This post by Matthew Miller and Joseph Koster is excerpted from a letter of [Boyles Asset Management](#).

We are often asked about the impact of operating an investment program with multiple decision makers. Even Mr. Buffett and Mr. Munger have questioned the efficacy of investment committees in the management of portfolios. We'd hesitate to put co-managers in the same category as a committee, but it is an important topic.

We are the first to admit that there are frictions in addition to the benefits of the model we have at Boyles. Boyles operates with two managers, each equally responsible for finding ideas, conducting diligence, and making decisions. We do not apportion pieces of the portfolio to either manager. Each is expected to be fully conversant about ideas under examination or in the portfolio. We've been operating in this manner for 10 years now. That longevity tends to help.

The biggest difficulty when it comes to such a model is that not every person similarly interprets a given set of facts or places the same weight on particular facts when analyzing an investment. This is perhaps no different from any other situation in life, and it remains true even when co-managers share an investment philosophy. It is true at Boyles. While it is rare that facts themselves are in dispute, this friction can either be a source of destructive and counterproductive strain; or what Linda Hill, a professor at Harvard University, has described positively as "creative abrasion." After studying Pixar's success with team-based creative development, which has led to a number of blockbuster animated movie productions, she identified three cores to the success: creative abrasion, creative agility, and creative resolution. In a 2015 TED presentation, she stated:

"Creative abrasion is about being able to create a marketplace of ideas through debate and discourse. In innovative organizations, they amplify differences, they don't minimize them. Creative abrasion is not about brainstorming, where people suspend their judgement. No, they know how to have very heated but constructive arguments to create a portfolio of alternatives. Individuals in innovative organizations learn how to inquire, they learn how to actively listen, but guess what? They also learn how to advocate for their point of view. They understand that innovation rarely happens unless you have both diversity and conflict.

"Creative agility is about being able to test and refine that portfolio of ideas through quick pursuit, reflection, and adjustment. It's about discovery-driven learning where you act, as opposed to plan, your way to the future. It’s about design thinking where you have that interesting combination of the scientific method and the artistic process. *It’s about running a series of experiments, and not a series of pilots. Experiments are usually about learning. When you get a negative outcome, you’re still really learning something that you need to know. Pilots are often about being right. When they don’t work, someone or something is to blame.*

“The final capability is creative resolution. This is about doing decision making in a way that you can actually combine even opposing ideas to reconfigure them in new combinations to produce a solution that is new and useful. When you look at innovative organizations, they never go along to get along. They don’t compromise. They don’t let one group or one individual dominate, even if it’s the boss, even if it’s the expert. Instead, they have developed a rather patient and more inclusive decision making process that allows for ‘both/and’ solutions to arise and not simply ‘either/or’ solutions.”

We believe that Professor Hill’s thoughts on creative abrasion, agility (if you substitute ideas and investments for experiments and pilots), and resolution are particularly useful when thinking about how we operate a co-manager model. When each of the three are calibrated correctly, the team-based model can beat the single-manager model. However, for each of Hill’s concepts to work in the investment business, we believe there are a few necessary ingredients, including:

- Cohesion of investment style
- Open conversation about evolution of investment philosophy
- Willingness to accept critique on ideas and diligence process
- Trust that the other party is living up to their responsibilities
- Open communication about interpretation of facts
- Sufficient time operating under these conditions
- Genuine acceptance that outcomes are joint outcomes

It is a constant process, and the relationship requires work, but in the end we believe it can lead to superior outcomes.