

Warren BUFFETT

business ethicsspecialism



Outlines: Warren Buffet is an American investor, businessmen and philanthropist, the main shareholder of Berkshire Hathaway, a group of companies acting mainly in insurance business; Buffet was ranked the richest man in the world in 2008, with an estimated worth of \$ 62 billion.

Personal: Warren Buffet was born in Omaha, Nebraska, in August 1930. His parents were Howard, a local stock broker and Leila. Starting from a young age he was exposed to markets and stock exchanges. Throughout his life, Buffet was driven by one investing philosophy, thought to him by his mentor Ben Graham ["The basic ideas of investing are to look at stocks as business, use the market's fluctuations to your advantage, and seek a margin of safety"]; despite his wealth; he is still living in the same house he bought in 1958, which is now estimated at around \$ 700. 000]; his yearly salary reaches about \$ 100.000. In 2006 he announced he will donate 83% of his fortune to Bill & Melinda Gates Foundation. He is acknowledged as a charming spokesman, his discourses being mixed with business and humor. He passionately plays bridge, spending 12 hours every week on the game.

Life & Works Milestones: 1943 [age 13] Buffet deducts his bicycle as work expense for \$ 35. 1945 [age 15] together with a friend, he purchases an old pinball machine for \$ 25 and places it in barber shop. In 3 months, they owned 3 machines. 1950 [age 20] Warren enrolls in Columbia Business School due to the fact that 2 of the most important securities analysts, Benjamin Graham and David Dodd were lecturing there; Ben Graham would later become Buffet's mentor. 1951 [age 21] Warren graduates from Columbia and he wants to work for Ben Graham for free at his company, GEICO. Graham declines his offer and Warren gets a job as stockbroker on Wall Street. In the same year he takes Dale Carnegie's course of public speaking and he teaches a night class at University of Nebraska about investment principles. 1952 [age 22] he marries Susan Thompson. After 1 year, their first daughter, Susan Alice Buffet is born. 1954 [age 24] he gets a job at Graham's company for \$ 12000 per year. Howard Graham Buffet, his second child is born. 1956 [age 26] Warren returns to Omaha where he creates Buffet Partnership Ltd. 1958 [age 28] by now, Warren has 5 partnership operating the entire year; Susan gave birth to their third son, Peter Andrew Buffet.



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Life & Works Milestones [continuing]: **1960 [age 30]** Buffet had 7 partnerships operating the entire year and keeps extending his businesses. **1962 [age 32]** his share of the partnerships outreaches \$ 1.000.000. He discovers Berkshire Hathaway, a textile manufacturing company and begins purchasing shares at \$ 7.60 per share. Three years later he would take control of the board of the company and name a new president, Ken Chace. **1970 [age 40]** Berkshire experiences its most successful years and Buffet starts writing his famous annual letters to Berkshire's shareholders. **1973 – 1988** Berkshire Hathaway buys stock in Washington Post Company, purchases Buffalo Evening News, acquires stocks in ABC and in Coca Cola Company (reaching 7 % of the latter). **1999 [age 69]** he is named The Top Money Manager of the 20th Century. **2006 [age 76]** he announces he would give 80% of his fortune to charity works, mainly to Bill & Melinda Gates Foundation. **2008 [age 78]** Warren Buffet becomes the richest man of the world, according to Forbes magazine.

"I buy expensive suits. They just look cheap on me." [Warren Buffet]; "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price" [Warren Buffet]; "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently." [Warren Buffet]; "Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years." [Warren Buffet]; "Price is what you pay. Value is what you get." [Warren Buffet]; "Wide diversification is only required when investors do not understand what they are doing." [Warren Buffet]; "Your premium brand had better be delivering something special, or it's not going to get the business." [Warren Buffet]

