

BOOKS

Find wet snow and a long hill: lessons from 'Oracle of Omaha'

BY MATTHEW CROWLEY

As the Dow keeps dropping, Warren Buffett's voice is echoing in some market watchers' heads.

Buffett presciently avoided derivatives, calling them "financial weapons of mass destruction." As we now know, they were the dynamite behind the current demolition. And he said "be fearful when people are greedy and greedy when people are fearful," a maxim he practiced by snapping up stocks no one else noticed, or wanted, and riding them higher.

A *New Yorker* magazine article this month called Buffett "quantifiably the greatest investor alive." And *Forbes* magazine this year named him the world's richest man, with net worth exceeding \$62 billion. Now Alice Schroeder brings his biography, "The Snowball: Warren Buffett and the Business of Life."

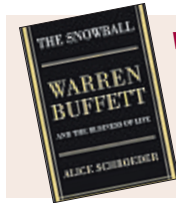
Buffett grew up in Omaha, Neb., during the Depression, obsessed with numbers and counting. As a first grader he'd drop marbles into a bathtub and time their landings with a stopwatch. He collected bottle caps and newspapers and spent hours counting and rearranging them. Blackboard arithmetic captivated him. And he found "One Thousand Ways to make \$1,000" in the library, a book that taught about compounding money, an idea that would shape his life.

The book said the way to amass money was to start, so he did. At age 10 he was selling popcorn and peanuts at University of Omaha football games. He graduated to sales of gum and golf balls and then to paper routes. He threw so many papers he outearned some of his teachers. He hoarded money; \$1 today would be \$10 later, he imagined.

Despite his early entrepreneurial success, Harvard University Business School rejected him (a blunder on par with Decca Records rejecting the Beatles.) He went to Columbia. During graduate school, he met Benjamin Graham, whose investing maxims he adopted. Graham advised looking for companies with market values less than their assets.

Buffett turned down a chance to work for Graham and opened his own shop. He succeeded with stocks, notably Coca-Cola Co. and Geico, and over time moved up to buy businesses whole or in part, including See's Candy, the *Buffalo News*, and Capital Cities, which then owned ABC television.

As he focused on doubling and redoubling wealth, Buffett neglected his family. Schroeder describes moments of callousness. When his daughter Susie was pregnant and asked for a \$30,000 loan to help remodel her tiny Washington, D.C., house, Buffett refused. "Why not go to a bank?" he asked her. When his sister Doris was duped into buying



Well Read

"The Snowball: Warren Buffett and the Business of Life" by Alice Schroeder, 976 pages, Bantam (\$35).

"naked puts," a kind of derivative that works like insurance, and landed at the edge of bankruptcy, Buffett wouldn't pay off her creditors. Bailing her out, he reasoned, would only help the businesses to whom she owed money, the counterparties she insured. Buffett did arrange relief of a fashion; he advanced her money left to her by their late father, letting her bail herself out.

He also neglected his wife. Even as Susie Buffett helped young Warren reconstitute a self-worth shattered by an abusive mother and raise his children, he saw only his business. Though she didn't divorce him, she moved to San Francisco to live separately.

"The Snowball" recounts how Buffett kept things simple and worked hard. He was a library rat, reading tomes of tables to master stocks and reams of newspapers to learn business cycles. Even as he grew rich, he shunned money's trappings. He stayed in Omaha, Neb., in the first house he bought; he kept the same car; he wore old clothes.

Stories of Buffett's thrift have been told and retold, but Schroeder offers fresh glimpses of odd characters and odd moments. We hear of Buffett colleague Ben Rosner, who so craved value that he once counted toilet paper sheets to see whether the package lied. We learn that See's Candy co-founder Charles See sold his company to Buffett partly so he could pursue his real passions: wine and women.

"The Snowball" is exhaustive, and exhausting — 838 pages of narrative and nearly 100 pages of footnotes. Characters course in and out so quickly it's hard to keep track. And many episodes seem esoteric.

The uplifting message of "The Snowball" is that Buffett, who once held so tightly to money, came to see that people matter. In his later years, Buffett has given his children millions of dollars in cash and Berkshire Hathaway stock to use themselves and give away through their charities. And he earmarked most of his fortune for philanthropy, through the Bill and Melinda Gates Foundation.

"When you get to be my age," he said in 2003 at age 73, "you measure your success by how many people you want to have love you actually do love you."

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DEVELOPMENT roundtable

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Speaker: Doug Chase, Local equity fund manager

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