

On My Bookshelf: Start With Why by Simon Sinek

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One of the most important lessons I have learned from my 20 years of working in the financial services industry is to never assume. Never assume that an investment will continue to perform a certain way. Never assume that a fund name means that it is invested a certain way. Never assume that a client needs a certain investment. It is always best to ask. Seek to understand the “why” behind decisions and recommendations.

Start With Why: How Great Leaders Inspire Everyone to Take Action is a powerful book by Simon Sinek, filled with lessons and ideas to encourage learning the answer to the simple, fundamental question: “Why?” One particularly notable story in the book is about U.S. automobile executives who travel to Japan to visit an assembly line. After walking the assembly line, the executives notice the absence of a worker for the door installation phase. The executives found this odd as they always stationed a worker there, who used a rubber mallet to knock the doors into place, and they thought it was an important part of the process. When the Americans asked “Why?”, the Japanese executives explained that the job was unnecessary. If the door does not fit properly, it is a failure with the design and should be fixed at the beginning of the process, not when the door is ready to be installed.

This anecdote describes how people react in various situations, whether it’s in their profession or personal lives. If things do not go as expected, we tend to break out the rubber mallets and force things to work. Instead, what we should be doing is asking why we make certain decisions, and not just using the excuse that things are always done a certain way without rhyme or reason.

Another example in the book describes the story of Creative Technology, a tech firm that invented the first multi-gigabyte mobile music player. They developed it almost two years before Apple launched the first iPod — but as you can guess, Creative Technology’s product has long been forgotten, while Apple’s empire has flourished. Creative Technology was a leader in the digital music field, but they failed in attractively marketing their product. They touted and emphasized that they sold a “5GB MP3 player,” but this described what they did, not why they made it. In comparison, Apple described the iPod as “1,000 songs in your pocket.” They communicated what they were offering and why the customer would want one. This strategy clearly made a huge difference in sales and customer loyalty.

For investors, starting with why makes all the difference. Why invest at all? Why invest in a certain allocation? Why invest with a certain advisor? It is common to let short-term information and situations affect your decisions. But once you understand the why, you will be less tempted to take out your rubber mallet and force changes to the various aspects of your financial planning strategy for short-term reasons.

The author, Simon Sinek, has several TED Talks available on YouTube if you are interested in learning more.



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