesses.



*Giving and getting feedback is key to effective practice. This book provides invaluable advice on the art of successful feedback.*

## Grit

*“The only thing that I see that is distinctly different about me is I’m not afraid to die on a treadmill. I will not be outworked, period. You might have more talent than me, you might be smarter than me, you might be sexier than me, you might be all of those things — you got it on me in nine categories. But if we get on the treadmill together, there’s two things: You’re getting off first, or I’m going to die. It’s really that simple...”\**

— Oscar-nominated actor and Grammy award-winning musician Will Smith

Grit, according to Angela Lee Duckworth, PhD, is the best predictor of success in a person’s life. Salespeople with grit, she explains in a 2013 [TED talk](#), are likely to keep their jobs and earn more money. Duckworth describes grit as “passion and perseverance for very long-term goals. Grit is having stamina. Grit is sticking with your future, day in, day out, not just for the week, not just for the month, but for years, and working really hard to make that future a reality. Grit is living life like it’s a marathon, not a sprint.”

Duckworth’s research shows that grit, more than any other factor — innate talent or intelligence, for example — determines how successful you will be. A key ingredient of grit, Duckworth found, was the drive to improve.

Have you got grit? You can find out by taking Duckworth’s survey at [www.authentichappiness.org](http://www.authentichappiness.org). (First register, then look for “Grit Survey.”)

\* This quote opens the [Summary Article on Grit](#) on [Ms. Duckworth’s website](#). The article touches on how deliberate practice turns grit into achievement.