

Wisdom from Warren Buffett

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University of Akron professor Todd Finkle and 27 students spent last Friday with billionaire investor Warren Buffett at his home base in Omaha, Neb.

Here are some notes the team took during a question-and-answer session with Buffett:

On business mistakes

- Don't agonize over mistakes. It's part of being in business. He once spent \$3 billion to buy a shoe company that is now worthless.
- The most important mistakes are ones of omission — those that don't show up in statements, but rather are missed opportunities.
- Worry about the career batting average rather than one game. Even a baseball hitter who bats .400 is failing 60 percent of the time.
- Learn from other people's mistakes, not just your own.

On investing

- Invest in companies and industries you understand.
- Look for companies that don't see a dramatic change in their business.
- Good news about a company should be a time to sell; you should have been investing before the good news came out.
- Microsoft founder Bill Gates once told him: "Warren, you have to invest in computers. They will change the way you do everything." Buffett responded: "Will they change the way you chew gum? Will they change whether you chew Spearmint or Juicy Fruit? Will they change whether you drink Coke or Pepsi? If not, then I will stick with my investments and you stick with yours."

On crisis and recovery

- The housing bubble was the single major cause of the current crisis, and no one person or institution was to blame.
- Federal stimulus efforts are like giving a lot of medicine to an ill patient. It's the right thing to do, but there will be many side effects (consequences).
- Both the Bush and Obama administrations deserve some credit for handling the crisis well, but the real credit belongs to the Federal Reserve and its efforts to avoid real disaster.

On life

- Marriage is the most important decision you will make in your life.
- It's important to recognize that happiness isn't about making money, but money is a nice thing to have.
- Buffett won "the ovarian lottery" because he was born in America to two loving parents. Society gave him everything he has and he feels he has the duty to give much of it back to society because that is where the wealth belongs.
- We benefit from others' decisions. Society rearranges the benefits.
- He does not let his work decisions/investments change his life. He has not missed a movie, a meal, a trip or event with his wife and kids.
- Buffett is not impressed with someone who puts their name on a building. He's more impressed with the cleaning lady who still puts money in the collection basket on Sundays.