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# ***Better Decisions***

A bulletin devoted to helping you make better and better financial decisions

## **Risk Is Just Another Four Letter Word**

by

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**I love taking risks. If you don't take risks, there is nothing to gain.**

**-Tobias Meyer  
Chief Auctioneer and  
Worldwide Head of Contemporary  
Art at Sotheby's  
P 94 *The New Yorker* Mar 20 2006**

**Tobias Meyer places high stake bets on works of art. He entices owners of prized masterpieces to turn their treasures over to him for auction. And you know what? They usually do!**

**Meyer convinces people they will make obscene sums of money if they let *him* auction off their art. Then, once he has a piece for auction, he jumps up on stage, transforming himself into an auctioneer par excellence. He deftly coaxes bidding higher and higher and higher until the final bid often sets a new record.**

**That's how Tobias Meyer does it.**

**How do you do it? How do you get ahead in your world? What risks do you take? Or, do you play it safe? Do you avoid risks at all cost?**

**Fear of loss has fostered emergence of the holy grail of financial investment advice: diversify or die! (Isn't that the motto on New Hampshire license plates?)**

**In other words, you are urged to never, ever put your eggs in one basket. Better to put a little here, a little there, and you'll be rich in the long run!**

**Warren Buffet, Chairman of Berkshire Hathaway, had this to say about that, "Diversification is protection against ignorance, but if you don't feel ignorant, the need for it goes down drastically" (*Forbes Magazine* 1993).**

**Remember two things. One, diversification is about avoiding loss. Two, the whole argument for diversification through asset allocation did not come about by studying investors with \$25,000 in the bank for retirement. No. It emerged from the rarified world of institutional investing; you know, folks like the Harvard Endowment (\$26 billion), CALPERS (the California state pension fund - \$207 billion), investors like that.**

**But if you are not a Tobias Meyer or a Harvard Endowment how do you deal with risk?**

**Here's what I say: Fear not the unknown for therein lays your opportunity. Replace ignorance with knowledge and wisdom. Do your homework. Manage your fear. Stare directly into the eyes of the unknown and, without blinking, act with confidence, with conviction and make your own way.**