

Learning From Warren Buffet

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Money is hard to come by in our current economic situation. Taking the time to research and invest your hard earned money properly is crucial in surviving hard economic times.

It is at times like these that we should look to the men and women that are successfully investing and earning through the times of hardship. It may be scary for you to invest your money when you feel that the markets are unstable.

It is very beneficial to take a look at the most successful investors and analyze their mistakes and what they have done right. Learning from them and mimicking what they have done correctly is a very smart move for making money.

Warren Buffet is a worldwide acclaimed investor. He has learned the ins and outs of investing and used that knowledge to his advantage.

Warren Buffet was born in Omaha Nebraska and was an only child. His father was a businessman/politician.

Growing up Buffet worked at his grandfather's grocery store and in 1943 he filed his first income tax return. Even at this age Buffet understood what a tax return was and he deducted his bicycle and watch as a work expense for \$35 for his work as a newspaper delivery boy.

When Buffet was in high school he invested in pinball machines with a friend. After purchasing their first machine for \$25 they placed it in a barber shop.

Within only a few months, Buffet and his friend owned three machines in different locations. At a young age Buffet showed the ingenuity and innovation it takes to be a great investor.

Buffet received a Bachelor of Science degree in Economics from the University of Nebraska. After learning that Benjamin Graham and David Dodd taught at the Columbia Business School, Buffet enrolled.

Buffet then earned an M.S. in Economics from Columbia University in 1951. Buffet worked as a Securities Analyst in New York for five years.

Buffet also became a General Partner at Berkshire Hathaway Inc in 1970 and still holds that position today. Buffet has worked many jobs in the financial fields and has learned exactly how he likes to invest his money.

Buffet said, "The basic ideas of investing are to look at stocks as business, use the market's fluctuations to your advantage, and seek a margin of safety. That's what Ben Graham taught us. A hundred years from now they will still be the cornerstones of investing."

A very important trait to recognize in Warren Buffet is his thirst for knowledge. He has never stopped learning and he continues to stretch his mind and take in more information.

After working on Wall Street, he moved back to Omaha Nebraska. While living in Nebraska he worked as a stockbroker.

After taking a public speaking course, he taught an "Investment Principles" night class at the University of Nebraska-Omaha. The majority of his students were twice his age.

Warren Buffet became a millionaire in 1962. He had multiple partnerships and the net worth of all of his partnerships was around 7 million dollars.

After discovering Berkshire Hathaway, Warren and his partners began aggressively purchasing the shares of the company. Buffet took control of Berkshire Hathaway at the board meeting and named a new president, Ken Chance, to run the company.

The partnership was then officially closed, Buffet wrote that unless a new partner could add something besides capital to their partnership they were not interested in admitting any additional partners.

It was in 1979 that Buffet's investment in Berkshire became a booming success. Berkshires' trades started selling at \$775 and at the end of the year were selling at \$1,310.

At this point Buffet's net worth reached \$620 million and he was included on the Forbes 400 for the first time. All the while, Buffet was living solely on his salary of \$50,000 a year.

Warren Buffet is also a great philanthropist. He holds fundraisers and does a lot every year for those that are less fortunate.

When warren Buffet passes away his children will not inherit the majority of his wealth. He has said that he wants to leave just enough money to his children that they will feel like they can do anything, but not enough money so that they feel like they can do nothing.

We can't all be Warren Buffet's and we won't all make it on the Forbes 400 list. By living within our means, finding a professional to help us invest wisely and taking the time to research what investing is we can at least live comfortable lives.

REFERENCES

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2. http://en.wikipedia.org/wiki/Warren_Buffett