

This is Your Captain Speaking

(aka, “Every Ship Has A Good Captain in Calm Waters”)

By Stephen A. Saenz

Welcome Aboard...

Have you ever wondered what takes place inside the cockpit of a commercial airliner during a typical flight? Once the plane takes off, what do the pilots do besides sit and watch a bunch of little dials? It's amazing they even stay awake on these longer flights! How much do they pay those guys, anyway? Whatever it is, it's probably too much!

Please Direct Your Attention to The Flight Attendants As They Demonstrate The Safety Features Of This Aircraft...

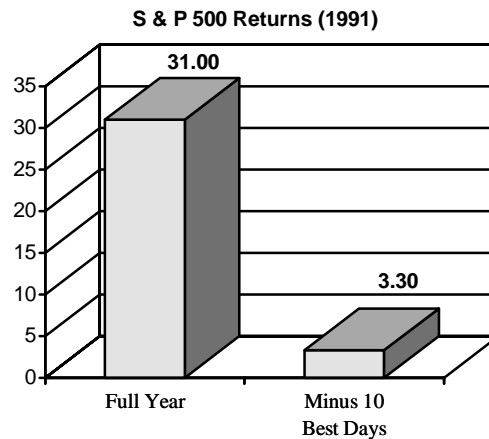
Ridiculous? Of course it is. Who, in their right mind, would begrudge an airline pilot what he/she earns? When you think of the experience and tremendous amount of responsibility they have, the only rational conclusion you can come to is- that these guys are worth every penny of what they are paid, and then some. They aren't paid for what they *do*, they are paid for what they *know* and, more specifically, for what they know how to do in those “unusual” situations. Unusual situations (for the benefit of those readers that haven't had the pleasure of experiencing one) are things like losing an engine in a DC-9 (which only has two) on take-off. They include landing in places like Wilkes-Barre/Scranton, PA in a winter storm when the “braking action” on the runway is nil or flying into Washington National under IFR conditions, when the visibility is less than 1/8 of a mile due to dense fog (this is when air traffic control “vectors” your flight on a free one-hour tour of northern Virginia but you can't see anything until the landing gears hit the ground). It is during times like these that you begin to appreciate the experience of an airline pilot. Indeed, it is during times like these that you begin to appreciate life, itself.

We Should Have A Smooth Flight Today...

In many ways a good investment management consultant is like a skilled airline pilot. His/her strength lies not in what they *do* but in what they *know*. Like the pilot who knows what to do in those unusual situations, a good consultant earns his/her pay when things get “ugly” in the financial markets. Like the airline pilot who flies his/her passengers to safety, regardless of the weather, a good consultant guides his/her clients toward their investment goals, regardless of market conditions. Just as pilots learn to “trust their instruments,” good consultants learn to trust the principles of investing. The pilot's flight plan is the consultant's investment policy. Each of them knows that it is impossible to reach their destination without one. Likewise, each of them knows that veering off course can have disastrous consequences. Finally, as with airline pilots, commitment, knowledge and experience separate the good consultants from the wanna-be's.

Please Observe The Fasten-Seat Belt Sign...

Essentially, there are three critical periods during a flight when it is a good idea to have your seat belt fastened-take-off, landing, and all of the time in between. The reason, of course, is that airline pilots don't always know when they might encounter some “rough air.” That is why they usually advise passengers to keep their seat belts fastened at all times. Given the evidence we have about the financial markets, consultants would serve their clients well by giving them similar advice. As the “market timing” chart below illustrates, the cost of getting out of your seat can be pretty high.



In Preparation for Landing . . .

The most exciting part of a flight is the final approach. In the cabin, passengers are asked to check the security of their seat belts and to make sure that their seats are fully upright. The real preparation, however, takes place in the cockpit. This is when the pilots jump into action. They begin by adjusting their seats upward and forward. They tighten their grip on the yoke and become highly alert. In a drill-like fashion, they begin going through their checklist- “flaps: 20 degrees; gear down; we have the airport in sight...” From the cabin, you can often hear the on-board computer guiding the pilots toward the runway, “pull up, glide slope.” Then comes the announcement from the control tower, “Delta 1083, you are cleared to land on runway 2-7 left.” “Roger, Atlanta Tower, Delta 1083 cleared to land.”

Welcome To Atlanta Ladies and Gentlemen

The next thing you know, you’re on the ground at your destination. The gentle bump of the landing gear touching the runway wakes you up from a nap (not bad for a 100-ton bucket of bolts traveling nearly 200 miles-per-hour). During your taxi in, you hear one last safety announcement, “please remain seated until the captain has brought the aircraft to a complete stop at the terminal building.” As you deplane, you notice the captain standing in front of the open cockpit door. When she smiles and says, “thanks for flying with us,” you realize for the first time that the essence of what an

airline pilot does for a living is to get people from Point A to Point B as safely as possible. Upon reflection, you are reminded of the ancient Swedish proverb, *“every ship has a good captain in calm waters.”*

Author’s Note:

I put myself through college working as a ticket agent for Southern Airways (SO). On weekends, I would earn extra money by serving as a charter coordinator. This was a sweet job that allowed me to sit in the cockpit jump seat. The part about landing in Wilkes-Barre, PA is a true story. We eventually landed and I quickly learned what “nil braking action” meant. Believe me when I say that airline pilots earn every penny of what they are paid. So do financial advisors! Please don’t ever forget that.

I find it interesting that, after all these years, I still get comments about this article. It must have struck a chord with advisors. . .

SAS / 2008