

The Outlook: March 27, 2017

Following those in the arena, not on the sidelines.

Among the sharp differences between how Outlook Capital Management invests, and how very many other professionals invest, one of the sharpest might be called, *“Respecting the people in the arena, more than the critics on the sidelines.”* In a fairly long investment career, and even more years as a student of history, it seems to Outlook that a great many men and women “in the arena,” under intense pressure to act, facing truly awful problems, quite often perform miracles. They save their companies, their countries, and many things in between; and they do so in the midst of a perfect hurricane of doubtful, sneering, and even hateful commentary by “the critics on the sidelines.”

The investment world shows us this picture over and over again: CEO’s and their hard-working people facing and eventually beating tremendous problems and challenges, while the market’s gigantic crowd of analysts, speculators and journalists doubts and sneers, quarter after quarter or even year after year, until what the people in the arena have done finally makes them fall silent (briefly.)

We wrote about Micron just a couple of days ago, noting that the overwhelming “lesson” from this quarter’s earnings announcement was, simply, “Micron’s people are succeeding, doing just what they said they would do, and this quarter’s spectacular profit performance has silenced the critics.” But not for long (as usual.) A remarkable proportion of the wave of expert analysis scrutinizing Micron’s performance came down to this: “OK, that was good . . . but when do we sell, because this stock always drops like a rock when the memory-chip pricing cycle turns against it, and we want to hang onto our gains.” As Outlook noted Friday, we would rather collect far greater gains over the next few years, because Micron’s people have greatly improved their company; and the only way we’re going to do that is by not caring whether we have to “give back some gains” this week, next month or next year.

At the heart of all this, of course, are people behaving normally. We all find it very tough to gaze with serenity upon the plunging market value of our life savings. Many of us find it so tough that we just can’t stand it, no matter what our judgment whispers to us about following those in the arena, and believing in the astonishing things they do. So instead we follow the crowds of doubters on the sidelines . . . who generally make enough noise to drown out our whispering judgment, no matter how wise.



That rocketing arrow happened for one reason: because Micron's CEO and its people made it happen, with their actions. At Outlook we aim to keep our eyes on where that arrow is pointed in the years ahead, because of the way the company's people acted "in the arena" these past few years.

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Outlook Capital Management, LLC
[847-797-0600](tel:847-797-0600)
dave@outlookcapitalmanagement.com

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