



▶▶ potential losses minimal. By insisting on this margin of safety, he doesn't always score wins, but the odds are in his favor.

Classic example: In the 1970s, Icahn set his sights on a real estate investment trust called Baird & Warner. He estimated that the company's liquidation

value was, conservatively, \$20/share. He started buying the stock at \$8.50/share, a nearly 60% discount to his fair value estimate for the stock. This was his margin of safety.

After building enough of a stake to get a seat on Baird & Warner's board, Icahn launched a proxy battle for con-

trol of the company. He vowed not to take a penny in compensation if he won. Meanwhile, the company's managers paid themselves generous salaries while refusing to pay dividends to shareholders.

Icahn won control of the company and sold off its real estate. Shareholders who stayed on board made piles of money. (The company still exists, but as a real estate brokerage. Icahn no longer has a stake.)

Lesson: Preserving capital should always be your first priority.

publishersnote

Reduce Stress in Minutes



Walking around with a stone in your pocket may seem strange—but not to anyone who has sat in on one of Millie Gre-nough's executive coaching sessions.

After a near-fatal bicycling accident, Millie, a clinical instructor of psychiatry at Yale University School of Medicine, developed simple strategies to elevate her mood and decrease stress during her recovery. These exercises are the basis of her new book, *Oasis in the Overwhelm*. A lot of people know about deep breathing. Here are some unusual ways to destress...

Sanity stone. Hold a shell, a quarter or some other small object, and focus all your attention on it. As you take 10 slow, deep breaths, notice its color, pattern, texture and other characteristics. Then gradually let your eyes and attention move out to your surroundings.

Millie's clients use sanity stones in traffic jams, before (and after) tough conversations and even when they're trying to resist a tempting dessert.

Gut reaction. When you experience discomfort, notice where you feel it—churning stomach, sweaty hands, pounding headache. Ask yourself...

What is the distress signaling to me? Anger? Anxiety? Frustration?

And...exactly what situation is causing this discomfort?

Is there anything that I can—and want—to do about it now?

If the answer is yes, take the action right away. If not, change your "emotional channel" by asking yourself what emotion you want to let go of—and what feelings you want to invite in.

Examples: To switch from fear to calm, you might picture a peaceful outdoor scene. Let go of worry and

think of something that is good about life—that the sun is shining, that you can walk, see, etc. In this way, you can retrain your brain to slide easily into positive emotions.

Four-direction stretch. Stretching can improve mood, enhance blood flow and reduce stress. The following instructions will sound corny—when Millie did this in a workshop that I attended, everyone participated reluctantly at first, but it quickly energized the room.

- Stand and relax your body. Stretch your arms and body upward, yelling, "North!" Return to starting position.

- Bend at the waist, letting your head and upper body drop toward the floor as you yell, "South!"

- Stand back up. Stretch both arms in front of you. Extend and wiggle your fingers. Swing your arms and upper body to the right, yelling, "East!"

- Return to center. Extend your arms and upper body to the left, wiggle your fingers and yell, "West!"

Variations: If you prefer, substitute words such as "Canada," "South America," "Paris" and "Hawaii" for the four directions. During a long meeting or flight, do the exercise moving only your feet. If stuck in traffic, just move your head. In public, say the words internally and visualize them. Using words—aloud or silently—adds energy to this stretch.

Each of Millie's exercises takes only a minute. They are well worth the time in this too, too fast-paced world.

Marjory Abrams

HABIT: ACT INSTANTLY

Master investor: Sir John Templeton, John Templeton Foundation.

Templeton focuses on emerging countries—ones with developing stock markets and economies—and refuses to buy any stock that doesn't meet his rigorous, value-oriented criteria. One of Templeton's best-known criteria is to invest based on a "trigger"—a dramatic event that could favorably impact his return. When such triggers occur, he acts instantly.

Classic example: In the late 1990s, Templeton was shocked, like many value managers, to see tech stocks reach absurdly high prices. Based on the stocks' high valuations, many of his peers bet on a price decline by short-selling them. (Short sellers make money when a stock price goes down, and they lose if the price goes up.) But the short sellers suffered huge losses on those positions as tech stocks climbed.

Not Templeton—he waited until he found a specific trigger for tech-stock prices. Typically, corporate insiders are restricted from selling shares they receive in initial public offerings until a 180-day period has elapsed. Templeton used the end of this "lockup period" as his trigger. He figured that the increased supply of stock from insiders rushing to cash out would depress prices. For many technology stocks, the end of the lockup occurred at the beginning of 2000, three months before the tech-heavy NASDAQ composite peaked.

Templeton initiated short positions in 84 different dot-com companies just a few days before the lockup period for