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# Beware the 'business as usual' mindset

Tom Gallagher | Jun. 16, 2009 NCR Today

I was recently asked to consider the question: What should we as "church" be telling our parishioners about their devastated financial condition? This gut-wrenching and depressing matter requires more than the usual platitudes and spiritual maxims. It needs hard thinking, feet-on-the-ground analysis. But where does one find such insights?

One good source is Mohamed El-Erian, the chief executive and co-chief investment officer of Pimco [1], a world class fixed income asset management firm. El-Erian's book *When Markets Collide* won the 2008 FT/Goldman Sachs Business Book of the Year.

Bill Gross is a well-known strategist and someone worth reading on a regular basis. Here's his June 2009 analysis [2].

El-Erian wrote in today's *Financial Times* about a framwork for thinking about the future [3]. It is a summary of a longer talk that he recently gave.

For those not accostomed to reading financial literature, these days not reading such material is not wise. The best course of action is to plow through the material as best as you can and keep reading such articles as much as possible. Over time, you'll secure a much better sense of the markets and investing and risks.

El-Erian's concluding thoughts are these and they are worth considering and embracing:

> "All of this constitutes an inherent part of the world's bumpy journey to a new normal. It is a reality that also impacts key elements of successful investment management -- in particular, asset allocation, manager selection and risk management. It calls for some critical re-tooling of mindsets, institutions and approaches. It challenges traditional comfort zones.
>
> Inevitably, some will resist such a re-tooling. After all, it is difficult and risky, and it involves a non-negligible degree of uncertainty. Others will embrace the re-tooling challenge, and in doing so thoughtfully and responsively, they are likely to gain an important first-mover advantage."

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