



BOOK NOTES

Poor Charlie's Almanack

by Charles T. Munger

- Invert, always invert: e.g. what would I do to decrease the company's sales? Do the opposite. The converse is always easier to see.
- The acquisition of wisdom is a moral duty. It's not something you do just to advance in life.
- Know the big ideas in the big disciplines and use them routinely-all of them, not just a few. Create a latticework of decision making models utilizing these disciplines to avoid hammer/nail thinking.
- Everything should be made as simple as possible, but no more simple.
- A great business at a fair price is superior to a fair business at a great price.
- Philosophy: Preparation, Discipline, Patience, Decisiveness.
- Exploit the economies of scale, while watching for the bureaucracy that accompanies it, and can negate it with territoriality, and turf protection in different departments.
- Always get the incentives correct...
- Lollapalooza effect: when 2, 3, or more forces are operating in the same direction.
- The company that needs a new machine tool and hasn't already bought it is already paying for it.
- You must not fool yourself, and you are the easiest person to fool.

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