

# High Speed Learning

BY JIM WARE, CFA



Ask any investment team whether they know how to learn and they undoubtedly will answer: “Yes, of course. To win in this business, we have to be able to learn.”

Unfortunately, most of them are not skilled at learning. “What?” you say. “We have some of the best and the brightest people in the world on our investment staff.” Fair enough. But don’t confuse raw intelligence with learning. The former, as measured by IQ and academic scores, is a necessary but insufficient condition for investment success. In a classic article, “Teaching Smart People How to Learn,” Harvard Business School Professor Chris Argyris, wrote: “Many professionals are almost always successful at what they do, [and therefore] rarely experience failure. And because they have rarely failed, they have never learned how to learn from failure. . . . Instead, they become defensive, screen out criticism, and put the ‘blame’ on anyone and everyone but themselves. In short, their ability to learn shuts down precisely at the moment they need it the most.”

Getting defensive and blaming others are common human behaviors, especially in the face of feedback. Recall your reaction the last time your manager said: “Can you come in my office? I’d like to give you a little feedback.” It probably was not: “Fantastic! What a great learning opportunity!” It’s natural to get defensive in these situations. Even professionals on high-performing teams get defensive. But here’s the difference: Members of high-per-

forming teams don’t stay defensive for long. They have learned to watch their behavior—and that of their teammates—so that they can identify the early warning signals of becoming defensive and shutting down learning.

## It’s 11 p.m.: Do You Know if You’re Defensive?

We work with investment teams week in and week out and ask them early on, “Do you know how to tell if you’re getting defensive?” In response, we get mostly blank stares. People understand the concept, but they’re unaware of their own physical and mental signals of defensiveness. In our experience, the very best investment professionals know when they are defensive and know how to shift back to being open and curious. As a tool for teams that are just learning these techniques, we provide figure 1. It lists common indicators of defensiveness (the negative numbers) and curiosity (the positive numbers).

Teams use this information to get familiar with how defensiveness appears in themselves and their teammates. Again, the goal is not to eliminate defensiveness. Rather, the goal is to spot it and make a conscious choice to shift back into an attitude of being open and curious. Notice that we view this choice as a legitimate option. At any given moment, we can choose to remain defensive or shift to an attitude of curiosity. To review, then, the three key behaviors of high-performing teams concerning their relationship to feedback are the following:

1. Recognizing the signs of defensiveness, e.g., tight throat, stom-

ach clench, eye roll, thoughts such as, “No, you’re wrong.”

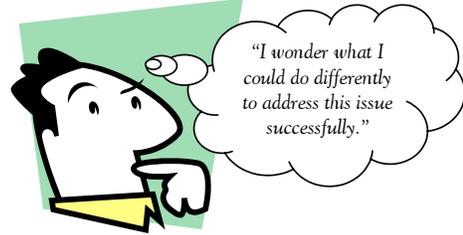
2. Choosing to shift to openness and genuine curiosity. Our experience with investment professionals is that this process works much better when step 2 is seen as a choice rather than a command. Investment professionals tend to get even more resistant when told to do something. So, we always phrase the question in the following manner: “Do you want to shift back to being curious?” If the response is, “No,” then our advice is to end the discussion until the person in question chooses an attitude shift. Our experience shows that very little constructive problem solving takes place when one or more team members is defensive.
3. Shifting from a defensive and closed attitude to one of openness and curiosity. In our years of working with investment professionals (or any professionals, for that matter), we have encountered only a handful who have a good answer to the question, “What are some reliable things you can do to shift from being closed and defensive to open and receptive?” This is an important question. Every member of every top-performing team should have considered and answered this question. Imagine a pro golfer whom, when asked, “What do you do when you are playing poorly and need to get back on track?” responds, “Gee, I don’t know. I never thought about it.” Investment teams that aspire to be top-notch learners have developed reliable ways for team mem-

FIGURE 1

## SHIFTING FROM DEFENSIVENESS AND LOW LEARNING TO CURIOSITY

### The Key Transition Action: Choose Curiosity over Defending

- +10 Implement (plan action, request support for follow-up).
- +9 Feel and show a genuine enthusiasm about the possibilities.
- +8 Think out loud, making new associations about the issue.
- +7 Take full responsibility for the issue and the results.
- +6 Request information and examples about the issue.
- +5 Openly wonder about your role in creating the issue.
- +4 Express appreciation for the messenger and the message, regardless of delivery.
- +3 Listen generously (paraphrase others' points without interjecting your own).
- +2 Express genuine curiosity about the issue. Genuinely wonder about the issue with an open body position.
- +1 Look interested; breathe; demonstrate an open posture.
- 0 Genuinely wonder with an open body posture.



### Defensiveness: Low Curiosity and Low Learning

- 1 **DIRECT:** Ask about the speaker's intention in bringing up this situation.  
**INDIRECT:** Show polite interest, while inwardly clinging to your opinions.
- 2 **DIRECT:** Point out that the other person seems to be missing some information.  
**INDIRECT:** Feel confused. Withdraw.
- 3 **DIRECT:** Explain how the person has misperceived the situation; provide a lot of supporting details to make sure they understand.  
**INDIRECT:** Feel misunderstood and unappreciated for your efforts. Worry about how you're perceived, instead of taking action.
- 4 **DIRECT:** Interrupt. Then give a different perspective.  
**INDIRECT:** Get silent and still; provide cryptic answers and act as if you feel put upon.
- 5 **DIRECT:** Interpret what the person says as an attack.  
**INDIRECT:** Criticize the way the person delivers the message by thinking you'd feel less defensive, if only they had spoken to you more respectfully.
- 6 **DIRECT:** Provide an animated and long-winded justification for your behavior and why you're right and the other person is wrong.  
**INDIRECT:** Knock something over, drop things, spill a cup of coffee. Nonverbal displays of anger, irritation, and exasperation.
- 7 **DIRECT:** Communicate with a tone of righteous indignation; demand evidence in a hostile manner.  
**INDIRECT:** Get edgy, sharp, brusque, snappy, or nonverbally show your frustration in some other obvious way.
- 8 **DIRECT:** Blame someone or something else.  
**INDIRECT:** Pretend you agree when you don't.
- 9 **DIRECT:** Attack or threaten the messenger, verbally or otherwise.  
**INDIRECT:** Commit to do something when you don't plan to do it or don't have the time or resources to do it.
- 10 **DIRECT:** Create an uproar by making an abrupt departure.  
**INDIRECT:** After you leave the meeting, complain to others about people or decisions; talk critically about people who aren't in the room; gossip.



### How to Shift from Defensiveness to Curiosity

Live in wonder rather than fear.  
Make learning more important than protecting your ego.  
Appreciate those who give you feedback, regardless of how they deliver it.

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>> “HIGH SPEED LEARNING” CONTINUED

bers to shift back to an attitude of curiosity. Here are some examples from top teams:

**Move.** A simple technique for shifting out of defensiveness is to get up and move—stand up, walk around, shake your arms, rotate your neck. You can’t stay defensive when you are moving. Simon Yates, managing director of equity derivatives at Credit Suisse First Boston, says that when his traders get nervous or defensive, he tells them: “Get off the desk. Go for a workout, or go sit in the park for an hour.”

**Breathe.** Another remarkably simple technique is simply to practice deep breathing. The Menninger Clinic has determined that nearly 90 percent of Americans breathe incorrectly. Instead of breathing in our bellies, we tend to take short upper-chest breaths that actually trigger the “fight-or-flight” syndrome. This syndrome tells the brain to pump adrenaline into our systems, which has the opposite of a calming effect. Deep breathing triggers a release of epinephrine, which calms the mind and body. Pro basketball coach Phil Jackson instructs all his players in breathing techniques. Why? Because when the pressure is on, “Breathing is everything,” he said.

**Listen.** This technique works well if you can put aside your own arguments and make your sole mission to understand the other person’s position. Very few people do this well. Our natural inclination is to evaluate a person’s position, either agreeing with it or disagreeing and marshaling counter-arguments. Listening can become a powerful shift move if you can train yourself to listen with genuine curiosity—what we sometimes call “naïve listening.” Again, make your goal to fully understand the other person’s perspective without evaluating its merit.

**Question.** The key to this shift-move is to stop your defensive reaction midstream and ask a question that genuinely interests you. For

example, a great question at almost any point in a discussion is, “What can I learn from this that I don’t already know?”

These four shift moves have proved useful to us and many others, but the goal is to find ones that work for you. For example, one fellow with the New Dimensions Fund in San Diego said that his best shift move was humor. When feeling defensive, he often could use self-deprecating humor to get himself and others laughing. This technique shifted the energy from fearful and heavy to joyful and light. Our point: Find what works for you. In total, we have identified 12 shift moves that work well for us.

### Above or Below the Line?

To promote the topic of top-notch learning in a practical way, we find it useful to use the following simple terminology. We call open and curious being “above the line” and closed and defensive being “below the line.” This language is catchy and it turns up in the daily conversations of teams we work with. The principles are straightforward:

1. Top investment teams make a conscious commitment to one another to play above the line.
2. Top investment teams spend most of their time above the line.
3. Repeated instances of a team player refusing to shift from defensive to curious are grounds for dismissal.
4. When an individual or several members of a team go below the line, little constructive decision making will follow. (So, shift or dismiss the meeting.)

### Real-time Use of the “Defensiveness Scale”

One of the most powerful exercises that we do with senior investment teams is a live 360-degree evaluation. We gather the senior team together, explain the principle of choosing curiosity over defensiveness, and then ask them if they’d like to give and receive candid feed-

back with the team. Usually team members experience both excitement and fear when given this invitation. We have yet to find a blasé reaction, i.e., “whatever . . .”

The person receiving feedback is given the instruction to clear his or her mind and notice during the delivery of the feedback whether he or she remains open and receptive or closed and defensive. Often, people receiving feedback will say something like, “I’m open to that feedback.” When asked, “How do you know you’re open to it?” they often respond, “Because I agree with it.” (The reverse is true, too: “I am not open to it because the feedback is wrong.”)

When we hear these sorts of responses, we coach the person in question that being open to feedback and agreeing with it are two different axes. Imagine them as an X axis with one continuum: open vs. defensive, and a Y axis with another continuum: agree vs. disagree. A person can be open and disagree. Likewise, they can be closed and agree. The real key in either case is whether the receiver of feedback wants to know more about the feedback. Do they want to ask the provider additional questions so that they can more fully understand the source? Are they curious?

We worked with a chief investment officer (CIO) recently who received feedback that he wasn’t making full use of the department’s resources. When asked if he was open to hearing this, he said, “Oh yes, and it’s true.” We then asked, “Do you want to learn more about it?” and his response was, “No, because I know where he’s coming from.” We probed a little bit more and asked, “If that’s true, then can you tell us what the feedback provider was referring to?” After some reflection, the person took a guess at what he thought the provider meant. We asked the provider, “Is this accurate?” His response was, “Partially but not fully.” Turning back to the receiver,

we said, "So do you want to know more fully what he meant?" Rather sheepishly, the CIO admitted that he would like to learn more and that he had been closed to learning more because he assumed he knew what the other person thought. This is often the case: Smart people assume they know. Despite all the research into the phenomenon of overconfidence, smart people still fall into this trap. One major defense against overconfidence is honing your skills at recognizing defensiveness. Being open to all feedback and new ideas is a sure way to avoid arrogance.

Teams that hone their learning skills will create a considerable edge in their ability to outperform slow learning teams.

Our experience working with investment teams leads to two important conclusions:

1. Most smart people aren't top-notch learners naturally.
2. With practice, they can become top-notch learners. M

## Summary

The Center for Creative Leadership, acknowledged by *Business Week* as the world's top think-tank on leadership training, has created a list of 67 attributes of leaders. Further, they have studied these attributes as predictors of success and concluded that the number one trait of top leaders is learning agility—the behavior that we've discussed in this article. Leaders and team members of top investment teams understand the following three key steps of learning agility:

1. Recognize when you've become defensive.
2. Make a choice to shift back to being open and curious.
3. Develop several reliable shift moves for getting back above the line when you've fallen below it.

To the degree that your investment team can master this skill, you will set yourself apart from other teams. Remaining open and curious is the key.

So ask yourself, now, as you finish this article: Did I get defensive about

any of this material? Did I refute it in my head? Did I re-read the credentials of the author to find any shortcomings (i.e., the reasons why I can dismiss these flimsy arguments)? Continue this exercise of monitoring your own defensiveness, and remember that it's natural to get defensive. The real test of excellence is how quickly you notice it and shift.

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