

In Just 7 Words, Warren Buffett and His Investing Partner Revealed the Secret to Success in Any Field

Three ways Buffett and Munger got really rich.

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At the 2019 Berkshire Hathaway Shareholders Meeting, [Warren Buffett](#) and his investing partner, Charlie Munger, spent hours [answering questions](#) that would have tested anyone's mental energy. The fact that Buffett is 88 years old and Munger is 95 made the event particularly extraordinary.

In one exchange, Munger revealed the 'mantra' he lives by, a quote that captures his philosophy of success. He attributes the quote to Lee Kuan Yew, the late prime minister of Singapore. According to Munger, Yew said: "Figure out what works and do it."

"If you just go at life with that simple philosophy, you will find it works wonderfully well," Munger added.

Munger's mantra is remarkably effective. I've seen it work in my life as well as in the careers of the world's most accomplished entrepreneurs and business leaders.

Here are three ways to figuring out what works, according to Buffett and Munger:

1. Read everything you can

Buffett and Munger credit their success to their voracious reading habits. In this year's meeting, Buffett said, "Charlie and I have read every book in a subject we were interested in, and we learned an enormous amount from studying the lives of other people."

Buffett--who [reads 500 pages](#) a day-- makes more rational and less impulsive decisions because--by reading--he's figured out why some people succeed and others fail.

Ahead of this year's meeting, a reporter for the *Wall Street Journal* [asked Munger](#) how much time he spends reading in a typical day.

"Oh, it's huge," Munger answered. "I read enormously. What I found very early in life was that once I learned to read...I really didn't need professors or anything. I could figure out almost anything I wanted better from the written material than from having some professor tell it to me."

2. Understand human nature

During the 2019 meeting, Buffett told a story about an early lesson in human nature. He and his wife, Susie, spent a few days in Las Vegas during their honeymoon trip. Buffett was perplexed that people would continue to drop coins into slot machines, hoping for a return that is "mathematically unlikely." He turned to his wife and said, "We're going to make a lot of money."

Buffett and Munger keep their heads when everyone else is losing theirs because of their profound understanding of human nature. Falling stock prices don't bother them--they see it as an opportunity to buy.

Their study of human nature has made them extremely rich. In the 2013 Berkshire Hathaway meeting, they addressed the aftermath of the mortgage crisis and housing collapse. They said people are "constructed" to jump on bandwagons.

"That's where Charlie and I have an edge," Buffett explained. "We don't have an edge, particularly, in many other ways. But we are able, perhaps better than most, to not really get caught up with what other people are doing."

Buffet added that "humans will continue to make the same mistakes that they have made in the past...It's happened many times in history, it'll happen again, and you can use that very much to your profit."

Buffett's understanding of human nature serves as the foundation of his investing principle: Be greedy when others are fearful and fearful when others are greedy.

3. Hang around with people who are better than you.

In the book, *The Snowball*, a biography on Buffett's life, the Oracle of Omaha says, "I learned that it pays to hang around with people better than you are, because you will float upward a little bit. And if you hang around with people that behave worse than you, pretty soon you'll start sliding down the pole. It just works that way."

In the 2004 Berkshire shareholders meeting, Buffett explained that you can learn what *not* to do by looking at people you can't stand to be around: "What qualities do you have that they have? Can you get rid of [those qualities]? You can do all of that at a young age. It gets harder as you go along. It's not very complicated."

You don't have to know the person to 'hang out' with them. Buffett writes an annual letter that is free for anyone to read. You can also spend hundreds of hours online watching and learning from Buffett and Munger who have shared their wisdom with shareholders for decades.

Success leaves clues, and these two billionaires have plenty of clues to offer.