

Seeds of Thought

Cognitive Science Meets Investment Management

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Why Even the Best Seek Coaching

It's very likely the name David Cutcliffe doesn't ring a bell, and with good reason. He's been a football coach for almost 40 years, but never in the NFL. He ran the program at Ole Miss for a few years before being fired after his first losing season. Since 2007, he's been turning around the football program of perennial loser, Duke University, leading them to their first bowl game in almost 20 years and their first ever division title. Truth is, Cutcliffe has developed an incredible track record for turning around programs and developing talent. He coached six quarterbacks who have gone on to play in the NFL, including two Super Bowl MVP's, and two who went on to careers in Major League Baseball. Unfortunately for Cutcliffe, neither turning around programs nor developing future stars tends to result in a frenzy of attention and accolades from the press (unless it directly results in a Super Bowl or National Title). It has however, earned him the respect of those who understand just how difficult it is to achieve the results he has delivered.

In June 2011, after struggling to regain the form that earned him a Super Bowl MVP years earlier, Eli Manning sought "Cut's" expertise to recalibrate his footwork and fine-tune the mechanics on his deep

balls. The following season Eli enjoyed his most productive season ever, and a second Super Bowl win.

The next year, Eli's brother and arguably the greatest football player who ever took the field, Peyton Manning, called on Cutcliffe as well. He'd just undergone his 3rd and most serious neck surgery in just 19 months, and the Indianapolis Colts, the team he'd led to two Super Bowls and with whom he'd earned four MVP's, had just taken Andrew Luck, the top quarterback in the draft. This was a challenging moment for Peyton, with many experts including his

own doctors questioning whether it was possible for him to ever return to form, or to even play the game again.

A free agent at the time, he wanted to work with somebody he trusted to oversee his rehab and return to the NFL. More than a coach, though, he sought a teacher. "There's some coaches that coach, and there are some that coach but also teach, and he's always been a great teacher," Peyton said. "That's really why I came to work with him (Cutcliffe)."



"I was in rehab state where I needed a quarterbacks coach," Manning said. "I needed a weight room. I needed physical therapy. But a big part of rehab was on the field. There's only so much a physical therapist can know as far as quarterback work on the field."

Cutcliffe sent Manning through hour after hour of tedious drills, catching shotgun snaps, taking snaps from center, footwork and hand drills. Day by day, throw by throw, Manning gradually started to regain his form. Then Cutcliffe introduced a radical idea. He had Manning run a play-by-play simulation of the Colts 30-17 AFC Championship win over the New York Jets from 2 years earlier, even flying in his former teammates and offensive coordinator to authenticate the simulation.

"There's only so much a physical therapist can know as far as quarterback work on the field." - Peyton Manning

"Our tempo and the amount of energy we expended was identical," Jeff Saturday (Colt's Center) said. "Everybody went down there knowing we were going to work. We knew he (Manning) was taking this very serious."

Manning called plays in the huddle and made checks and hot reads at the line. When the script called for a run, they ran it. When it called for four wides out of the shotgun in no-huddle, they did likewise.

No detail was overlooked during the three-hour workout. Each play was run at full speed from the exact yard line and hash mark as the real game. The receivers ran the same route trees and Manning completed the passes to the same targets. When the script called for the Jets to be on offense, Manning and company retreated to the sideline and waited for the exact time of possession to expire on the play clock before retaking the field. They even scripted a 12-minute break for halftime. The only thing they didn't have were defenders.

It was an exact replica of the game.

"It was pretty impressive," one former teammate said. "It showed you exactly what kind of detail Peyton went to in trying to get back. Most people would never even think about doing something like that."

In addition to providing a prime evaluation tool of Manning's mechanics and fundamentals, Cutcliffe said the game was a crucial physical conditioning test. It'd been more than 14 months since Manning had played a real NFL game and this was the closest he could come to simulating a real experience.

"Afterward, he was sweaty and worn out, but he had a big ole smile on his face," Cutcliffe said of Manning.

The Duke video crew recorded the game from both sideline and end zone angles. Cutcliffe and Manning then evaluated the game film from the workout and compared it side by side with the 2009 game, gauging his footwork, the velocity and trajectory of his throws and the speed of his drop-back and release.

It was clear to everyone who participated, Peyton was back.

Four days later, the Colts released Manning. In making the decision to sign Peyton to a five year, \$96 million deal, Denver Broncos Head Coach John Fox and VP of Football Operations John Elway put a lot of stock in Cutcliffe's scouting report and the film of the simulated game.

Their confidence was well founded, and Cutcliffe's unconventional methods were once again validated. That year, Manning took the Broncos to the playoffs where they lost to the eventual Super Bowl champs. The following year, Manning earned his fifth MVP and the Broncos returned to the Super Bowl.

Here is a man who has set just about every record for which he is eligible, who has accomplished more than almost every other athlete will ever dream of, yet he still believes he can improve, that he has more to learn, and knows that in order to do so he must rely on the expertise of others.

What stands out to me in stories like this has less to do with David Cutcliffe and more with Peyton Manning. Here is a man who has set just about every record for which he is eligible, who has accomplished more than almost every other athlete will ever dream of, yet he still believes he can improve, that he has more to learn, and knows that in order to do so he must rely on the expertise of others. What's really interesting is that he didn't go to Jon Gruden, the man who the media has anointed as the guru of quarterbacks, but instead he sought out a man whose name is almost unrecognizable to most in the business. Not only did he seek his guidance, he went all in, showing complete faith in the process, even when Cutcliffe suggested a most radical approach, and he was rewarded for it.

I don't know why it is, but for some reason, this same belief in coaching and teaching for top investment managers and allocators is reserved for the rare few. Sure, many employ "psychologists" or even spiritual guides, but how many do you know who enlist the expertise of coaches in the same way that Eli, Peyton, Serena, Roger and every other world class athlete does? How many are willing to forgo protecting their ego to invite the kind of deep analysis and detailed critique of *the very process that got them to the pinnacle of their success*?

Even when I am approached by portfolio managers for coaching, there is a hesitance to truly open the kimono. It's easy to feign humility, to say "I know I have room to improve and want to learn", but far more difficult to get our own ego out of the way of those gains. I've worked with whole teams, with each member visibly excited to get started, only to discover down the road that what they were each secretly expecting was for me to fix all the *other* guys.

To be honest, it isn't surprising. One of the indisputable truths discovered through research in the field of cognitive science is that when we read about bias, more often than not we see evidence of it in everyone around us, but very rarely in ourselves. In my experience, simply accepting that you too are vulnerable to systematic errors in judgment opens the door to a spike higher in your learning curve, the likes of which you haven't experienced since your first day on the job (and understandably so).

About the Author

For nearly three decades, Stephen Duneier has applied cognitive science to investment and business management. The result has been 20.3% average annualized returns with near zero correlation to any major index, the development of a billion dollar hedge fund, the turnaround of numerous institutional trading businesses and career best returns for experienced portfolio managers who have adopted his methodologies.

Mr. Duneier teaches Decision Analysis in the College of Engineering at the University of California Santa Barbara.

Through Bija Advisors' publications and consulting practice, he helps portfolio managers and business leaders improve performance by applying proven decision-making skills to their own processes.

As a speaker, Stephen has delivered informative and inspirational talks to audiences around the world for more than 20 years on topics including global macro economic themes, how cognitive science can

improve performance and the keys to living a more deliberate life. Each is delivered via highly entertaining stories that inevitably lead to further conversation, and ultimately, better results.

Stephen Duneier was formerly Global Head of Currency Option Trading at Bank of America and Managing Director of Emerging Markets at AIG International. His artwork has been featured in international publications and on television programs around the world, and is represented by the world renowned gallery, Sullivan Goss. He received his master's degree in finance and economics from New York University's Stern School of Business.

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