

WARREN BUFFETT PREDICTS THE FUTURE

Bill Murphy Jr.

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Warren Buffett Predicts the Future

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Bill Murphy Jr.
January 2021

Introduction

During the nine years I've been writing for Inc.com, I've often written about Warren Buffett.

This book is a collection of some of my favorite columns about the Oracle of Omaha. I'm reprinting them here in a very short (100 page) format, because it's so easy for older columns to get lost on the Internet, never to be read again.

(I've formatted this expecting most people will read it quickly on their phones.)

If you're an investor, or a fan of Buffett, or a younger person who is just realizing the simple genius of Buffett for the first time, I hope you'll find this interesting and useful.

This is the very first, "preview" edition of this Ubook.TM As Reid Hoffman, co-founder of LinkedIn, used to say: "If you're not embarrassed by the first version of your product, you've launched too late."

So, I'm sure a few people will find a typo or two here or there. Maybe some readers like you will come up with good ideas about how to improve this book for the next go-round - or even suggest other topics to write about.

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1936

I wrote this column after hearing Buffett describe a book he found when he was seven years old, and that he said was really part of the first inspiration for his career.

The book had long been out of print, but I tracked it down. Here's what I learned.

Warren Buffett is probably the most

successful investor in American history. He credits a 1936 book called *One Thousand Ways to Make \$1,000* (which he found in the library when he was 7 years old) with giving him his initial career inspiration.

The book was out of print for decades. But I found it recently and read it, and I'm pretty much blown away.

The world first heard about Buffett's youthful obsession with this book 30 years ago, when he was profiled in *Fortune*, which describes him as having "virtually memorized" it.

It's ostensibly written by one F.C. Minaker, although some of the text reveals it might actually have been a team effort.

And of course, it's dated. Some of the language is cringe-inducing. But if you can get past that, it's also very inspiring.

I think there are five clear lessons Buffett would have learned from reading this book over and over as a kid--and they clearly stand the test of time.

1. Act now. Not tomorrow.

The core of the book really is simply example after example of people making money. Some of them do a lot better than \$1,000 by the way--even in 1930s dollars.

The cumulative effect of seeing one short story of success after another,

and then another and another, really leaves an impression.

Here's the guy who started the Hires Root Beer company. Then the story of J.C. Penney.

Then a New York City widow who turned her last \$38 into a million-dollar coffee empire.

Then a woman who built a tomato juice empire, and a man who started a roadside tire repair business. On and on and on.

Besides being inspired, Buffett took from this that the key reason to get started young is so that your interest will compound, and your investments will pay off more.

2. Do what you know.

Here's another lesson that Buffett still seems to take to heart: Invest in businesses that you understand.

Almost every person profiled in *One Thousand Ways* launched a business based on something that he or she already had expertise in.

This is opposed to the notion of simply seeing a big potential market, and then trying to develop a product or service to serve that market.

In other words, almost every single entrepreneur could be his or her own customer. Some of them turn their hobbies and the things they see in their own backyards into mammoth businesses.

3. There's no time like right now.

Even before I read this book, it struck me: It came out in 1936, the absolute low point of the Great Depression, when unemployment hit nearly 20 percent.

We're talking real *Grapes of Wrath* times.

Minaker, or whoever actually wrote it, makes clear that he's writing at a time of great economic difficulty. But the horrible economy at the time is continually mentioned as an impetus for getting started, not as an excuse for inaction.

Get started now. There's really no excuse.

4. Ordinary people can become extraordinary.

Almost nobody in the book came from money. There's not a single mention of Harvard or Yale. Virtually nobody took outside investment, at least until their companies grew really big.

They're almost all just ordinary people--and again, in many cases struggling to start against the backdrop of the Great Depression.

Now, Buffett wasn't a deprived child by any means. In fact, two years after he found *One Thousand Ways*, his father was elected to Congress, and his family moved to Washington.

But looking at the businesses he started and invested in even at a very

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