

Warren Buffett Leadership Style

Tiffany Reilly

The Penn State University

Abstract

Warren Buffett was born on August 30, 1930 in Omaha, Nebraska. He was Howard and Lelia Buffett's middle child and only son. Howard's parents were grocery store owners but Howard did not get a job in the family business and therefore, started his own brokerage firm. Howard also served on the board of education in Omaha and was elected for the US House of Representatives and relocated to Washington, DC. Warren graduated from Woodrow Wilson High at 17 years old. Buffett is known for his exceptional leadership style. He is a leadership icon and is very inspirational. Buffett is kind, humble, frugal, giving, and caring.

Keywords: Warren, Buffett, Leadership, Style

Biography

At six years old, Buffett was selling candy and other items door to door to make money. At ten he visited the New York Stock Exchange, and by eleven he bought his first shares of stock. Buffett was also a paperboy. At 14, Buffett filed his first tax return and claimed his bicycle as a deduction because it was used for delivering the papers. In 1945, his friend and him made an investment in pinball machines and ended up owning many across Washington. By the time he graduated high school Buffett had over \$5,000(Which is the equivalent of \$51,000 in 2012). At 19 years old Buffett graduated from the Wharton Business School of Pennsylvania with a Bachelors in Business Administration. He tried getting into Harvard but was rejected because of his age. So, he went to Columbia Business School in Manhattan, NY. In 1952, Buffett learned that a man he met in Columbia Business school, Benjamin Graham, a security analyst, was the chairman at a small insurance company called GEICO. Buffet was eager to speak with him about how he ran the company and ended up acquiring the company in the 70's. Warren took Dale Carnegies class for "How to Win Friends and Influence People." He was always trying to improve himself. Buffett took many courses offered by Graham and was the only person to earn an A+ in one of his class's. Buffett also offered to work for him for free but Graham declined his offer. Finally, in 1954, Graham asked Buffett to work for him. When Graham retired in 1956, Buffett moved back to Omaha with his wife and two kids with \$174,000 in savings.

Buffett is known as a Financial prop for many of the largest national cooperation's. In 1963, he invested in American Express after the company lost half of its value due to the "salad oil scandal." Buffett saved the company after the story broke and the stock collapsed. He saw that the company was operationally sound even though it was deceived. He sunk 13 million into

Warren Buffett Leadership Style

stock and restored investor confidence and AMEX flourished. In 1965, Buffet and his partnerships started securing stock in the insurance company, Berkshire Hathaway. Soon after Buffett's stock was increasing 1,100% while the DOW only rose 123%. During the Vietnam war, Buffett's partnerships had over \$104 million in assets. In 1969, he sold all the accumulated assets to relieve his responsibilities to the partners and kept only Berkshire and a woman's apparel store. Buffet acquired companies in many industries to keep his investments diversified. In 1999, he was recognized as the top money manager of the century.

Buffett has received many awards. In 2007, Buffet was given the University of California at Berkley's Financial Reporting Award. They cited his contribution and advocacy to the regulation of the financial industry and his outspoken support for transparency in business. He was listed as one of the Time Magazines 100 most influential people in the world. Even though Warren Buffett was placed at the top of Forbes World Richest People, he was at nearly 500th on their executive pay list. President Obama gave Buffet the 2010 Medal of Freedom award, which is the highest award that can be given on a civilian by a president.

When the stock market plummeted in 2008, Goldman-Sachs leaders approached Buffett for a possible loan and he granted them \$5 billion in the suppressed economy.

Leadership

Warren Buffett's company, Berkshire Hathaway, operates as a holding company which purchases other companies. Buffett knows that all companies have their own culture and therefore, he employees a laissez-faire approach to managing. He allows employees to carry out tasks without much guidance. Freedom is given to employees to make the right decisions and

Warren Buffett Leadership Style

they are expected to solve problems on their own. His approach seems to work fine due to the accomplishments that the company has attained over the years.

Known as the “Oracle of Omaha”, Buffett is one of the most requested motivational speaker in the world. He is a self-made billionaire, humble, generous, and brilliant. Buffet was named #13 in the Most Powerful People Forbes List in 2015. There are many reasons why Buffett is considered a great leader:

He is frugal:

Warren Buffet still lives in the same house that he bought for \$31,500 in 1958. He likes to live simply and bases his success on wealth, not possessions. He doesn't take a huge salary for himself. Unlike other wealthy people, Buffett like to drive himself around instead of getting escorted in a limo. He doesn't want to get distracted by the trappings of success. Buffett's annual salary was \$100,000 in 2006.

He is Committed to Giving Back:

Buffett has donated huge amounts to many charities. In June 2010, the Giving Pledge was formally announced and Bill Gates and Warren Buffet began recruiting members. By August 2010, they had 40 pledgers and had \$125 billion. By June 2016, 154 individuals were pledgers and \$732 billion has been pledged by 139 of them. The organizations goal is to inspire wealthy people to give most their net worth to philanthropy, either during their lifetime or after death. The pledge is a moral commitment, not a legal contract. Buffett has pledged to give away 99% of his wealth to charitable causes. Roughly 83% of that will go to the Bill & Melinda Gates Foundation and much of the rest will be dispersed to the foundations of his children. He prefers to entrust his wealth to those he knows will spend it wisely on worthwhile charitable causes.

Warren Buffett Leadership Style

Trust:

Buffet's staff is made up of 24 people that he has worked with for a long time and that he trusts. He is known for his laissez-faire leadership style. He empowers his employees by giving them the opportunity to make their own decisions. He knows how to surround himself with smart, capable and trustworthy people. In one of his letters to shareholders, Buffett said, "At Berkshire, managers can focus on running their businesses; they are not subjected to meetings at headquarters or financing worries nor Wall Street harassment. They simply get a letter from me every two years . . . and call me when they wish."

Sticks to Fundamental values:

The business world is often driven by fear and greed. Warren Buffet likes to stick to the fundamental values. He believes that investing in stock is just like investing in the business. If you invest in a business that is successful through time, the stock will also prove itself.

Admit your mistakes and stay humble:

Buffet is famous for his letters to investors, where he showers his employees with praise. These letters are considered inspiring and tend to stand out from other CEOs letters to investors. All though he doesn't say this outright, Buffett's letter is filled with examples of him calling out his own errors and saying that his managers are better than he is. "I'm not embarrassed to admit that Heinz is run far better under Alex Behring, Chairman, and Bernardo Hees, CEO, that would be the case if I were in charge," he wrote. With his delayed sale of Tesco shares, he admitted that he "made a big mistake with this investment by dawdling." Buffett is repeatedly willing to put himself down and give credit to others when it's due.

Avoid the "ABCs of business decay":

Warren Buffett Leadership Style

Buffett described the ABCs of business decay as the ability to fight off arrogance, bureaucracy and complacency are a necessary skill for CEOs. “When these corporate cancers metastasize, even the strongest of companies can falter,” he wrote. He used past examples of General Motors, IBM, Sears Roebuck and U.S. Steel to make his point.

Warren Buffett has an exceptional style of leadership that not many leaders can amount to. He is a inspiration to many people and I look up to him for being frugal, considerate, humble, giving, and smart. Even though Buffett has said that there are future leaders ready to step up when he leaves, many people are skeptical that anyone can ever replace him. People like Warren Buffett are one in a million. He explains that he wants someone who is interested in values, just as he is, the future leaders can’t be primarily focused on money or Berkshire Hathaway will not work anymore. Buffett is very passionate about his job and is still happily working at 86 years old. Berkshire may never be the same without the “Sage of Omaha.”

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