



## Success is Doing Your Best

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"I don't know. Maybe it's magic." That was Calvin's answer, in one of my favorite Calvin and Hobbes comic strips, to his teacher's question about why two plus two equals four. Calvin's attitude toward math is similar to the mind-set of many investors, including countless fiduciary investors. However, success in mathematics, investing or any other endeavor isn't achieved by magic. And there isn't anyone who knew this reality better than John Wooden, the late legendary UCLA basketball coach.

I actually met the famous coach or, more accurately, I should say we mutually acknowledged each other's existence. It was my first visit to Pauley Pavilion. UCLA was playing Santa Barbara and I went down to Westwood to see my roommates play in the game. I got there early and took a seat among the Santa Barbara fans. Turning to my right, I was surprised to see Coach Wooden sitting next to me. He returned my stunned stare with a cordial smile and a slight nod of the head. For him it was a truly forgettable moment but, for me, it was one of those rare "shock and awe" moments that make life so interesting.

My magical moment occurred in the middle of UCLA's unprecedented run of seven consecutive national championships. By the time Wooden retired, he had ten championships in all, the highest winning percentage in history, and other amazing records too numerous to mention. He truly was "The Wizard of Westwood," a moniker he was reputed to have hated. My guess was that he disliked the "wizard" nickname because it implied that success was somehow magical, the result of some kind of supernatural luck or divine powers. For "Coach," the title he preferred, success was the result of effort; "...It's knowing you did your best..." And doing your best consisted of building blocks of personal qualities and behavior that he organized into his Pyramid of Success.

The cornerstones of Coach Wooden's philosophy are hard work and enthusiasm. At the apex sits success. Applying his teachings to fiduciary investors, I find very interesting the similarities between his building blocks for success and the duties required of fiduciaries to build successful portfolios. For example, the middle tier of the Pyramid of Success consists of the blocks of Team Spirit, Skill, and Condition that are analogous to the duties of Care, Skill, and Caution which are found at the heart of fiduciary law. Just as Wooden's Pyramid needs these core blocks to build toward success, so fiduciary investing requires the reasonable exercise of Care, Skill, and Caution to satisfy the standard of prudence, the apex of success for fiduciaries.

The core of Wooden's Pyramid consists of Team Spirit, Skill, and Condition because success in basketball depends on each player sacrificing for the team, properly executing the fundamentals, and avoiding excesses by practicing moderation. Likewise, the use of Care, Skill, and Caution are at the heart of satisfying the standard of prudence because the fiduciary needs to pay attention to the objectives of their beneficiaries, to understand and execute the fundamentals of economic theory, and to avoid extremes by properly balancing risk and return.

Contrary to Calvin's beliefs, success isn't magic, it is the result of hard work and following clearly definable principles. Wooden always reminded his players "that it was up to each of them to become as good as they could become with the gifts and talents they had been given and in the circumstances in which they found themselves." Fiduciaries, like basketball players, need to listen to the Coach.

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