

The Lake Wobegon Defect

By Mariko Gordon*

March 16, 2010

Advisor Perspectives welcomes guest contributions. The views presented here do not necessarily represent those of Advisor Perspectives.



This past weekend I saw penguins, snakes, cowboys and hula dancers - all in one place, and all without leaving New York City. Big Apple Circus? Nope. It was the [New York Times Travel Show](#) at the Jacob Javits Convention Center.

Think of planet Earth as seen through the lens of a travel pornographer, where the skies are always clear, the water always sparkles, and the sunsets are always breathtaking. **If cosmetics are hope in a jar, travel shows are escapist fantasies on vinyl banners.**

Each destination was more beautiful and exotic than the next. **And each booth lured travelers in a different way.**

SeaWorld had the aforementioned flightless birds stranded on a small mountain of shaved ice (where's the ASPCA when you need it?). *Travel to Ukraine* offered a starchy sampling of traditional fare. And my pals at the Molokai, Lana'i and Maui Visitors Bureau attracted snow-weary New Yorkers with live Hawaiian music, a hula dancer, plumeria flowers and pineapple chapstick.

One thing did become clear as I roamed the aisles in search of interesting photo ops and The World Cup exhibit: **Not everyone has the same travel fantasy.**

To you, a ride on a houseboat through the New York canals might be romantic; to me it would be claustrophobic and monotonous. How about a week of backpacking through the swamps of French Guyana with birding binoculars? No thanks. I'll take a week at the George V in Paris instead (don't touch the chocolates on my pillow!).

And that's the point. Effective travel marketing requires not just sticking to the fantasy you happen to be selling - **it also requires promoting that fantasy to the right people.**



Money management firm marketing is no different.

Here as well, investors have fantasies about what they want in a money manager. And, as with a travel show, *everyone* claims to be better than everyone else. Superior intelligence; a watertight process; a perfect work environment overflowing with diverse, non-ageist, sharply-attired professionals. **To read the websites, you'd think Garrison Keillor's "Lake Wobegon Effect," where "all the women are strong, all the men are good looking and all the children are above average," was in full force.**

Which means that once you've narrowed down the field to those with good numbers, who do what they say they do, and whose processes you're comfortable with, **making a selection necessarily becomes subjective - it's like choosing *your* ideal travel destination.**

If every sunset is going to be gorgeous, figure out if you want to watch it from a balcony in Paris, a rock in Timbuktu, or a treetop in Costa Rica. Because if you like roughing it and native culture, you're not going to like the marble, gold leaf, bureaucracy and stuffiness of a 200-year-old trust company.

If, on the other hand, you find comfort in mahogany, tradition and politesse, a scrappy, chick-led entrepreneurial firm ain't going to cut it for you (especially if they use "ain't" in their newsletter).

We had the temerity to fire a client once. They were very nice people, smart, sophisticated and committed to their mission of shepherding their Fortune 100 pension fund. We were one of their managers in a fund of funds. We were an even smaller shop back then, with a teeny office and a staff you could count on one hand.

At their request, we had frequent meetings. **When we outperformed, they weren't comfortable. When we underperformed, they weren't comfortable.** Eventually, I realized that they would never be comfortable. They wanted the George V and we were a bed and breakfast. No matter how delicious our breakfast, it was bereft of the kind of croissants you can only get in Paris. I asked to part ways, so that they could be happy and I could have fewer meetings.

[The research](#), in fact, backs me up. **It's not so much *WHAT* your investment style is that makes success likely, as it is sticking to it.** As a money manager from Lake Wobegon, your perfect numbers generated by your perfect people in your perfect office are likely to last as long as you do not try to be the destination that you aren't. As in the travel biz, **as a money manager you need to do what you do best and market what you do best to those who appreciate it.**



Conversely, **if you're in the market for the perfect money manager, you're going to end up with plenty that meet all your minimum criteria.** So ask yourself what kind of a world traveler are you, and select your money manager as you would your travel destination.

** Mariko O. Gordon is founder, CEO and CIO of Daruma Asset Management, a NY-based small cap investment management firm. Subscribe to her free monthly e-newsletter On Daruma's Watch [here](#).*

www.advisorperspectives.com

For a free subscription to the Advisor Perspectives newsletter, visit:
<http://www.advisorperspectives.com/subscribers/subscribe.php>