

Charlie Munger's Wit and Wisdom

Paul R. Rossi, CFA



Who is Charlie Munger?

By many accounts he is a big reason why Warren Buffett has been so successful. Charlie Munger is Warren Buffett's partner at Berkshire Hathaway.

Ironically, he grew up right down the road from Warren Buffett in Omaha Nebraska, although they didn't know each other growing up. Charlie graduated from Harvard Law School and started his career as an attorney, however, he realized early on that it wasn't a profession he wanted to continue with, so he started investing and developing real estate which eventually led him to meeting his future business partner.

Together, what Charlie and Warren have built over their extraordinary 60 plus years together could be considered similar to what Mick and Keith or Paul and John were able to do; these extraordinary partnerships were able to capture lightning in a bottle.

Howard Buffett, Warren's eldest son, has said that his father is the second smartest man he knows. He says Charles Munger is the first.

Like Warren Buffett, Charlie's thoughts on business and life are timeless nuggets of wisdom.

Here are some of my favorite Charlie Munger quotes:

1. Someone will always be getting richer faster than you, this is not a tragedy.
2. What's the secret to happiness, lower your expectations.
3. I don't spend much time regretting the past, once I've taken my lesson from it. I don't dwell on it.
4. I'm not entitled to have an opinion unless I can state the arguments against my position better than the people who are in opposition. I think that I am qualified to speak only when I've reached that state.
5. Whenever you think something or some person is ruining your life, it's you. A victimization mentality is so debilitating.
6. People have always had this craving to have someone tell them the future. Long ago, kings would hire people to read sheep guts. There's always been a market for people who pretend to know the future. Listening to today's forecasters is just as crazy as when the king hired the guy to look at the sheep guts.
7. It's a good habit to trumpet your failures and be quiet about your successes.

8. We get these questions a lot from the enterprising young. It's a very intelligent question: You look at some old guy who's rich and you ask, 'How can I become like you, except faster?'
9. Checklist routines avoid a lot of errors. You should have all of this elementary wisdom, and you should go through a mental checklist in order to use it. There is no other procedure that will work as well.
10. Recognize reality even when you don't like it – especially when you don't like it.
11. The perfect example of Darwinism is what technology has done to businesses.
12. If you can get really good at destroying your own wrong ideas, that is a great gift.
13. When you get two or three psychological principles operating together, then you really get irrationality on a tremendous scale.
14. Most people don't grab the right ideas or don't know what to do with them.
15. You need a different checklist and different mental models for different companies.
16. In my whole life, I have known no wise people (over a broad subject matter area) who didn't read all the time -- none, zero. You'd be amazed at how much Warren reads--and at how much I read. My children laugh at me. They think I'm a book with a couple of legs sticking out.
17. To get what you want, you have to deserve what you want.
18. Spend each day trying to be a little wiser than you were when you woke up.
19. Day by day, and at the end of the day-if you live long enough-like most people, you will get out of life what you deserve.
20. We both (Charlie Munger and Warren Buffett) insist on a lot of time being available almost every day to just sit and think. That is very uncommon in American business. We read and think.
21. How to find a good spouse? - the best single way is to deserve a good spouse.
22. There is no better teacher than history in determining the future... There are answers worth billions of dollars in \$30 history books.
23. Acquire worldly wisdom and adjust your behavior accordingly. If your new behavior gives you a little temporary unpopularity with your peer group...then to hell with them.
24. We all are learning, modifying, or destroying ideas all the time. Rapid destruction of your ideas when the time is right is one of the most valuable qualities you can acquire. You must force yourself to consider arguments on the other side.
25. I constantly see people rise in life who are not the smartest, sometimes not even the most diligent, but they are learning machines. They go to bed every night a little wiser than they were when they got up and boy does that help, particularly when you have a long run ahead of you.
26. What is the secret of success? -one word answer "rational."
27. People calculate too much and think too little.
28. I believe in the discipline of mastering the best that other people have ever figured out. I don't believe in just sitting down and trying to dream it all up yourself. Nobody's that smart.
29. Envy is a really stupid sin because it's the only one you could never possibly have any fun at. There's a lot of pain and no fun. Why would you want to get on that trolley?
30. Remember that reputation and integrity are your most valuable assets—and can be lost in a heartbeat.
31. The iron rule of nature is: you get what you reward for. If you want ants to come, you put sugar on the floor.
32. A lot of people with high IQs are terrible investors because they've got terrible temperaments. And that is why we say that having a certain kind of temperament is more important than brains. You need to keep raw irrational emotion under control. You need patience and discipline and an ability to take losses and adversity without going crazy. You need an ability to not be driven crazy by extreme success.
33. If something is too hard, we move on to something else. What could be simpler than that?"

34. I think that every time you see the word EBITDA, you should substitute the words "bullshit earnings."
35. An example of a really responsible system is the system the Romans used when they built an arch. The guy who created the arch stood under it as the scaffolding was removed. It's like packing your own parachute.
36. Forgetting your mistakes is a terrible error if you're trying to improve your cognition. Reality doesn't remind you. Why not celebrate stupidities in both categories?
37. It's remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.
38. I think people who multitask pay a huge price. They think they're being extra productive, and I think when you multitask so much you don't have time to think about anything deeply, you are giving the world an advantage you shouldn't do, and practically everybody is drifting into that mistake.
39. If you can get really good at destroying your own wrong ideas, that is a great gift.
40. If you're glued together right and honorable, you will succeed. Get in there and get rid of stupidities and avoid bad people. Try teaching that to your grandchildren. The best way is by example. Fix yourself.
41. We try to arrange our affairs so that no matter what happens, we'll never have to "go back to go."
42. Economics profession, they've been - they've been confident in various formulas, but economics is not physics. The same formula that works in one decade doesn't work in the next. Economics is a difficult subject.
43. When someone takes their existing business and tries to transform it into something else - they fail. In technology that is often the case. Look at Kodak: it was the dominant imaging company in the world. They did fabulously during the great depression, but then wiped out the shareholders because of technological change.
44. Assume life will be really tough, and then ask if you can handle it. If the answer is yes, you've won.
45. To the man with only a hammer, every problem looks like a nail.
46. Never ever think about something else when you should be thinking about the power of incentives.
47. Take a simple idea and take it seriously.
48. Always take the high road, it's far less crowded.
49. The best thing a person can do, is to help another person know more.

With Charlie's thoughts above, I hope I've helped you know more.

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