

Mercuri Mail

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I have heard people they'd be satisfied with a 25-30% annual return from the stock market. Satisfied? At that rate they will soon own half the country along with the Japanese and the Bass brothers. Even the tycoons of the Twenties couldn't guarantee themselves 30% forever and Wall street was rigged in their favour, if 25-30% is not realistic, than what is? Certainly you ought to do better in stocks than bonds, so to make 4, 5, 6% on your stocks over a long period of time, is terrible. If you review your stocks in the long term and find it has hardly outperformed your savings account, then you know your technique is flawed. When you are figuring out how you are doing in your stocks, don't forget to include the cost subscriptions to newsletters, magazines, commissions, investment seminars, and long distance calls to brokers.



Designing a Portfolio

All pitfalls notwithstanding, the individual investor who manages to make, say, 15% over 10 years, when the market average is 10%, is doing himself a considerable favor.

How many stocks is too many? How many stocks should you own? In my view, it's best to own as many stocks as there are situations in which: a) you have got an edge and b) you have uncovered an exciting prospect that passes all the tests of research. There is no use diversifying into unknown companies, just for the sake of diversity. A foolish diversity is the hobgoblin of small investors. Having said that, it isn't safe to own just one stock, because in spite of your best efforts, the one you choose may be the victim of unforeseen circumstances. In small portfolios, I would be comfortable with 3-10 stocks. The benefits would be 1) if you are looking for ten baggers, the more stocks you own, the more likely one of them will become a ten bagger 2) the more stocks you have, the more flexibility you have in rotating your funds. This is an important part of my strategy.

What about the risks?

Ofcourse Stocks are risky. Nowhere is it written that a stock owes us anything, as it's been proven to me on hundreds of sorry occasions. Even Bluechip stocks held over the long term, supposedly the safest of all propositions, can be risky. Buy the right stocks-even blue chips at the wrong price at the wrong time and you will suffer great losses. Buy the wrong stocks at the right time and you will suffer more of the same.

Frankly there is no absolute division between safe and rash places to store money. To me ,an investment is simply a gamble in which you have managed to tilt the odds in your favour.

The stock market most reminds me of a stud poker game. There's a lot of information available in the open hands ,if you know where to look for it by asking some basic questions about companies, you can learn which are likely to grow and prosper. You can never be certain what will happen, but each new occurrence - a jump in earnings, the sale of an unprofitable subsidiary, the expansion into new markets... is like turning up another card. As long as the cards suggest favourable odds, you stay in the hand. Anyone who plays regularly in a monthly stud poker game soon realizes that the same 'lucky stiffs'

always come out ahead. These are the players who undertake to maximize their return on investment by carefully calculating and recalculating their chances as the hand unfolds. Consistent winners raise their bets as their position strengthens and they exit the game when the odds are against them, while consistent losers hang on to the bitter end of every expensive pot and, hoping for miracles and enjoying the thrill of defeat. In stud poker and on Wall Street, miracles happen just often enough to keep the losers losing.

Consistent winners also resign themselves to the fact that they'll occasionally be dealt three aces and bet the limit, only to lose to a hidden royal flush. They accept their fate and go on to the next hand, confident that their basic method will reward them over time. People who succeed in stocks also accept periodic losses, setbacks and unexpected occurrences. Calamitous drops do not scare them out of the game. They realize that the stock market is not pure science, and not like chess where the superior position always wins. If seven out of ten of my stocks perform as expected, then I am delighted. if six out of my ten stocks perform as expected, I am thankful. Six out of ten is all it takes to produce an enviable record on Wall Street.

Our Thoughts

Vintage describes how to prepare a stock market portfolio.

How to reach people through better presentations, one should read the book - 'The Presentation Secrets of Steve Jobs' by Carmine Gallo in 'Must Read' section.

Focus explains the choice of 'Beauty and Harmony'.

Myths and Realities of Training are very well explained by David Lazear in his article - 'Training - Myths and Realities'.

continued next page.....



Do I have the personal qualities to succeed? that's the most important question. The list of qualities ought to include patience, self-reliance, common sense, a tolerance for pain, open-mindedness, detachment, persistence, humility, flexibility, a willingness to do independent research, an equal willingness to accept mistakes, and the ability to ignore general panic. It is also important to be able to take decisions without complete or perfect information. Things are almost never clear on Wall Street and when it is, it is too late to profit from them. The scientific mind that needs to know all the data will be thwarted here.

And finally it is crucial to be able to resist your human nature and your gut feelings. It is a rare investor who doesn't secretly harbor the conviction that he or she doesn't have the knack for divining stock prices or gold prices or interest rates. It's uncanny how often people feel their stocks are going to go up or the economy is going to improve when just the opposite occurs

Is this a Good Market? Please don't ask!

More in the next issue

Extract from One Up On Wall Street-Peter Lynch with John Rothchild, Fortune Digest 1991

Reaching out to people through powerful and captivating presentations will forever remain a key competence for any professional. Whether you are a novice or an expert in making presentations, this book will be valuable. It gives tried and tested techniques and proven presentation secrets that work every time. The approach is unconventional and user-friendly and selling your ideas, thoughts will become surprisingly easy. Of course practicing the techniques and working hard at finetuning is necessary.

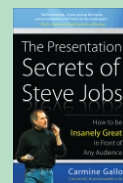
Jobs took three decades to hone his craft. Every presentation of his, reflects his dedication towards making it a memorable experience for his audience. The book helps you learn how Jobs crafts messages, presents ideas, generates excitement for a product or feature, delivers a memorable experience and converts prospects into customers and customers into evangelists. While the techniques are easy to learn, application requires commitment. The business and personal success one can achieve, makes this commitment worthwhile.

The question really is -What are you selling? John Chambers of Cisco does not sell routers or switches, what he sells in his presentations are human connections that change the way we live, work, play and learn. Starbucks CEO does not sell coffee, he sells a place between office and home. A financial wizard does not sell trusts and mutual funds, he sells the dream of financial freedom. In the same way Steve Jobs does not sell computers, he sells tools that unleash human potential. Ask yourself - what am I really selling? throughout the book. Presentations should answer the question 'what's in it for me, the audience? and if the answer entertains me, the audience. Then you have created a true evangelist. The author takes the reader through a step by step roadmap and the goal is a presentation that is prepared and delivered to gain the mind and hearts of the listeners.

Must Read

The Presentation Secrets of Steve Jobs

By Carmine Gallo
Tata McGraw-Hill,
219 pages, Rs.325/-



Interspersed with illustrative examples and director's notes at the end of each chapter, the book provides inputs from a great start to the conclusion.....why headlines matter, the rule of three, zippy words and metaphors, uncluttered scripts, use of props for variety, demos that are fun and dramatic, refining and

rehearsals, engaging body language,... it's all there for you to read and apply

Steve Job's address at Stanford University has become an internet sensation. He shared three stories. about connecting the dots, about love and loss and finally about death. He injects fun into a morbid subject like death.. "your time is limited, so don't waste it living someone else's life...don't let the noise of others' opinions drown your inner voice."

It's not reserved for people like Jobs, Obama, Churchill or Martin Luther King...presentation skills is available for anyone who wants to command an audience. The book tells you how , otherwise as Jobs has said" Stay hungry, Stay foolish"

Happy Reading and Happy Presenting!

Ravi's Corner

The Soul Doctor

Doc, My eyes hurt and I can't see very well
Be brave and see reality as it is and accept it, my dear
Your eyes will be sharp and clear and headaches will vanish!

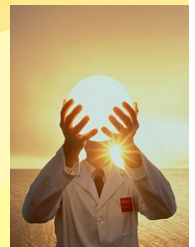
Doc, My shoulders and back trouble me so much.
Don't see others as a burden and don't feel unloved, my dear
Love others and be rewarded with healthy shoulders and a pain-free back!

Doc, my feet are killing me and I am always stumbling
Control your emotions and feel secure within yourself, my dear
You will have twinkling toes that will be a joy for ever!

Doc my stomach aches, it is unbearable
Learn to digest the good and bad and wisdom will prevail
You will have a cooperative and serene stomach, Ah what a pleasure!

Doc my chest pain is pure agony
Don't have grudges, the heart that forgives, beats with boundless energy
You will bounce with vitality and fun, all through your life!

Love yourself and love others and that's the elixir of life, my dear!



BEAUTY AND HARMONY

Leaders make choices about beauty and harmony all the time. Whether at work or at home, those who make choices about beauty and harmony, it will always be an uphill task. Choosing beauty and harmony gives us an unique, competitive advantage. Universities with beautiful campuses have a leg up in the competition for the best students. Stores that choose beauty and harmony have more footfalls. Organisations that steadfastly pursue beauty and harmony do attract the best people. Not to choose beauty and harmony puts one squarely in the ranks of mediocrity and endows one with all the characteristics that word implies.

You see all these choices have to do with larger questions, are we ready to trust each other and to give each other the space to reach our potential? the entire well-being of the family or an institution or a corporation depends on a confident answer of "yes, we are ready to help each other reach our personal potential." Reaching goals is fine for an organisation. Reaching one's potential is fine for a life.

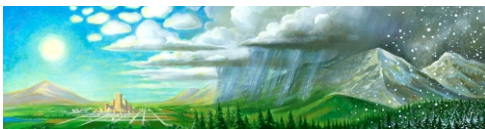
Our choices in all these areas.... and many others come with readymade consequences. The consequences depend on all kinds of things: The Nature of the organisation: the poetry of the leaders; the strengths of its relationships. People who standup and make these choices (for without action, the choices will be made for you) are like parents with teenage children- you can't know everything, but you do get to live the consequences! We really wouldn't want it any other way.

The real danger lies in blind complacency not to see our choices may be worse than making poor decisions
Be Alive to the alternatives!

Leadership Jazz- Max DePree

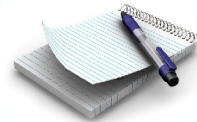
We must understand a fundamental and dangerous consequence. Once taken, the path towards beauty and harmony will not allow any member of an organisation to stray. Beauty and harmony must become a red thread through an organisation and all it does- products, services, communication, plant layout, sales strategy, architecture and facility management. Beauty and harmony must surface in our relationships and architecture. One important thing to understand is that it's a universal and not an elitist choice.

Relationships. What kind of choices will we be making in the future about ourselves? In our families and in our corporations and in our institutions, we are able to choose the basis on which we will work with each other. We do get to choose whether in our hearts we will respect and build on diversity or ignore it. We can choose to be hospitable to unusual persons and ideas or we can shun them. We can choose, each of us, to accept the authenticity of every person in an organization or to deny people the chance to be included.



But I'll certainly keep you in mind in case I ever take leave of my senses and decide to entrust all my savings to a complete stranger on the phone.

Notes From All Over



"One must learn to think well before learning to think, afterwards it proves too difficult."

- Anatole France

"Personal participation is the universal principle of knowing."

- Michael Polanyi

"Intelligence develops because it functions... and it grows from within."

- Jean Piaget

"To know the world, we must construct it."

- Pavese

"The cistern contains, the fountain overflows."

- William Blake

"Meaning making is a history of transformations."

- Robert Kegan

"We must know where the gold lies within ourselves."

- David Whyte

"We find meaning by and in our doing"

- Robert Kegan

"Everything we do remains consciously for us."

- Ouspinsky

"The Leader's goal is the creation of meaning."

- Warren Bennis

Focus

Training - The Myths and The Realities

Author - David Lazear

MYTH # 1: If the trainer is well-prepared and thorough, participants will understand the material.

REALITY: Well prepared material presented in only one way will reach less than ten percent of your participants. While there is no substitute for knowing your material inside out, HOW it is presented is as important. Research shows that material presented in a wide variety of ways reaches everyone.

MYTH # 2: The more times the information is repeated the more participants will remember it.

REALITY: There is no direct correlation between frequently repeated information and memory. The ways we remember are highly individualized and specific to our over-all intelligence profile. It is probably more accurate to say the more different ways we learn information, the better we'll remember it.

MYTH # 3: The trainer is the expert.

REALITY: Participants are the experts where the rubber hits the road! While it is true that the trainer has hopefully mastered the material to be covered in a training session, the real expertise lies in facilitating participants making meaningful connections with the material and seeing how to apply it.

MYTH # 4: If participants really pay attention they'll get it.

REALITY: Participants' active involvement with the training material is how they'll really get it. The direct instruction approach to training (a.k.a. "stand and deliver") is effective with the adult learner for less than fifteen minutes. Participants must have an opportunity to make the material their own.

MYTH # 5: Human beings basically all learn the same way.

REALITY: Each human being has at least eight different ways they learn, acquire knowledge, process information, and understand. In a nutshell, they possess at least eight intelligences! In each person certain of these "intelligences" are more highly developed than others. The key to an effective training is presenting the material in ways which take into account these differences.

MYTH # 6: A trainer's main job is to cover the material.

REALITY: A trainer's main job is uncover the material! In Webster's dictionary the meaning of the verb "to cover" is "to hide from view". The trainer's job is facilitate the learning process in participants, that is to get them excited and involved with the material. Racing through a specified amount of material wastes time and money because little real learning will occur.

MYTH # 7: Adult participants can be expected to understand the content being presented in a training session.

REALITY: Just because a great job of presenting was done does not mean understanding happened. Participants' capacity for grasping information in any training is directly related to how it is presented. To reach everyone, presentations must take into account participants' prior knowledge and life experience, their intelligence profiles, their ages, gender, and their educational, cultural, and socioeconomic backgrounds.

MYTH # 8: Some groups are smarter than others.

REALITY: Some groups learn differently than others. The key to every group is to find out what will help them learn. It is then the responsibility of the trainer to do whatever it takes to reach them. It's not a matter of how smart a group is. The question is rather HOW are they smart?

MYTH # 9: When presenting new information in a training, the direct instruction method (a.k.a. lecturing) works best.

REALITY: Research has shown that the adult brain can productively handle only about 15 minutes of direct instruction! The key to teaching new material is to first assess participants' prior knowledge and then to build on what they already know or think they know about the content. Even when learning brand new information, participants' interaction and involvement with the information is more effective than lecturing at them.

MYTH # 10: If you really want to learn you'll learn.

REALITY: If you really want to learn, maybe you'll learn, depending on the learning situation. A learning environment in which participants do not feel respected, where their input is not valued, where they are "talked down to", and they are expected to simply "sit and get" the information will destroy the desire to learn for even highly motivated learners.



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