



WARREN BUFFETT & CHARLIE MUNGER

Two of a kind

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Every once in a while, humans produce viable offspring that, with time and patience, will become extraordinary assets of a particular field of study or profession. This is the case with Warren Buffett and Charlie Munger, only they didn't need time or patience. They were extraordinary investors from the beginning. They are "two of a kind".

Already in my late 40's, I have to admit I can only remember them as "old and wise". I am sure they were young and wise once. Their simple and effective logic and, to me as important, their level of personal and work ethics – seldomly found in the field of investment, where the wrong use of money becomes one of the main tools to attain power-, has always impressed me.

They are, both of them, role models for us at Fimarge.

We look up to Buffett and Munger. I have never seen Warren as an Oracle or Charlie as a genius. I see them as something much more difficult to attain in a neoliberal World. I see them as permanently consequent, simple, logical and ethical people. Simply outstanding.

Many of the **quotes** that follow hang printed from one of the walls in my office. I see them every day and read them every so often. They are a constant source of inspiration.

Let me share them with you, starting with one by Ronald Olson, one of their most trusted allies:



bloomberg.com

“The values that guide your personal life guide your public life. You live life simply. You live it in the middle of the field and you don't cut corners”



Quotes by WARREN BUFFETT

“You can’t make a good deal with a bad person.”

“Only two types of people go broke: the ones who know nothing and the ones who know everything.”

“Never ask a barber if you need a haircut.”

“Some things just take time. You can’t produce a baby in one month by getting nine women pregnant.”

“You only learn who has been swimming naked when the tide goes out.”

“Degree of difficulty counts in the Olympics; it doesn’t count in business. You don’t get any extra points for the fact that something is very hard to do, so you might as well step over 1-foot bars rather than try to jump over 7-foot bars.”

“How do you beat Bobby Fisher? You play him at any game but chess. I try to stay in games where I have an edge.”

“A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful.”

“Don’t pass up something that’s attractive today because you think you will find something way more attractive tomorrow.”

“The sillier the market behavior, the greater the opportunity for the businesslike investor.”

“We don’t try to profit from bubbles. We just try to avoid going broke from them, and so far we’ve been ok.”

“When times are good, it is kind of like Cinderella at the ball. She knew at midnight that everything was going to turn into pumpkins and mice, but it was just so much damn fun, dancing there, the guys looked better and the drinks got more frequent and there were no clocks on the wall. And that’s what happened with capitalism. We have a lot of fun as the bubble blows up, and we all think we are going to get out five minutes before midnight, but there are no clocks on the wall.”



Quotes by WARREN BUFFETT

“When leverage works, it magnifies your gains. Your spouse thinks you’re clever, and your neighbors get envious. But leverage is addictive. Once having profited from its wonders, very few people retreat to more conservative practices. And as we all learned in third grade –and some relearned in 2008- any series of positive numbers, however impressive the numbers may be, evaporates when multiplied by a single zero. History tells us that leverage all too often produces zeroes, even when it is employed by very smart people.”

“If you don’t have leverage, you don’t get into trouble. I’ve always said, if you are smart you don’t need it, and if you are dumb you shouldn’t be using it.”

“If we have a strength, it is in recognizing when we are operating well within our circle of competence and when we are approaching the perimeter.”

“The world isn’t going to tell you about great deals. You have to find them yourself.”

“I use what Phil Fisher called the scuttlebutt approach. I go out, I talk to customers, to ex-employees, to suppliers – everybody. In (any particular) industry, I go out and see every company, and ask every CEO: <If you were to only buy stock in one company (in your sector) that wasn’t your own, which would it be and why?>”

“The important thing is to know what you know and know what you don’t know. The important thing is to know the perimeter of your circle of competence and to play within that circle – the bigger the better. But if something isn’t within my circle, I’m not going to be in that game. There is no use letting your ego tell you that you are good at something you are not. To the extent that I can draw that line accurately, I’ll do well.”

“I don’t have to be smart about everything. I believe in using people that are smarter than I am.”

“We cherish cost-consciousness. Our model is the widow who went to the local newspaper to place an obituary notice. Told there was a 25-cents-a-word charge, she requested: <Fred Brown died>. She was then informed there was a seven-word minimum. <Okay>, the bereaved woman replied, <make it: Fred Brown died. Golf clubs for sale.>”

“The best investment against inflation is to improve your own earning power, your own talent. If you increase your talent, they can’t tax it or they can’t take it away from you.”

“A very rich person should leave his kids enough to do anything, but not enough to do nothing.”

“A fellow used to say that he looked for 3 things in hiring people: integrity, intelligence and energy. And he said if a person didn’t have the first, the latter two would kill him. If they don’t have integrity, you want them dumb and lazy. You don’t want them smart and energetic.”



Quotes by WARREN BUFFETT

“Let’s just assume that it was 24 hours before you were born and a genie came to you and said: <Herb, you look very promising and I have a big problem. I’ve got to design the world in which you are going to live and ... it’s too tough ... you design it. You figure out what the social, economic, governmental rules should be, and you, your kids and their kids are going to live under them>. You say: <I can design anything? There must be a catch>. He says: <Well, You don’t know whether you are going to be born black or white, rich or poor, male or female, infirm or able-bodied. You are going to participate in an ovarian lottery. You are going to get one ball out, and that is the most important thing that’s ever going to happen to you in your life. That’s going to control whether you are born here or in Afghanistan, or whether you are born with an IQ of 130 or 70. And you are going to go out into that world. Now, what kind of a world do you want to design?>”

Quotes by CHARLIE MUNGER

*“**Lollapalooza effect:** something outstanding of its kind, obtained via a combination of concentration, curiosity, perseverance and self-criticism, applied through a prism of multidisciplinary mental models.”*

“ The most extreme mistakes are those of omission. You see it but you don’t act on it.”

“ To the man with a hammer, the world looks like a nail.”

“ Do I play the piano? I don’t know, I’ve never tried.”

“ One should recognize reality when one doesn’t like it; especially when one doesn’t like it.”

“ Quickly eliminate the big universe of what not to do, follow up with a fluent, multidisciplinary attack on what remains, then act decisively when, and only when, the right circumstances appear.”

“ Take a simple idea and take it seriously.”

“ Practice extreme patience combined with extreme decisiveness.”

“ Are you Max Planck or his chauffeur? Be a master in your circle of competence.”

“ More important than the will to win is the will to prepare.”