

## **Case Study – The 20 Mile March**

At Avenue, we think this concept of the 20-mile march is a great parable for investing. Compounding a portfolio is a long journey where sentiment, mood and economy is constantly changing. We believe it is very important to have a consistent approach to investing. Our strategy narrows the scope of what type of investments we are looking for and then we are constantly applying this approach to it. This is the best way not to get knocked out of the game where, by its very nature, the stock market has boom and bust cycles imbedded in its DNA.

Instead of paraphrasing, we thought you might like to read it for yourself. Here is an excerpt from the book *Great by Choice* by Jim Collins. The author has a diagram at the beginning of the *20 Mile March* chapter where successful investing must be grounded by fanatic discipline. The rest of the book has many more great lessons and ideas for investors.

### **John Brown's 20 Mile March**

*“Imagine you’re standing with your feet in the Pacific Ocean in San Diego, California, looking inland. You’re about to embark on a three-thousand-mile walk, from San Diego to the tip of Maine.*

*On the first day, you march 20 miles, making it out of town.*

*On the second day, you march 20 miles. And again, on the third day, you march 20 miles, heading into the heart of the desert. It’s hot, more than a hundred degrees, and you want to rest in the cool of your tent. But you don’t. You get up and you march 20 miles.*

*You keep the pace, 20 miles a day.*

*Then the weather cools, and you’re in the comfortable conditions with the wind at your back, and you could go much farther. But you hold back, modulating your effort. You stick with your 20 miles.*

*Then you reach the Colorado high mountains and get hit by snow, wind, and temperatures below zero – and all you want to do is stay in your tent. But you get up. You get dressed. You march your 20 miles.*

*You keep up the effort – 20 miles, 20 miles, 20 miles – then you cross into the plains, and it’s glorious springtime, and you can go 40 or 50 miles in a day. But you don’t. You sustain your pace, marching 20 miles.*

*And eventually, you get to Maine.*

*Now, imagine another person who starts out with you on the same day in San Diego. He gets all excited by the journey and logs 40 miles the first day.*

*Exhausted from the first gigantic day, he wakes up to hundred-degree temperatures. He decides to hang out until the weather cools, thinking, 'I'll make it up when conditions improve.' He maintains this pattern – big days with good conditions, whining and waiting in his tent on bad days – as he moves across the western United States.*

*Just before the Colorado mountains, he gets a spate of great weather and he goes all out, logging 40- to 50-mile days to make up lost ground. But then he hits a huge winter storm when utterly exhausted. It nearly kills him and he hunkers down in his tent, waiting for spring.*

*When spring finally comes, he emerges, weakened, and stumbles off to Maine. By the time he enters Kansas City, you, with your relentless 20 mile march, have already reached the tip of Maine. You win, by a huge margin.”*

*Great By Choice by Jim Collins, Harper Collins, 2011*