

# Warren Buffett: More than an Oracle

*By Michael Lee Stallard*

Warren Buffett is widely recognized as an exceptional judge of corporate value. “The Oracle of Omaha,” as he is referred to, is arguably the most successful investor in history. Corporate leaders from Jeffrey Immelt of General Electric to Martha Stewart make the trek to Omaha, Nebraska seeking his wisdom. With so much attention on Buffett’s investment acumen, it’s easy to overlook another talent of his: motivating people. Buffett shines in this area too. It’s one of a host of reasons his investments tend to outperform the market.

The talented managers who run Buffett’s companies remain working with him because he keeps them engaged in their jobs. In Buffett’s own words, “Charlie [that would be Charlie Munger, Buffett’s long-time business partner] and I mainly attend to capital allocation and the care and feeding of our key managers...Most of our managers are independently wealthy and it’s up to us to create a climate that encourages them to choose working with Berkshire over golfing or fishing.”

A closer look at Buffett shows, at least in part, how he does it.

He appears to be guided by the Golden Rule rather than Machiavelli’s *The Prince*.

**HE IS TRUSTING AND FORGIVING:** By investing for long time periods in the companies he owns, Buffett communicates that he trusts his managers. He delegates decision-making authority, in his own words, “to the point of abdication.” And when a manager makes an honest mistake, he keeps it in perspective. One manager who informed Buffett that his business had to write off \$350 million was stunned when Buffett told him, “we all make mistakes...if you didn’t make mistakes, you can’t make decisions...You can’t dwell on them.”

**HE ENCOURAGES:** Buffett praises the managers and people who work at his companies. It’s not unusual to hear him tell employees “just keep on doing what you’re doing...we’re never going to tell a .400 hitter to change his batting stance.”

**HE IS CIVIL AND RESPECTFUL OF OTHERS:** His secretary has said she hasn’t seen him mad once in the nine years she has worked for him. The one time I met Buffett at a meeting in New York City, he patiently waited around to speak with everyone who wanted to meet him. He was attentive and focused on them, never projecting the slightest hint of self-importance.

**HE IS APPROACHABLE AND CANDID:** At the annual meeting he hosts in Omaha for Berkshire shareholders, Buffett and Charlie Munger sit on a platform and answer shareholder questions for hours on end. In dealing with his managers he follows the data they provide him in periodic reports and makes himself available if they want to talk. Buffett writes and speaks with candor, even pointing out mistakes he made and what he learned from them.

HE'S CONFIDENT YET HUMBLE: Buffett knows he's very good at what he does and he projects an easy confidence rather than superiority or arrogance. He credits his managers for his success, remains plain spoken, works in a modest office, lives in a modest house, and proclaims thrift as a virtue (the vanity plate on his car reads "thrifty").

Compare Warren Buffett to Donald Trump, for example. It's hard to imagine Buffett prominently displaying his name all over everything he owns or relishing in telling someone "your fired." Instead of being all about him, Buffett insists it's all about others. He's appears to be guided by the Golden Rule rather than Machiavelli's *The Prince*.

Given the way Buffett treats people, it should come as no surprise that some private company owners report turning down more lucrative offers to join the Berkshire family. It is telling that no manager who sold a company to Buffett has ever left for a competitor and several continue to work well into their eighties. Put simply, "people want to work for him," proclaimed another satisfied manager, Rich Santulli, head of NetJets.

At a time when The Gallup Organization's research shows nearly three of every four Americans are not engaged in their jobs, leaders would be wise to emulate the way Warren Buffett treats people. Perhaps we need a book on how the Oracle of Omaha inspires rather than yet another on how he invests.

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