



HONEYBEE CAPITAL

HONEYBEE PUBLICATION #3 – SUMMER VACATION ISSUE – AUGUST 2009

Main topics for this publication:

- Why take vacation?
- Summary - UN study on responsible investment
- Collective Intelligence - when is it best?
- Summer reading list and other media highlights

BEST QUOTES:

“We are living off the Earth’s capital – we need to live off the interest.”

Achim Steiner, United Nations Under-Secretary-General and Executive Director, United Nations Environment Programme

“Hamlet is not a loser, though he has lost.”

Alain de Botton, at his recent TED talk

“Vacation, had to get away.”

The Bangles

VACATION, SCHMAYCATION, WHY BOTHER?

It’s true, your good vibes from vacation might disappear the moment it’s over, but more and more studies are proving what we knew all along – in the immortal words of Madonna, If we took a holiday/ Took some time to celebrate/ Just one day out of life/ It would be, it would be so nice.

This recent summary in the NY Times (link below) highlights some good news and some bad news. The bad news: stresses do tend to build on themselves over time, and eventually physically change the way your brain is reacting. New skills can still be acquired, but judgment is impaired, leading to near-compulsive habits when under stress. The good news: turns out our brains might be very flexible

organs – remove the stress, and a more balanced set of behaviors ensues. (Of course, all of these rat-race experiments were done on, what else? Rats – so they may or may not translate to humans).

A great book on this subject, also cited in the article, is Robert Sapolsky's [Why Zebras Don't Get Ulcers](#). Sapolsky's work explains that humans just aren't really built to withstand constant, ongoing stresses – in many ways, our physical beings have not caught up with the modern world, so that we are well-equipped to flee from saber-toothed tigers but not so well-equipped to handle grinding 16-hour workdays, or 3-hour daily traffic jams. As with much behavioral finance work, I appreciate Sapolsky's writings because understanding these concepts allows us to be conscious of our weak points, and thus hopefully to manage them better.

<http://www.nytimes.com/2009/08/18/science/18angier.html?th&emc=th>

UNITED NATIONS STUDY ON RESPONSIBLE INVESTMENT

WHY SHOULD YOU CARE?

- The UN has collected signatories with assets of \$18 Trillion (550 firms) to the Principles for Responsible Investment. Yes, trillion with a T.
- However, some signatories are still early in their compliance efforts – pressures to 'walk the walk' are likely to increase significantly over time.
- THIS IS A BIG INFLUENCER OF GLOBAL MONEY MANAGEMENT PRACTICES, especially for large institutions and pension funds. If you work at a large institution, the odds are high that either your firm or your clients are signatories, and thus you need to be familiar with these principles and their implementation.

EXECUTIVE SUMMARY (excerpted from the report – *content abridged*):

“We are living off the Earth's capital – we need to live off the interest.”

Achim Steiner, United Nations Under-Secretary-General and Executive Director, United Nations Environment Programme

Link to the UN press release and the full report:

<http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=593&ArticleID=6247&l=en>

COLLECTIVE INTELLIGENCE: all the rage, but does it really work?

A lot has been written lately about collective intelligence, and it is tempting to think that the crowd always beats the individual (despite the fact that many of our professional lives are based on the opposite premise). A recent paper from some MIT folks gives a framework for thinking about collective intelligence – this is more of a conceptual paper, not a detailed study of the workings of CI, but it had some helpful points:

- Love and glory are often the main motivators in many CI systems, unlike traditional systems, where money is often the main motivator. Why do all those people edit Wikipedia for free? Why do people spend hours writing detailed reviews on Amazon? Are there some tasks you would do for love and glory, but not for money? Or vice versa?
- When is a crowd approach most helpful? “When the resources and skills needed to perform an activity are distributed widely or reside in places that are not known in advance” – people sending in home-filmed video of a news event, for example.
- Details on the paper & link to it: HARNESSING CROWDS: MAPPING THE GENOME OF COLLECTIVE INTELLIGENCE, by Thomas Malone, Robert Laubacher, and Chrysanthos Dellarocas
<http://cci.mit.edu/publications/CCLwp2009-01.pdf>

On a related note, I recommend Scott Page’s book, The Difference... (*content abridged*)

In a real-life example of this, Cisco has made some massive changes to its internal operating structure over the past few years.... (*content abridged*)

<http://online.wsj.com/article/SB124950454834408861.html>

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SUMMER READING LIST *(editorial content abridged)*

INVESTMENT, BUSINESS, BEHAVIORAL FINANCE BOOKS

FREE, Chris Anderson

MID-COURSE CORRECTION, Ray Anderson

CAPITAL IDEAS, Peter Bernstein

AGAINST THE GODS, Peter Bernstein

THE POWER OF GOLD, Peter Bernstein

OTHER NON-FICTION

WHAT'S NEXT? Dispatches on the Future of Science, Max Brockman (from edge.org)

NOT QUITE WHAT I WAS PLANNING: SIX-WORD MEMOIRS

WORK HARD, BE NICE, Jay Matthews

FEAR AND TREMBLING, Soren Kierkegaard

PASCAL'S PENSEES, Blaise Pascal

NOVELS, STORIES, and POETRY

EVIDENCE, Mary Oliver

BROOKLYN, Colm Toibin

LET THE GREAT WORLD SPIN, Colum McCann

REASONS FOR AND ADVANTAGES OF BREATHING, Lydia Peelle

THE ELEGANCE OF THE HEDGEHOG, Muriel Barbery

OLIVE KITTERIDGE, Elizabeth Strout

PRIDE AND PREJUDICE AND ZOMBIES, Jane Austen and Seth Grahame-Smith

WHAT, YOU'VE READ ALL OF THOSE?

Here is a great list of books by contributors to one of our favorite sites, edge.org:

http://www.edge.org/documents/summer_reading09/summer_reading09.html

OTHER MEDIA AND SITES OF INTEREST

Social Edge top 100

Alain de Botton's talk from the recent TED Global conference:

- http://www.ted.com/talks/alain_de_botton_a_kinder_gentler_philosophy_of_success.html

Paul Romer's TED talk about 'charter cities':http://www.ted.com/talks/paul_romer.html

John Hughes memorial tribute

- By far, the best summer vacation suggestion I have is to re-watch your favorite John Hughes movie. You might find it hard to choose – Pretty in Pink, The Breakfast Club, Ferris Bueller's Day Off – some think they do not stand the test of time. Some do not think they were even good to begin with. I beg to differ.
- In the spirit of summer, we close with a quote from Ferris Bueller: "Life moves pretty fast. You don't stop and look around once in a while, you could miss it."