

Twitter Thread by [Chris Hladczuk](#)



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I devoured 50 years of Warren Buffett shareholder letters.

The result?

12 timeless principles from the greatest investor in the world.

Here are the golden nuggets■

The Orangutan Effect

"If you sit down with an orangutan and carefully explain to it one of your cherished ideas, you may leave behind a puzzled primate, but will exit thinking more clearly yourself."

Teaching others actually teaches yourself.

2022

The Faulty Premise Framework

"A horse that can count to ten is a remarkable horse - not a remarkable mathematician."

Beware your comparison set.

Are you judging crappy relative performance or absolute results?

1985

Pick the Right Business Boat

The business boat you get into is more important than how effectively you row.

"When a brilliant management team tackles a business with a reputation for poor fundamental economics, the reputation of the business usually stays intact."

1985

A Rising Tide Doesn't Lift All Bonuses

"Good performance should be rewarded whether Berkshire stock rises or falls. Average performance should earn no special rewards even if our stock soars."

Judge for individual performance or risk free riding on group success.

1986

Preaching Never Outweighs Performance

Everyone tries to predict the future.

But it's a loser's game.

Instead of predicting rain, focus on building the Ark.

The Ark is a durable business that can weather the storm.

1981

The Silent Secret to Investing (and life):

Can you be content doing nothing?

"It has struck me that all men's misfortunes spring from the single cause that they are unable to stay quietly in one room."
- Blaise Pascal

1982

Buffett's GEICO Principle (his best investment ever):

An exec team achieved the most elusive goal:

"Keeping things simple and remembering what you set out to do."

The bigger the project, the more we need a reminder of the goal and simple things to execute today.

1982

What Businesses Buffett will Buy:

1) Consistent earning power: future projections are useless

- 2) Good returns on equity with little or no debt
- 3) Management in place: we can't supply it
- 4) Simple businesses: if there's lots of tech, we won't get it

1985

Hire Giants, Avoid Dwarfs

"If we hire people who are smaller than us, we become a company of dwarfs.

But, if we hire people who are bigger than us, we become a company of giants."

Great hiring makes you the dumbest in the room.

1987

The Buffett Management Philosophy

Buy businesses with superstar managers.

"If we did more business operating, less would be accomplished.

Instead, get out of the way.

If you coach a basketball team with LeBron James, don't tell him how to dribble the ball.

1988

Pick a Job Where Your Time Horizon is Forever

"Berkshire is my first love and one that will never fade:

At Harvard Business School last year, a student asked me when I planned to retire and I replied,

"About five to ten years after I die."

1998

Great Talent Never Solves a Bad Business

"Good jockeys will do well on good horses, but not on broken-down nags."

It doesn't matter how good you are.

Pick the wrong market or a bad business model and you fail.

What you work on matters more than anything else.

1990

If you picked up a new principle, retweet the 1st tweet to share with a friend!

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— Chris Hladczuk (@chrishlad) [February 27, 2022](#)

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