



Sigma Summaries

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A Culture of Trust, Teamwork, and Service

Even though summertime is a faded memory, America's favorite summer pastime, baseball, has continued to be very much on our minds. Specifically, we were thrilled to see our client and friend, George "Sparky" Anderson inducted into the Major League Baseball Hall of Fame in Cooperstown. While Mr. Anderson's induction was a result of his remarkable on-field managing prowess, there is a philosophical aspect to his persona that contributed to the success of this hall-of-famer. "There's never room for compromise on matters of honesty and integrity," writes Dan Ewald, co-author of the book *They Call Me Sparky*. "On the field, he has no peers. He has won more games than almost any manager in the history of the game. He's the only manager to have won a World Series in both leagues. But his real strength was turning young people into responsible men." This last sentence is incredibly insightful, because it says nothing of wins or losses, but says a great deal about building successful organizations. Indeed, we asked for the impressions of our colleague, Dave Bergman, who played on the 1984 Detroit Tigers World Championship team that Mr. Anderson managed. Perhaps Dave's most important observation was that Mr. Anderson's success on the ball field was due in no small part to his almost religious devotion to a set of deeply held core values. These core values were espoused and applied in the clubhouse. Further, they precipitated the development of an unusually cohesive team of players and a culture of success that culminated in the 1984 World Championship season. There are many parallels between a successful sports team and a successful business. At Sigma, we are confident that we have laid the foundation for the same type of success.

We believe that progressive organizations tend to focus on core values to help shape the corporate culture, guide behavior, and determine how the organization will interact with outsiders. Further, core values define the perception of the organization to the public at large. Mr. Anderson stressed to his players the importance of honesty, integrity, commitment and discipline. He also preached the necessity of devotion to family, team and community. These were his core values. He wanted the members of his team to embrace them too, as he felt that they would be critical for success.

At Sigma, we noted years ago that, in order to achieve our goal of becoming the preeminent provider of investment counseling services in our market, we would only do so by attracting high caliber investment professionals. We realized that we would have to develop a business plan that was realistic and embraceable by such top-notch talent. In addition, we recognized that if a company hopes to thrive in an era that demands the full participation and partnership of all of its workers, it must be committed to an explicit set of values. Values are the foundation on which an organization is built. At Sigma we believe we have carefully crafted a set of highly principled, shared values. Following is a listing of these values that, not insignificantly, were designed by the employees themselves.

Corporate Core Values

1. Dedication to serving the client first
2. Mutual trust and respect
3. Openness
4. Team environment

5. Commitment to balancing work and family life
6. A congenial environment
7. Commitment to community

Employee Core Values

1. Integrity
2. Honesty
3. Commitment
4. Reliability
5. Initiative
6. Loyalty
7. Cooperativeness
8. Humility

You will note the common themes evident in Mr. Anderson's core values and those of Sigma. Placing emphasis on these core values, and practicing them, has enabled us to convert highly sought "recruits" into valued members of the Sigma team during the past few years (Ann Conrad, CFA, Chris Kress, CFA, Marisa Lenhard, Kenneth Bernard, Tony DiGiovanni, CFA, Steve Catallo and Roger Steed). In effect, we have created an excellent environment for attracting and retaining highly qualified and motivated staff members. Such an environment has enabled us to build a superior team of investment professionals.

In addition, we have come to have deeper appreciation for the values of teamwork and trust. Several of the investment professionals at Sigma take responsibility for understanding an industry group (Health Care, Information Technology, etc.) as well as the companies in these industry groups. This has allowed us to significantly leverage our efforts, understanding our companies in much greater depth and detail and, hopefully, making better investment decisions. The recommendations of each of the investment professionals are discussed at our weekly investment committee meetings. Of course, trust in the research prowess and judgment of our teammates on the investment committee is critical.

Our investment decision-making process consists of a team effort. This brings up an important point about autonomy and team decision-making. A widely held idea in the corporate world equates team decision-making with consensus decision-making. Effective teams focus not on achieving consensus, but on what the Japanese call "harmonies of difference." They reconcile the diverse opinions of team members and integrate them into a common solution that, often, was not the original position of any individual or subgroup. Our goal in our investment committee meetings is not to end up with watered-down compromises or a position favored by one strong-willed team member. It is to reconcile differing viewpoints and suggestions of individual team members. In order to accomplish this all members are considered peers in these meetings, regardless of status in the overall organization. Further, everyone has ownership of any investment decision. In other words, if an investment idea is successful, everyone receives credit. Similarly, all are responsible for poorly performing investments. Efforts are made to avoid an environment that encourages finger pointing or a star system. In addition, even though bad news is never welcome, members of the committee are encouraged to reveal such news. After all, one cannot address bad news or good news, for that matter, if it is not known.

What does this all mean for our clients? Like George "Sparky" Anderson did with the 1984 Detroit Tigers, we believe that we have fielded an excellent team. Our core values have enabled us to create a rock solid organization with a well-conceived business plan, a sound investment process, and committed, respected, and knowledgeable "players."

An important way we measure our success is by our ability to satisfy existing customers. We are proud that once clients choose us, the overwhelming majority of them stay with us. We are proud

that our assets under management have grown to over \$420 million as of November 20, 2000 from less than \$100 million just five years ago. We strive to create a lasting relationship with each client by providing superior service and counseling. We ask about each client's vision for the future, so that we may share that vision and help achieve the client's goals.

Our vision for Sigma fundamentally relies upon our deeply held beliefs and values, and our most important value is our dedication to our clients, their families, and their futures.

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