



FOCUS CONSULTING GROUP

STRESS MANAGEMENT for Investment Professionals

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The investment profession provides plenty of opportunity to test one's stress management skills. The field is populated with high-achievers who compete for their share of the elusive alpha, knowing that it's a zero sum game: some will win, many will lose. Highly competitive types thrive on the challenge. Lately, we've noticed that even these highly motivated professionals are expressing an unusual level of stress. Reasons include the sub-prime debacle and its fallout, the battered credit markets, the newly confirmed economic recession and concerns that stocks are heading into bear territory while the dollar hits new lows. Even good news – like today's Fed rate cut of ¾ percent and better-than-expected results from two investment banks – seems to only bring short-term relief to the markets.

While we can't change the current market conditions, we can provide some resources to help investment professionals deal with stress by managing their energy and well-being.

Let's define stress:

- *Stress is a condition or feeling experienced when a person perceives that demands exceed the personal and social resources the individual is able to mobilize.*
- *Stress = Demands > Resources*

First, assess how you are doing currently. We find it useful to think of the “stress problem” as an energy management issue. How are you managing your energy? What choices are you making? Specifically, how are you doing in these four critical areas. Read the statements and check-off any “no” responses that you give.

1. The body
 - a. I sleep well and wake up refreshed.
 - b. I eat healthy food.
 - c. I exercise three times a week, including some strength training.
 - d. I take regular breaks during the day to refresh and recharge.



2. The emotions
 - a. I mostly enjoy my work and feel relaxed while at work.
 - b. I spend enough quality time with my loved ones.
 - c. I spend time at hobbies that I really enjoy
 - d. I express my appreciation to others often and feel generally grateful.

3. The mind
 - a. I focus easily on my work and am not distracted.
 - b. I chose to work on important projects, not putting out fires.
 - c. I spend time reflecting and thinking creatively.
 - d. I take “downtime” for my mind on weekends, evenings, and vacations.

4. The spirit
 - a. I spend 80% or more of my time doing the work that I truly love.
 - b. My work feels meaningful
 - c. My work contributes to the success of the firm; I make a difference
 - d. I feel connected to my colleagues

If you were able to answer “yes” to each of the 16 items, then you have excellent energy management skills. If you answered “no” to six or more of these statements, then you probably are feeling stressed. The suggestions below may help.

What causes stress? In our view, these are the triggers:

- Resisting what is
- Wanting to change what is
- Wanting approval
- Wanting control
- Wanting security

In short, *Wanting* = *Lack* = *Stress*. When we “want” for something, we feel a lack and that lack causes stress.

Step one in solving the stress issue is to locate it properly. Many investment professionals listen to our thoughts about stress management (i.e., staying open and curious; “above the line”) and respond, “Sure, but our performance is terrible right now...how could we possibly NOT feel stressed?” They have located the problem outside of themselves: “The poor performance is making me feel stressed.” This is a “victim” response because it assumes that the individual is at the mercy of the markets. And while we would agree that bad performance could trigger a stress response, we would argue that an individual does not have to buy into that response. The world out there will do whatever it does, and we have the freedom to choose how we react. If you watch people’s language, it reveals whether they are in victim mode. Notice the subtle but important difference in the statements below:



Victim statement:	Responsible statement:
I'm stressed out	I'm stressing myself
I'm overwhelmed	I'm overwhelming myself
I'm burned out	I'm burning myself out
Why is this happening to me?	How am I doing this to myself?

In each case the “responsible” statement locates the issue within the control of the individual. The important point here is that the responsible version of the statement implies that the individual who created the problem can solve it. The victim statements imply a powerlessness: “as long as our performance is bad, I’m going to feel stressed out.”

Here are some ways to take responsibility and relieve stress. First off, go back to the 16 statement checklist above and make the necessary changes. If you are not eating properly, choose to eat healthy meals. If you are not exercising, get to the gym. If you are not doing work that interests you, change. On this latter point, I just hung up from a phone call with an equity portfolio manager who is experiencing burnout. He has daily headaches and is frustrated much of the time at work. The reason: he is only spending 20% of his time on the work that he loves, namely, analyzing stocks and following markets. He’s not managing his time well. Too much of it is directed at bureaucratic activities.

The 16 items above constitute a “quick fix” approach to stress relief. The fixes that have been most effective with our clients are these:

- Ask for support and be willing to receive all the support the universe has to offer
- Laugh
- Sleep
- Rest
- Exercise
- Limit chemical stressors: caffeine, alcohol, nicotine, sugar
- Take a “break” every 75-90 minutes (honor circadian rhythm)
- Say “no” and set boundaries
- Share withholds, get them out in the open

The ones we list below involve more investment of time, but we believe are well worth it.

1. Develop a meditative practice, something that quiets the mind and provides deep relaxation. Michael Mauboussin and others have written about the physiology of stress: when humans go to fight-or-flight, they fire off adrenaline, which helps them deal with the challenge. The same process happens with animals. The difference is that animals tend to shake off the stress easily and return to deep relaxation. (They don’t replay the trauma in their minds!) Humans, on the other hand, can get locked into a vicious cycle where they cannot allow their bodies to relax and detox. They become addicted to adrenaline and never allow their systems to return to homeostatis (i.e., equilibrium). We have written on this topic and recommend several practical and effective tools for deep relaxation.



2. Learn to manage your time and energy more effectively. For years we have been practicing and recommending the work of David Allen (*Getting Things Done*). In our view, he is the leading authority on stress-free productivity. There is a white paper on the science behind his approach, which we would be happy to send.
3. Learn to release feelings. Simple as it sounds, the best answer to stress is just to release the feelings as they arise. Children and animals do this naturally. Adults tend to get sticky around their feelings; they form beliefs and behaviors that lock feelings in to place, rather than releasing them. Most adults believe that you have two choices when a feeling arises: repress it (stuff it) or express it (shout, etc.). There is actually a third choice: release it. This choice involves fully accepting the feeling (not stuffing it), and then choosing to let it dissolve, rather than acting on it. This release process is a clearly defined skill set that is described in detail in the book, *The Sedona Method* by Hale Dwoskin. His website has many useful insights and tools: www.sedona.com
4. Discover your area of “genius,” that is, that which you truly love to do, and do it 80% of the time. Most of our coaching assignments involve this exercise of clearly identifying a person’s unique talents so that s/he can align with them professionally. We find it is difficult to feel stressed when you are doing what you love, regardless of outside circumstances.
5. Connect. In a book called “*Connect: 12 Vital Ties that Open Your Heart, Lengthen Your Life, and Deepen Your Soul*,” James Hallowell, M.D. (Harvard University) describes twelve ways in which people are strengthened by connecting. It includes both work and personal connections. The danger with being stressed is that we often lose our key connections: to colleagues, friends, family, nature, etc. This book is an excellent reminder that connection is key to happiness and health.

It is our hope that these tips are helpful. Please call with any questions or for an opportunity to explore these ideas further. 