



Formerly The Journal of Private Portfolio Management

Peer-to-Peer Groups: A New Model for the High Net Worth Investor

MICHAEL W. SONNENFELDT AND RICHARD L. LAVIN

AS APPEARED IN



SUMMER 2002

Peer-to-Peer Groups: A New Model for the High Net Worth Investor

MICHAEL W. SONNENFELDT AND RICHARD L. LAVIN

**MICHAEL W.
SONNENFELDT**

is the founder of TIGER 21, a peer-to-peer group of high net worth investors, and founding chairman of Emmes and Company, a diversified real estate investment and management company.

The entrepreneur who decides to cash out and become a full-time investor faces a variety of financial and emotional challenges probably not anticipated prior to the sale of the company. The economic drivers for the former CEO become investment returns rather than earnings or sales growth.

Besides coping with the loss of support structure, industry focus, peer group, and status, new investors like this must acquire skills unrelated to the management of a successful enterprise. After many years of success and external validation of their intelligence and expertise, the new investors probably "*don't know what they don't know*." They will be required to make decisions about their investment portfolios in a much larger, more complex, and more dynamic universe. Without the advantage of formal investment training and experience, these decisions must be made in the context of prior choices that may have limited the flexibility or capacity to construct an ideal portfolio without extra expense.

This article describes the potential benefits of a professionally facilitated, confidential, peer-to-peer group as a possible solution to these problems. The transition from leader to learner requires numerous adjustments that are best achieved in the company of others who are going through the same experience. A peer-to-peer group that meets regularly over an extend-

ed period of time can provide a continual learning process in an ever-changing environment.

Like other working groups, the peer-to-peer model features a core curriculum and guest speakers who are experts in a particular field. In addition, a confidential, professionally facilitated peer group encourages members' best thinking, allows for candid interaction, and draws on individual members' expertise as background for evaluation of investment opportunities.

Central to this model is the portfolio defense—a mechanism for disclosure, analysis, and benchmarking of personal financial goals, and ultimately the rational defense of one's investment portfolio (which is fundamentally similar to the peer group reviews often found in successful asset management firms). The combined expertise and expectations of a high-performing group of co-consumers creates a crucible for personal and financial growth that is not available anywhere else.¹

We start with a discussion of the major challenges faced by the recently divested entrepreneur, with a particular focus on the five important changes in perspective through which the investor must proceed. We describe the principal attributes of a peer-to-peer group, identifying two of the main benefits of such a model. We illustrate one such group, and conclude with a review of possible enhancements to the model.

STAYING RICH, NOT GETTING RICH

The greatest challenges facing entrepreneurs who have sold a business and who now define themselves as investors are both financial and personal. The transition from focused entrepreneur to disciplined investor often requires the acquisition of new skills, as well as a new mindset. The emphasis is now on staying rich, not getting rich.²

In many cases, entrepreneurs who have decided to cash out are not familiar with asset allocation, portfolio theory, and other financial strategies. They have also probably made investment (and estate planning) decisions that can't be reversed in the short term. This point is made all the more important if one realizes that the "rags to riches to rags" story is more the rule than the exception. Life simply doesn't allow for the transition to take place in a seamless manner.

With many decisions already made, and some opportunities missed, the new investor still needs to construct an efficient portfolio if investment returns are now to be the economic driver. It's sort of like building a bicycle while riding it at the same time.

FROM LEADER TO LEARNER

The transition from entrepreneur to investor requires five main shifts in perspective.

CEOs will have to unlearn many of the habits that enabled them to become successful entrepreneurs in the first place. For one thing, the discipline to focus on a small set of big opportunities that they probably applied to running their businesses will not serve them well in managing a diverse portfolio of investments.

The diversified investor is dealing with a much larger dynamic environment, and cannot guard against problems using the same controls that are available in running one's own business. While the entrepreneur has the opportunity to root out fraud and incompetence in an organization long before they can do substantial harm, the investor is almost always affected by these problems after the fact.

The second adjustment involves the shift from active manager to passive investor (see Brunel [2002], chapter 10). Entrepreneurs have been the captains of their own ship, commanding an active management team and shifting tactics if necessary. An investor can pick the funds to invest in but must rely on others for the due diligence; once invested, capital may be locked in for long periods of time, well after a sector has lost its allure.³

A third consideration is the loss of infrastructure. An entrepreneur running a successful enterprise will generally have access to a well-developed network of resources that can be tapped to enhance most critical decisions. Lone investors have to find their own resources, often by hiring a financial advisor, consultant, manager, or other fiduciary. Each piece of advice may have a price tag, or come with hidden or potential conflicts of one sort or another.

Investor options vary depending on how much money there is to invest. With over \$100 million, one can retain internal professionals or set up a family office (see Carroll [2001] and Hansen [2001]). With a portfolio of between \$10 and \$100 million, these options are not economic.

The fourth challenge involves the issue of accountability. Entrepreneurs rely on a strategic plan and boards or shareholders to hold them accountable to stated goals or benchmarks. The new investor has to come up with an alternative methodology to quantify results and manage expectations. A formal investment policy and benchmarking standards help, but many are the investors who ignore that need.⁴

Finally, one should not underestimate the emotional impact of the conversion from entrepreneur to investor. The isolation of the former chief executive who has lost top dog status and its attendant perks can be disorienting.

The executive's every success once had a natural audience in the business's stakeholders—from employees to board members to partners. To the new investor, this web of relationships is no longer available.

Seldom does the CEO prepare a framework for this in advance. Then, not only are executives without a way to organize their time, but they also lack a peer group of other high net worth individuals in the same situation.

THE PEER-TO-PEER MODEL

One could envision a peer-to-peer group as a cost-effective way to address these problems. The peer-to-peer model consists of professionally facilitated groups that meet, on average, for a full day each month in a central location, such as a hotel with conference and banquet facilities. The ideal group constitutes from 10 to 12 members who are diverse in terms of age, prior business experience, and net worth.

The value of members' portfolios might range from \$10 to \$100 million. With amounts over this, there is the option of dedicated investment professionals or a family

office solution. With amounts less than \$10 million, a need for current income may place the investor in a very different position.

A professional facilitator who has managed leadership groups or senior management teams moderates the group. The role of the facilitator is to create an environment in which the perception of competitive advantage gives way to greater benefits from cooperation.

The peer-to-peer model offers a core curriculum complemented by guest speakers, portfolio defense (peer review and presentation and analysis of members' investment portfolios), and consideration of direct investment opportunities. A core curriculum and a bibliography create a common platform for discussion and decision-making. The selection of topics and presenters or speakers represents the priorities of the group.

Characteristics of a High-Performing Group

Continuity and confidentiality in the group process are critical. The benefits of an intimate peer-to-peer group meeting on a regular basis, over months and years accrue through unbiased, knowledgeable, insightful advice from people in similar situations. Thus, the optimal structure is a stable group with modest turnover.

A core group would remain keyed in to significant personal issues affecting the members. The addition of two to three new members per year can bring a fresh perspective and new issues and opportunities to the table. The introduction of new members also allows longer-term members to re-experience their own transitions, and become aware of their own personal benchmarks each year as they move farther down the road.

The supportive nature of the group process permits members to discuss core issues comfortably. The facilitator's goal is to help a group of naturally competitive people to be helpful rather than judgmental, to engender trust, and to promote candid disclosure. While the primary focus of the group is learning about the investment world and available opportunities, investors walk in, but people sit down. The number of investment decisions clouded by personal or emotional issues can overwhelm other factors usually associated with portfolio allocation.

At the center of the peer-to-peer group process are the assurance of confidentiality and the building of trust. While the development of trust might be expected over time, an essential criterion for selection of a member would be the person's willingness to disclose and to be helpful and productive to fellow members. The peer-to-peer group with professional facilitation offers the opportunity to develop real conversations between one another.

It has become obvious over time that to elicit members' best thinking and helpfulness, the issue or opportunity brought by a member must be detailed in its presentation. As the process unfolds, the value of this supportive environment is reinforced, and ultimately members begin to demand of each other the disclosure necessary to enable the best possible range of insights.

A long-term relationship with a trusted financial advisor might eventually get to this same place, but rarely is the client willing to disclose the full nature of the personal circumstances. And too often the professional has an agenda or a fee-related reaction that can compromise candor.

Twelve Heads Are Better Than One

The ideal peer-to-peer group provides a diverse community that serves as a valuable reference point for key decision-making—a form of reality check. The peerto-peer group allows members to benchmark the key metrics of their financial lives by comparison with others, including the budgeting of various components of personal and investment expenses. When calculating strategic portfolio allocation and level of diversification, for instance, a group member can compare the portfolio not only to other individuals' but to the group average as well.

It would be quite difficult, in any other setting, to learn how others of similar means budget their living expenses as a percentage of net worth, or what others have chosen to do with heirs or other dependents. Members can determine roughly where they fall on the scale between conservative and profligate. They might have budgeted annual living expenses of 5% of investible net worth, on the assumption that earnings of 10% are realistic and achievable. Knowing that the group's average is half that amount might be an important benchmark for future budgeting.

A recurring theme related to budgeting is the shock that entrepreneurs have at the cash income available for living, playing, and charitable expenses after the sale of a private business. A small private business in today's environment might be lucky to sell for six to seven times cash flow. Owners with businesses that allow them to take out \$2-\$3 million a year might receive only \$15-\$20 million in a sale. After taxes are paid, they might end up with \$15 million or less.

One group concluded that it would be imprudent to live (if one has a very long-term horizon) on more than 3% of one's assets each year. In recent years, even this would not have been easy to achieve on paper—much less in spendable cash. On this basis, members who have

recently sold a business may be struggling to generate \$400,000–\$500,000 per year from a well-diversified portfolio, when they had been taking home five to six times as much before the sale.⁵

While each situation is different, a number of members have had to deal with these constraints precisely at the time in their life when they thought they should be celebrating because they were rich. It is some comfort to be able to share this story with sympathetic members of the group who may have experienced the same transition, where friends and advisors outside the group might be more reserved.

A Network of Co-Consumers

The collective wisdom and experience of the peer network is also a valuable tool for analyzing prospective investments or expenditures. A group of people who are in similar circumstances but are diverse in age, experience, and outlook can offer some insight that you cannot easily hire or find elsewhere. The relative flow of information can be significantly greater within this group.

Members are essentially the center of their own information networks. Ideally, the peer group will be formed solely of ex-entrepreneurs, who will have developed over a successful career an independent global network of contacts, advisors, and resources.

In fact, the working group creates an entire network of co-consumers who have thought through, or been exposed to, the same issues and can recommend resources to each other in every area—from insurance to lawyers to estate planning. The collective investing and buying power of the group can also provide lower costs and better access to deals that might otherwise have minimum investments greater than any one member would be prepared to invest.

In one case, a group member recommended a lawyer to present to the group because of his extraordinary knowledge of private placement life insurance (PPLI, also known as a life insurance wrapper). Two other members of the group ultimately retained the lawyer on other matters, because his PPLI expertise gave them a high degree of confidence in his practice. A significant portion of the group is considering PPLI, but through another vehicle that was offered to the group a year later.

In another case, a hedge fund manager with a terrific track record, great presentation, and personal and family capital representing over half of his \$300 million fund presented to the group. He mentioned that as a service to investors he had arranged a life insurance wrapper for

which fees for each individual would be calculated according to the buying power of the entire group. That means that an investor with \$5 million would have the same fee schedule as if he were investing \$200 million, thus cutting costs dramatically. Three members of the group invested in the hedge fund, and a fourth is on a waiting list. The PPLI provider affiliated with the hedge fund manager is scheduled for an upcoming presentation.

In another example of the group's buying power, during the last quarter of 2001 the group focused on market-neutral funds of funds and on distressed opportunities. The group interviewed numerous managers both during and outside group presentations. During the first quarter of 2002, a senior executive from a leading investment bank presented a multibillion dollar global opportunities distressed fund that the group felt was a very interesting opportunity. Although the collective opinion was that this would have higher risks than typical, the group agreed that the returns should be outsized, as well.

One member had a long-standing investment relationship, so the group members were afforded the institutional rates, eliminating an entire layer of fees. After a one-hour presentation, and a vigorous dialogue about the appropriateness of this asset allocation for certain members' portfolios, several individual investors in the group collectively invested approximately \$5 million.

Putting Theory into Practice

The facilitator sets the initial schedule of activities, including speakers, investment professionals, and exploration of issues and opportunities brought by individual members. A clear goal and measure of a group's development is the degree to which members take responsibility for arranging the group's activities, presentations, and growth.

The education component has three parts: a growing bibliography covering family sagas to investment strategies. Invited guest speakers who are experts in their field or investment managers; and seminar types of discussion.

Core Curriculum

The general curriculum has four focuses.

Asset allocation. The primary focus. The general trends around the disciplines of portfolio strategy, and then the various options within each broad classification, form the major substantive component of the curriculum. Particular emphasis is placed on the notion that allocating to the right baskets in the right proportions will have a far greater impact, on average, than picking the right

individual investments within each basket, assuming that a first-order approximation of a top quartile manager or opportunity is selected. The group uses the list of investment presenters to complement various strategies.

Analysis and creating a point of view. Includes elements that establish expectations of a member's investment horizon.

Intergenerational wealth. Focuses on issues attendant to children inheriting wealth, uses of trusts, insurance wrappers, and other tax minimization strategies.

Lifestyle. Includes issues that impact a member's personal life. Included are themes related to budgeting, art, and philanthropy and other non-economic investments and allocations.

A TYPICAL DAY

The peer-to-peer groups meet once a month for a full day. A continental breakfast and lunch are provided. The day is organized into five different kinds of learning experiences.

World Update

A world update is intended to provide an understanding of major developments in context of the world in which members live, as well as the issues and events in members' personal lives, and how these issues affect members' investment horizons or choices.

Guest Speaker/Educator

Presenters are speakers uniquely able to educate members on one curriculum topic, or any other area of the group's interest. Typically, these professionals will need some form of stipend, because they have not come to sell anything.

As we've learned, a presentation that starts out in the service of education sometimes winds up as an investment opportunity. For example, a speaker was recruited to share the experiences and insights he gained from providing family office services on behalf of his firm to 50 high net worth clients with over \$5 billion under management. The group wanted to know the patterns that might be discerned in how these 50 high net worth families allocated their portfolios, and the lessons that could be learned from their successes and failures (without disclosing the families' identities). The salient question was: "With the proprietary data set of all the families' investments, and rigorous analysis of the risks, returns, and rel-

evant correlations for each individual investment, in what ways could the speaker's firm bring additional value to its clients?"

The first opportunity the speaker described was an internal market-neutral fund of funds for short- to medium-term investments, which was designed to provide a near cash alternative. As a result of the presentation, one of the members became the first outside investor in the firm's fund. Over the next two years, other members of the group made substantial investments in the fund, as the performance tracked expectations, and the manager continued to provide transparency so that the group could periodically understand the fund of funds allocation strategy, and monitor its performance.

Investment Presentation

Significant insight is needed to separate presenters as hucksters from those with a point of view, or something to offer. Although members may invest in the presenter's opportunity, and often do, the key criteria for a choice should be the degree to which a presenter is able to educate the group about a particular marketplace, and the nature of the opportunity that makes it compelling.

Most presenters will not have extensive experience marketing to so sophisticated a group, and significant care needs to be shown in speaker selection. Investment presentations to the group are also held in a confidential setting, so that after the presenter leaves, the group can not only rate the presentation, but also examine the validity of a particular investment in the context of each member's portfolio.

Several examples illustrate the advantages of the group acting as an "investment sieve"—separating the wheat from the chaff.

Case Study 1. The creators of a multilingual language service that provides simultaneous translation services at border crossings and in courtrooms and emergency rooms made a presentation to the group. Part of the company's strategy was to tap into an international network of translators. The presenter framed the opportunity in terms of certain proprietary telecommunications and computer technologies that linked the translators stationed around the world, mostly in their own homes, with the users of the service.

As pitched, this sounded like a great idea, but the presenters suffered from unfortunate timing. The previous month, the peer group had hosted an economic futurist who had discussed the increasing power and diminishing cost of computers, with the possibility for instantaneous and simultaneous translation through the use of

voice recognition programs. When presented with these insights, the language service group was unable to gauge the negative impact of the computer trend on its business model.

In addition, several members of the group with expertise in marketing voiced concern about the adequacy of the marketing budget. One member explained, "We felt on its face that they weren't raising enough money to stave off competitors, and that the company's proprietary technology didn't create a high enough barrier to entry or advantage over existing competition to make the case compelling."

In this case, the decision was made not to invest, as the group benefited from the special insights of numerous members and from the collective wisdom acquired in an earlier presentation to the group.

Case Study 2. A manager made a pitch to the group to be a lead investor in a new distressed securities fund. The manager had extensive experience in a number of complex situations, and came with a set of credentials and references from well-known investors.

His most recent experience was in a \$1 billion collateralized bond fund that had suffered reversals because of market conditions so that most of the highly leveraged equity had been lost. The fund still owned dozens of positions in what were now distressed securities, and with his intimate knowledge of these securities the manager felt there was a unique opportunity to invest in certain of these severely distressed situations.

The group asked about the issue of transparency and adherence to a consistent set of investment rules, and wanted to know what the manager's personal financial commitment to the new venture would be. Two follow-up meetings were scheduled with the members of the group interested in pursuing the opportunity.

During the follow-up meetings, as the group continued to examine the manager's approach, he provided potential investment opportunities that were precisely the opposite of the strategy he had originally outlined (small-cap versus large-cap companies), and couldn't demonstrate a pipeline that met the stated criteria. Moreover, while his references all confirmed his integrity and personal qualities, they couldn't project any opinion about his substantive capacity to succeed.

The recent failure, plus a coincidental, in-depth understanding of one of the manager's investments by one of the members of the group, convinced the group to pass. Some had wanted to pass immediately, because of the recent failure, while others thought a unique opportunity existed, but the group process identified too many questions to proceed. Still, two members

believed there was a missed opportunity, and are considering pursuing the investment.

As this example shows, group analysis doesn't necessarily lead to a consensus; in fact the diversity of the group often leads to fuller analysis of the merits of a given opportunity.

Portfolio Defense

Once a year, members are required to present their personal investment portfolios for review and analysis in the context of their stated philosophy and goals. This level of exposure, intimacy, and commitment is unique. It gives members a means to benchmark themselves against the group, minus ego.

The focus is generally not on comparative results, but rather on using the collective wisdom of the group to see if there are potential problems or opportunities that the group can help the member identify or pursue. The group focuses on issues of overall risk, diversification, downside protection, and other factors that determine members' ability to meet or exceed reasonable goals in good times and bad and the ability to weather unexpected shocks.

Case Study 3. The day before his portfolio defense, one member divested multiple millions in high tech stocks for cash, reducing his exposure by about 20%. He still had about half his portfolio in this area, with one stock accounting for 80% of his exposure. But he said that he reduced his exposure and raised cash as a preemptive move, because "I knew you were really going to hammer me on this."

While half of his investment portfolio was in extremely risky technology prior to raising cash, the balance was mostly invested in high-risk private equity deals. Until now, his strategy had been successful, and he had doubled his net worth in recent years. The group got him to see that putting his entire portfolio at risk was not mature or likely to be in his or his family's best interest.

Recognizing that his predilection was to pursue these types of risky investments, the group suggested that he consider a barbell asset allocation by putting half his wealth in a conservative asset while keeping the other half in the higher-risk investments as he pleased. In effect, they were saying the member had a "get rich" portfolio when he should have been more focused on staying rich. The group strongly encouraged the member to further lighten his concentration in the single high tech stock that represented over a third of his portfolio.

Although the group knew nothing about the particular stock, by coincidence a major fraud was alleged only a month later, and the stock dropped by over 50%. The divestiture of a portion in advance of the portfolio defense and subsequent divestitures after the portfolio defense saved the member millions of dollars.

Case Study 4. A group member who was considered a genius as an entrepreneur had a real appetite for risk as an investor. He had very successfully sold his first business a decade before, but in the ensuing years he had pursued a string of ventures, any one of which would have resulted in billions of dollars if successful—but he had substantially lower net worth a decade later, because the ventures had not fulfilled their potential. Having made tens of millions of dollars at the original sale of his business, the man was short on cash by the time he joined the group, and for the first time in 20 years family decisions were being made on the basis of cash availability. He had never taken any money off the table for a rainy day.

Joining the group became the catalyst for him to cash out some positions, build cash, and change his lifestyle. This ex-member now lives in Europe, and has eliminated the pressures that plagued him by building financial security, which allows him still to pursue unique investments, but through the discipline of an allocated portfolio.

Most investors are reluctant to show any one advisor their total financial picture, and many don't even take the time to put it together themselves. As one member lamented, "I spent my whole life being accountable, and I don't want to be accountable anymore."

But unless investors create a new structure that does hold them accountable, they won't get the results they want. In the portfolio defense, the investor must balance investment strategy, intergenerational issues, philanthropic interests, and daily living needs.

Part of the challenge for each group is to develop the tools to help members see the relationship between the strategies they pursue and their objectives and the biases they bring that may influence their investment decisions.

Case Study 5. One member sold his business to a major international company prior to joining our group. Part of the sale was made for stock, which at the time of the sale represented a little over 1% of the value of the acquiring company. This position was worth many tens of millions. After the sale, the member wanted to hold on to 1% of this company's stock, even though the position represented an overwhelming portion of his net worth. Despite significant declines in the stock value, essentially

cutting his net worth in half, the notion of owning 1% of the buyers' stock overwhelmed his ability to build a balanced and diversified portfolio.⁶

The group helped the member see that his emotional tie to this 1% mark was not validated by the returns or sound economics, and that the cost of the emotional benchmark was greater than he should reasonably bear. Subsequently, the member significantly reduced his exposure to the single stock.

Issues and Opportunities

The issues and opportunities section of the day allows members to place their own specific questions or concerns on the table to seek the collective wisdom and reactions of the group. During this portion of the day, members work through problems and explore opportunities together.

One member of the group was considering an investment as a limited partner in a garden apartment condominium conversion. Although the deal was highly recommended to the member, and he was predisposed to invest, he wanted an independent opinion. Another member of the group whose main business expertise was built as a real estate entrepreneur agreed to review the deal. He was so impressed that he himself offered to invest, although it turned out the deal was already oversubscribed. In part because of the reviewer's enthusiasm, the member proceeded with the investment, which during its initial year exceeded its projections.

CONCLUSION

Thomas Friedman, author of *The Lexus and the Olive Tree*, notes that globalization and democratization of finance, information, and technology has led him to divide the world between the "fast and the slow" and between the "learned and the learners." The learned are well prepared for a world that was; the learners are continually preparing for a world that is evolving. The peer-to-peer learning group is an original model tailored to the needs of sophisticated 21st century investors so that they can stay ahead of the curve in an ever-changing world.

One of the remaining challenges in the model that may present an opportunity for further refinement of the concept relates to the ability of the group to secure professional moderators. Indeed, as illustrated in several of the examples, well-managed group dynamics prompted or

allowed individual members of the group to make significant decisions.

Although there is no evidence that any of these decisions was inherently bad, it is also unclear that a group of individuals without specialized wealth management knowledge can avoid the problems associated with the “one-eyed leading the blind.” The best that a professional group facilitator can do is to help ensure that no one dominates the discussion and thus that all relevant insights can be shared.

Yet, in a world as new and changing as individual wealth management, dual moderators of the group (one a wealth management consultant) might promote smarter decision-making.

ENDNOTES

¹ By co-consumers we do not mean joint purchases but rather individual purchases by members in similar circumstances who can leverage off one another’s knowledge and base of providers.

² This lesson is not always understood. Indeed, many investors mistakenly believe that stock portfolios have the potential to create substantial wealth.

³ For a discussion of “company-ness” versus “stock-ness,” see Clayman [1993]. For a discussion of the challenges of locking in capital, see Nesbitt [1995].

⁴ A seminal work on this topic is Ellis [1993]. For a discussion of the interaction between the cost of money management and its rewards and of the need to keep focused on investment policy, see Ellis [2000].

⁵ An interesting parallel can be found in Garland [1999], although his focus is on sustainable spending by trusts.

⁶ Several behavioral finance experts have focused on this topic. Statman [2001], for instance, would predict that, in circumstances such as these, the investor would view the stock’s recent high as its fair value, and would thus have a hard time diversifying that exposure in a down market. For more on this topic, see Shefrin and Statman [1985], Kahneman and Riepe [1998], Shefrin [2000], and Brunel [2002].

REFERENCES

- Brunel, Jean L.P. *Integrated Wealth Management: The New Direction for Portfolio Managers*. New York: Institutional Investor Books, 2002.
- Carroll, Jon. “The Functions of a Family Office.” *The Journal of Wealth Management*, Fall 2001, pp. 23–28.
- Clayman, Michelle. “Excellence Revisited.” *Financial Analysts Journal*, Vol. 49, No. 3 (May/June 1994), pp. 61–65.
- Ellis, Charles D. *Investment Policy: How to Win the Loser’s Game*, 2nd edition. Homewood, IL: Business One Irwin, 1993.
- . “Levels of the Game.” *The Journal of Portfolio Management*, Winter 2000, pp. 12–15.
- Friedman, Thomas. *The Lexus and the Olive Tree*. New York: Farrar, Straus & Giroux, June 2000.
- Garland, James P. “‘A Market Yield Spending Rule’ Revisited: Update Though 1998.” *The Journal of Private Portfolio Management*, Winter 1999, pp. 57–63.
- Hauser, Barbara R. “The Family Office: Insights into Their Development in the U.S., A Proposed Prototype, and Advice for Adaptation in Other Countries.” *The Journal of Wealth Management*, Fall 2001, pp. 15–22.
- Kahneman, Daniel, and Mark W. Riepe. “Aspects of Investor Psychology.” *The Journal of Portfolio Management*, Summer 1998, pp. 52–65.
- Nesbitt, Stephen L. “Buy High, Sell Low: Timing Errors in Mutual Fund Allocations.” *The Journal of Portfolio Management*, Fall 1995, pp. 57–61.
- Shefrin, Hersh. “Recent Developments in Behavioral Finance.” *The Journal of Private Portfolio Management*, Summer 2000, pp. 25–37.
- Shefrin, Hersh, and Meir Statman. “The Disposition to Sell Winners Too Early and Ride Losers Too Long: Theory and Evidence.” *Journal of Finance*, 40 (1985), pp. 770–790.
- Statman, Meir. “Investor Psychology.” Luncheon Address, The 8th Annual Family Office Forum, Institute for International Research, Chicago, Illinois, June 26, 2001.