

## THOUGHTS FOR THE WEEK

## FEEL THE STONES

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February 14, 2025

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Happy Valentine's Day! There are still flowers available, appropriately marked up, of course.

Embarking on a new path is daunting. Familiarity breeds comfort, and stepping outside that comfort zone can be unsettling, maybe even frightening. Watching this week's Super Bowl, for the first time I can recall, the cameras panned to Chiefs players being consoled by teammates...well BEFORE the game was even over. I've seen many an athlete, towel draped over head, processing the emotions of a tough loss. But I can't recall seeing this BEFORE the end of a game...at least one being played by 20 and 30-something professionals. Perhaps those Chiefs players were facing a new path.

OK, that was a thin analogy – had to spice up an otherwise boring Super Bowl outcome, unless of course you're an Eagles fan. But a new path brings a host of uncertainties, particularly if that new path is partly financial. And if you're an entrepreneur, used to flying by the seat of your pants but also exerting control, a new path – a liquidity event (hopefully a successful one) – can feel downright scary.

What do you do with your day? It used to fill with meetings, fire drills, planning, and sometimes loading trucks. But now? Lots of "unstructured" time. That may seem inviting, but can get old, quick, when housing the kinetic energy inherent to entrepreneurs. Do you start something new? Join boards? Focus on non-profits? Mentor? Or simply drive kids to school, read books over a long coffee, take strolls through the forest?

And financially the shift can be monumental. You go from running an operating business and paying yourself, to evaluating investment opportunities, mostly of the passive sort. You may lack the skill to evaluate and put together a plan, requiring help. You may find yourself torn between taking a passive approach – spreading investments across assets and keeping tabs as others generate the value (the essence of owning securities) – and making direct investments that come with the need for hands on operations (think owning an apartment building; or investing in a business that needs the sounding board a seasoned operator may bring).

Your path may leave you feeling like you've come to a river, frothing with rapids, that you must now navigate across to reach the other side (fulfillment, security...however that "other side" is defined for you). So, how do you navigate across that raging river? By "feeling the stones". Taken from a Chinese folk saying, "crossing the river by feeling the stones", is a phrase often attributed to China's Deng Xiaoping to describe the careful, step-by-step processes taken, beginning in the 1970's, to reform China's economy and open up to the world. It's similar to a risk-tradeoff analysis, examining how one action to reduce risk can increase risk elsewhere.<sup>1</sup>

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<sup>1</sup> Wikipedia, "Crossing the river by touching the stones", [https://en.wikipedia.org/wiki/Crossing\\_the\\_river\\_by\\_touching\\_the\\_stones](https://en.wikipedia.org/wiki/Crossing_the_river_by_touching_the_stones)

Leaving personal and family well-being aside for the moment, and focusing on the financial, an entrepreneur experiencing a major liquidity event faces an evolving set of high impact financial decisions. Do I start another business – was I lucky, or am I a serial money maker? What does my spending look like relative to my asset base? If I'm purely passive – an investor rather than an operator – what return do I need to average to maintain and grow my purchasing power? Am I comfortable with volatility, the value of my assets fluctuating, sometimes to large degrees (a 20% decline on \$1m of investments is a loss of \$200k; a 20% decline on \$100m investments is a loss of \$20m)?

That's a boatload of uncertainty to deal with. Even if control is usually an illusion, the illusion bolsters decision making confidence. If the illusion of control fades, decision making feels more fraught. So, feel the stones when embarking on your new path. Consider a "no decision period" coming off a liquidity event, giving yourself time to think, reflect, and evaluate. When re-engaging, and beginning to make impactful decisions again, do so incrementally. We do this when building investment plans. Despite evidence supporting making large lump sum investments as the optimal choice, we prefer scaling into investments, often over a period of a year or two. This gives the investor a chance to feel how the investments work, to build conviction over time, and allows greater space for course corrections.

We have crossed many financial rivers by feeling the stones. And a few of those stones have left us with scar tissue and skepticism. But the experiences, good and bad, have helped calibrate our odds making a bit. We're here to be your sherpa, or perhaps a better analogy, to act as your walking stick while crossing rivers. Lean on us when feeling your own stones.

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Mike, Cate, Scott, Willis, Suzy, Oscar and Wes

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#### Awards:

**2024 Barron's Top 250 Private Wealth Management Teams**

Source: barrons.com (Awarded May 2024) Data compiled by Barron's for the period Jan 2023-Dec 2023.

**2024 Forbes Best-In-State Wealth Management Teams**

Source: Forbes.com (Awarded Jan 2024) Data compiled by SHOOK Research LLC based on time period from 3/31/22-3/31/23.

Mike Burbank | **2019-2020 & 2022-2024 Forbes Best-In-State Wealth Advisors**

Source: Forbes.com (Awarded 2019-2020 & 2022-2024). Data compiled by SHOOK Research LLC based 12-month time period concluding in June of year prior to the issuance of the award.

Mike Burbank | **2017-2024 Barron's Top 1,200 Financial Advisors: State-by-State** (formerly referred to as Barron's Top 1,000 Financial Advisors: State-by-State)

Source: Barrons.com (Awarded 2017-2024). Data compiled by Barron's based on 12-month period concluding in Sept of the year prior to the issuance of the award.

#### [Awards Disclosures](#)

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