

RELAXATION AND RESTRAINT

Understanding and Dealing with the Media Drumbeat

By Howard Melbourn, CFA

THE MEDIA is omnipresent. It shows us 24/7 from our television, radio, the internet, and now our phones.

Dr. Lauretta Omelchenko, a licensed professional clinical counselor, says that while the way we learn about things has changed greatly, biologically we're still the same organism that a few hundred years ago sought safety in castles and forts. "When we lived in fortresses we could hear the drumbeats of the approaching hordes and knew we were in danger," said Omelchenko. "Today, the drumbeat is the 24/7 news cycle. While the dangers are different, our biological reactions are the same."

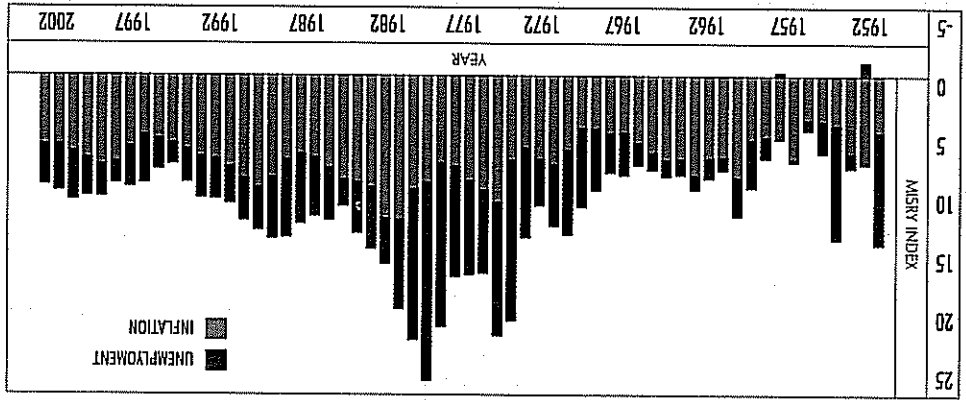
Those drumbeats can be costly to investors who make decisions based on fears rather than facts. Omelchenko said that our behavior and attitudes toward money - from our genetic makeup as well as our experiences - are inherent parts of our psyche. "Those deeply held attitudes are ingrained into us. People don't talk about them much but - they act them out," she said. According to Omelchenko, most people act on the principle of A-B-C: antecedent-behavior-cognition.

"Something happens, we behave - the thought is: 'Oh, my god, it's horrible.' Then the cognition comes. That's often the judgment. A-B-C happens to everybody."

For an investor, A-B-C plays out this way: (A) An investor hears a breathless news report that the Dow has plummeted. (B) He speed dials his broker and sells, sells, sells. (C) Only later - usually after a rebound - does he realize that he sold his long term portfolio on a single day's trading activity.

To get our ABCs under control, Omelchenko has several solutions. "I suggest exercise, exposure to sunlight, hydration, get a physical. I also teach people how to use relaxation techniques," she said.

Another Omelchenko suggestion is more straightforward. "Turn off the TV," she says. "It does depend on which room-toms you listen to as to whether you hear the drumbeat as threatening or not. Expose yourself to a variety of opinions. (That) only makes mental health sense...and go for a fast walk." ©



NICK MURRAY'S READING LIST

■ "Good media" is an oxymoron. Whenever tempted to read or watch it, lie down and read a good book instead. My Simple Wealth, Inevitable Wealth, Jeremy Siegel's Stocks for the Long Run, and John Steele Gordon's An Empire of Wealth, to name three. The last mentioned is simply the finest one-volume economic history of the United States that ever was or ever will be; if you can read it all the way through and still be a pessimist, you are beyond human help.

Misyery Index Explained

■ The Misyery Index - the simple addition of the unemployment rate and the inflation rate - came into common parlance when Gov. Jimmy Carter used it as a cudgel to beat up Gerald Ford in the '76 election. The index had reached 12.56 in 1976. By the end of Carter's first term, it was 19.62.

■ The average Misyery Index from 1948 to 2007 was 9.42. In 2007 it was 7.46. As of May 2008, it was 9.68 - or just about average.

■ The purpose of the graph is not to discount any economic pain anyone is going through, but to offer a bit of perspective to the Chicken Littles who see the sky falling in every news report.

MANAGEMENT

PRaise IN PUBLIC, CRITIQUE IN PRIVATE

Generational and Personality Differences Affect How Praise and Critique is Received

By Todd Urick, SPHR, CPLP

THE PLATTUDE is well known among managers: "Praise in public, critique in private." But its implementation is not as simple as it sounds. Often, managers can miss the mark when giving praise or critiques.

Today, we have four generations in the workforce - Traditionalists, Baby Boomers, GenXers and GenY - all of whom view this topic of praise in public, critique in private differently. Many GenY employees who are just entering the workforce want constant feedback, while Baby Boomers may not necessarily operate in the same way and may see this as coddling. Yet, research has shown that GenY employees have a very similar work ethic as that of Baby Boomers. Both generations are very goal- and objective-oriented. GenY employees just need to be approached differently.

Employees who prefer to receive this praise or critique which employees would prefer to receive according to personality. For instance, Jane, an employee with a communicative personality, likes to moderate and bring people together. She may enjoy public praise, but wish for her critique to be in private while balanced with some praise. Bob, an employee with

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