

Spring 2014

Market Strategies



10,000 Hours

For more than a generation, psychologists around the world have debated the issue of whether talent is innate or not. The easy answer is yes; the best musicians, athletes, physicists, teachers and surgeons are born with a particular superior talent. Confounding this easy conclusion is the evidence that the closer psychologists look at the careers of the gifted, the smaller the role innate talent appears to play and the bigger the role experience seems to play. In this world of instant gratification, there is no shortcut to gaining experience. The benefits of making difficult investment decisions in past market cycles bear fruit during the next one. Our investment partner, Carnegie, has nine advisors with more than 25 years investment experience and we think they are just hitting their stride.

A study was done in Berlin's elite Academy of Music to determine what made the difference between the world-class violinists and those who eventually became violin teachers. They learned that the violin students all started playing around the age of five, they all practiced about the same amount when they were young, but when they turned eight, real differences started to emerge. The students who would become the best of the best all practiced more than anyone else. By the time they were twenty, they were all playing the violin more than thirty hours a week. At this age, the best students had all practiced more than 10,000 hours. By contrast, the merely good students had totaled less than 8,000 hours and the below-average players had logged less than 4,000 hours of practice in total.

Astonishingly, in the study they couldn't find any students who were "naturals," musicians who rose

to the top while practicing very little. This same study has been proven with pianists, guitarists and all musicians. The difference between a great talent and a good talent was the amount of hours spent honing their craft. The idea that excellence at performing a particular skill requires a critical minimum level of practice is proven in studies of expertise. From the book *Outliers* by Malcolm Gladwell, researchers have settled on what they believe is the magic number for true expertise: 10,000 hours.

Dear Clients,

It appears that Spring has finally arrived in the Midwest and change is in the air. Hopefully the cold spells we have encountered this year have disappeared and we can all enjoy the change in season and color.

Speaking of change, many of you are now aware of the recent conversion our backroom went through as we moved from Northern Trust to State Street. As with most well planned out transitions, there is always a hiccup or two and this conversion has been no exception. We would like to first apologize for any inconvenience you may have experienced during the changeover; and secondly, thank you for your patience as we know you were not able to access your accounts online while the conversion was going on. We are pleased to announce that you should be receiving via separate email (for those clients who have internet access) both your login and password along with instructions on how to access/use the new online system. Going forward, you will still be able to access your account through our website, www.onetrustfinancial.com, or you can use the link that will be provided to you.

Should you have any questions or concerns, please contact us. We appreciate your business and support and apologize for any issues this conversion created. Now, go out and enjoy the Spring weather!

Tom and Judy

In 1964 the Beatles came to the U.S. and started the British Invasion putting out hit records by the dozens. Were they an overnight sensation? John Lennon and Paul McCartney started playing together in 1957; eventually they landed a gig in Hamburg, Germany, and made five different trips. One trip they played for 106 consecutive nights, five or more hours a night. On another trip they played 92 straight nights sometimes as long as eight hours per night. All told they performed 270 nights in just over a year-and-a-half. They had performed live an estimated 1,200 times before landing in the United States. Philip Norman who wrote the Beatles biography *Shout!* claims, "They weren't disciplined onstage before Hamburg, but when they returned they sounded like no one else; it was the making of them." When the Beatles released the *White Album*, arguably the artistic pinnacle of their careers, it is estimated they had played together for over 10,000 hours. Few groups today attain 1,000 hours of performing before fading away.

Does it take significant experience to be great in other fields? Consider the success of Bill Gates. It might appear his life as a Harvard drop-out and founder of Microsoft led an easy path to billionaire status. However, in 1968 when most seventh grade boys are chasing baseballs, young Bill learned of a computer terminal in his school that was linked to a mainframe computer in downtown Seattle. Gates lived in the computer room along with several friends teaching themselves on this new device. Eventually Gates and his friends started hanging out at the University of Washington which agreed to let them have free computer time in exchange for working on a piece of software that could be used to automate payrolls. In a seven-month period in 1971, Gates ran up 1,575 hours of computer time on the mainframe, which averages out to eight hours a day, seven days a week. He and his friend Paul Allen learned that at night the computer labs were open but were never being used, so at the ages of 15 and 16 they left home after midnight and toiled away at their craft. According to Gates, "I've always been generous to the University of Washington since I stole so much

computer time from them." By the time he had co-founded Microsoft, Bill Gates was one of the few people on the planet that had logged over 10,000 hours of computer programming.

Most of the clients we serve have their own story of toiling a lot more than 10,000 hours before perfecting their respected skill. We have the pleasure of serving many professionals who spent years rising to the top of their profession putting in their time. Our experience is spent managing the fruits reaped from those who excelled in their chosen endeavor. Managing a lifetime of accumulated assets should not be left to a rookie. While the E-Trade baby and Jim Cramer might make investing look easy, it isn't. Charles Schwab, Fidelity and TD Ameritrade will give you all the free information necessary to make investment decisions, but not the experience. When important decisions need to be made for you, be it your architect, attorney, pilot or cardiologist, experience is paramount. In celebration of Carnegies 40th year, OneTrust Financial would like to honor their advisors who have put in their 10,000 hours to be the best in this business: Jim Pease, Ensign Cowell, Ted McMillan, Sam Hurley III, Tom Carroll, Winnie Coleman, William Anderson, Richard Alt and Linda Fousek. May you continue to reap the benefits of their experience.



"Trusted financial advice ~ Client focused service"

Tom Kleptz~Judy Hartman
1600 W. Main Street, Suite B
Troy, Ohio 45373
(937) 875-2250
(866) 816-0043
onetrustfinancial.com



*Carnegie Investment Counsel is
OneTrust Financial's investment
management partner.*
