

WARREN
BUFFETT'S
MANAGEMENT
SECRETS



PROVEN TOOLS FOR PERSONAL
AND BUSINESS SUCCESS

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Bestselling Authors of

BUFFETTOLOGY, THE TAO OF WARREN BUFFETT,

and WARREN BUFFETT AND THE

INTERPRETATION OF FINANCIAL STATEMENTS

Overview

Warren Buffett's Management Secrets

Once upon a time there was a slightly nerdish young man by the name of Warren Buffett, who, at the age of twenty, was frightened to death to stand up in front of people and speak to them. Then he discovered Dale Carnegie's course on public speaking and it changed his life. Not only did he develop the courage and skill to speak in front of groups of people, he learned how to make friends and motivate people. Warren considers his Carnegie education a life-changing event and the most important diploma he has ever received.

Once Warren was comfortable with public speaking, he also became a devotee of Dale's philosophy on interacting with people. He read and reread Carnegie's book *How to Win Friends and Influence People* dozens of times, underlining it and memorizing entire passages. The book became his bible for dealing with people and one of the cornerstones of his management philosophy.

Was he successful?

Here is what A. L. Ueltschi, the founder and chairman of FlightSafety International Inc., the world's leading aviation training company, told author Robert P. Miles about Warren as his boss: "Leadership is really what a good manager is about. The letters of the word represent the qualities that a good manager should have:

L is for loyalty and

E is for enthusiasm.

A stands for attitude, and

D is for discipline.

E stands for example -- you have to set a good example -- and

R is for respect.

S represents scholarliness, and

H is for honesty.

I and

P stand for integrity and pride.

"The thing I like best about Warren Buffett is that he possess all these qualities."

We will examine Warren's leadership qualities and how Warren synthesized what he learned into a winning management formula, and became not only the manager that other managers want to emulate, but also the second richest man in the world.

To facilitate the learning process, we've broken down Warren's management philosophy into the following five segments or steps -- each working with the others to create the perfect combination of management skills.

1. Pick the Right Business

Warren has figured out that not all businesses are created equal. The first step to success is to own, manage, or work for the right business with the right economics working in its favor. That's how to get ahead of the game right from the start, whether you are an owner, a manager, or an employee.

2. Delegate Authority

The second step is Warren's unique view on delegating authority, which has allowed him to grow Berkshire Hathaway from a small, failing textile company into a giant multinational conglomerate.

3. Find a Manager with the Right Qualities

The third step is to know the qualities that are needed to manage an excellent business -- here Warren is looking for integrity, intelligence, and a passion for the business, which also happen to be the qualities that we need to cultivate in ourselves to be successful managers.

4. Motivate Your Workforce

Once the excellent business is found and the right manager is put into place, Warren has the job of motivating his managers to be all that they can be, so that the business, the manager, and the employees can be as productive as possible. Here we will spend time studying Warren's adaptation and expansion of Carnegie's methods. If there is a single skill that a manager should be great at, it is motivating others to achieve. Warren developed a specific set of motivational skills that have inspired his managers to hit one business home run after another and helped him build Berkshire Hathaway into the \$150 billion market cap company that it is today.

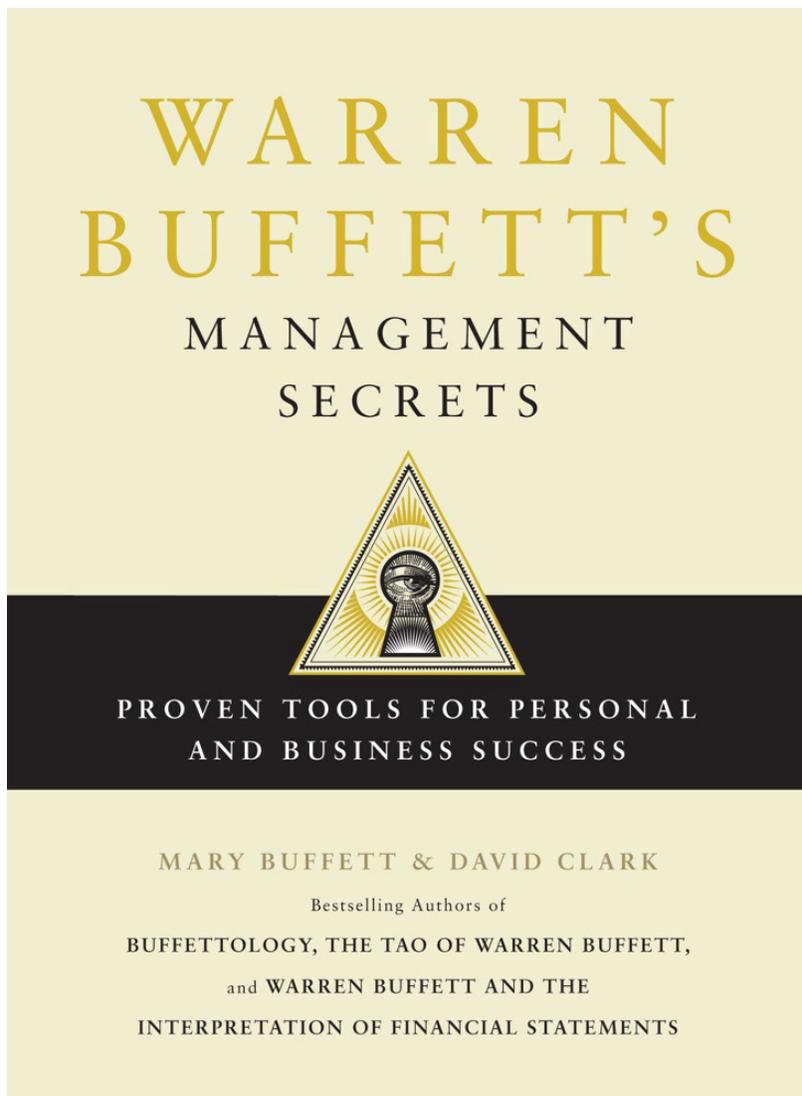
5. Managerial Axioms for Different Problems

And finally there are a number of specific Buffett managerial axioms for dealing with everything from managing leverage, to handling dishonest employees, to keeping costs low.

At the end of the book we will discuss a few "Warren-isms" that will help you manage your day-to-day life. Success in business and life usually go hand in hand, and Warren has some helpful hints that will help us improve our life management skills.

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