MOI GLOBAL

Say-Something Syndrome

> "[It] is a very important part of human organization to set things up so the noise and the reciprocation and so forth of all these people who have what I call say-something syndrome don't really affect the decisions." –Charlie Munger

This article is part of a multi-part series on human misjudgment by Phil Ordway, managing principal of Anabatic Investment Partners.

Munger cites the honeybee's incoherent communication "dance" when it tries to convey nectar in a location for which it has no words – rather than stay silent it dishes out gibberish.

Update

Also known as "Twaddle Tendency," Munger notes that "man, as a social animal who has the gift of language, is born to prattle and to pour out twaddle that does much damage when serious work is being attempted."

"A rightly famous Caltech engineering professor once expressed his version of this ideas as follows: 'The principal job of an academic administration is to keep the people who don't matter form interfering with the work of the people that do.'"

We've all been in **meetings or classes** that didn't just feature say-something syndrome but were dominated by it. Many academic settings – including many prominent business schools – actively reinforce say-something syndrome by incorporating explicit "participation grades." It wouldn't be possible to count the amount of wasted time dedicated to meaningless drivel spouted only in the name of "participation."

Likewise, many business meetings would feel incomplete to their participants if everyone didn't pipe up at least once, regardless of any actual contribution. How many people have the intellectual desire or the political capital to say "nothing to add" when, as is often the case, they indeed have nothing to add?

I find this problem especially true in the interrelationships between investment analysts and portfolio managers, or between any business leader and a subordinate. There is an element of incentive caused-bias here (my bonus might be at risk if I'm not seen as an active participant) and agency issues (nobody ever hired a consultant and got a "nothing to add" response, even when that would have been appropriate; instead they'll get at a minimum a lot of noise in the form of data and charts and straw man arguments). Not only do underlings generate a lot of noise – and noise that requires attention and energy to filter – but they are also prone to generating incomplete or misleading answers. A great boss will encourage people around him or her to frequently use the response, "I don't know but I'll go find out." Both parts of that sentence are equally important and equally rare.

Journalists on a deadline are another worthwhile example. Shouldn't a writer write a story because it's timely and worth telling, not because it's Thursday or the end of the month or whatever? *Outstanding Investor Digest* used to do that, and *The Private Investment Brief* does that now. But many of the columns and editorials we read suffer because of say-something syndrome. It’s not the writers’ fault – it is enormously hard to write a great column on investing 50 times a year. Very few writers are as talented as Jason Zweig, and even he admits that “My job is to write the exact same thing between 50 and 100 times a year in such a way that neither my editors nor my readers will ever think I am repeating myself.”[68] His case might be a double exception because not only can he pull it off but in the case of trying to save investors from their own mistakes, repetition might actually be necessary. But the overall point stands.

And it’s worth continuing Zweig’s quote about the necessity of repeating repeat himself, part of which ties back to our prior discussion of desirability bias: “[Repetition is needed] because good advice rarely changes, while markets change constantly. The temptation to pander is almost irresistible. And while people need good advice, what they want is advice that sounds good. The advice that sounds the best in the short run is always the most dangerous in the long run. Everyone wants the secret, the key, the roadmap to the primrose path that leads to El Dorado: the magical low-risk, high-return investment that can double your money in no time. Everyone wants to chase the returns of whatever has been hottest and to shun whatever has gone cold. Most financial journalism, like most of Wall Street itself, is dedicated to a basic principle of marketing: When the ducks quack, feed ‘em.”

[68] http://jasonzweig.com/saving-investors-from-themselves-2/