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Book Review:

Warren Buffett's Management Secrets by Mary Buffett and David Clark

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Due to Warren Buffett's investment genius and results, it is easy to overlook his management of nearly 100 CEOs and over 200,000 employees. The authors highlight Buffett's leadership and management practices through 30 short chapters. Like a movie trailer jammed with scenes to pique your interest, this review juxtaposes some of the ideas presented in the book. It is worth a trip to the library and the 75 minutes it takes to read.

The chapter topics are not hidden secrets but common-sense, simplistic messages. Originality and sophistication are not the secret to Buffett's management principles. His methods are simple, easy to understand and have a powerful impact. Never-ending failures in the corporate and political realms demonstrate these principles are difficult to practice.

The principles are integrated into five steps:

1. Pick the Right Business
2. Delegate Authority
3. Find a Manager with the Right Qualities (he is looking for integrity, intelligence and a passion for the business)
4. Motivate Your Workforce and
5. Managerial Axioms for Different Problems.

The principles are stated simply and to the point with stories and quotes. He leads with and demands integrity, transparency and consistency. He delegates authority, encourages others to come up with ideas, and learns from his mistakes and missed opportunities. He read, re-read and applied Dale Carnegie's book *How To Win Friends And Influence People*. He cites Benjamin Franklin's influence on his business and life philosophies, especially advice on arguments/discussions with people. He delegates not just a task but the entire job and says "we delegate almost to the point of abdication." He measures management performance relative to the overall industry/market, not relative to last year's results. His secret to results is tied to acquiring good people and management. He maintains a long-term view of the business, not a short-term focus. He avoids criticizing and says, "Give a person or a nation a fine reputation to live up to and they will live up to it."

Some nuggets among the quotes include:

"Hire people who love what they do."

"I was never selling anything that I didn't believe in myself or use myself."

"Managers who always promise to 'make the numbers' will at some point be tempted to make up the numbers."

"Most people don't keep 'no men' around."

"You don't want to be in business with people who need a contract to be motivated to perform."

"If a CEO is enthused about a particularly foolish acquisition, both his internal staff and his outside advisers will come up with whatever projections are needed to justify his stance. Only in fairy tales are emperors told that they are naked."

"Since mistakes of omission don't appear in financial statements, most people don't pay attention to them. We rub our noses in mistakes of omission."

The authors don't waste your time selling you on the principles or stuffing the book with narcissist verbose pages to prove their own intelligence. Principles are stated concisely without fanfare. When I finished the book, I felt cheated, thinking, is that all there is? The book is not a magic elixir or a step-by-step how-to instruction manual guaranteeing success. Acting with integrity and the importance of leading, influencing and motivating others are simple messages. The "that's too obvious" is simple yet powerful. Knowing and doing the simplest things can also be the hardest. ●