Warren Watch: Teaching UNO class on Buffett makes for career highlight

Robert Miles had given lectures but never taught an actual class until 2011, when he devised a curriculum and found a spot as an elective in the University of Nebraska at Omaha’s executive MBA program.
He titled the class, "The Genius of Warren Buffett: The Science of Investing and the Art of Managing."

The seventh session in the series started this weekend, with two more weekends this fall totaling 36 hours of class time with local Berkshire managers, Buffett's daughter, Susie, and others, including this writer, as well as Miles' own insights.

"It's the most enjoyable thing I've done in my career," said Miles, who has written books about Buffett, chairman and CEO of Berkshire Hathaway, and given speeches on the subject in the U.S. and 15 foreign countries. To understand something, you should write about it, and to really understand it you should attempt to teach it in front of smart people who challenge you."

That would be the fall class of a dozen local midlevel executives who are looking for leadership and management ideas they can take back to their companies.

In the spring, the class is timed to coincide with Berkshire's annual meeting and typically attracts an international crowd of Berkshire shareholders who are Buffett devotees interested mostly in his investing concepts, Miles said.

The spring international students take the lesson ideas home with them, most often to Asia, Europe, South America and Australia. As a result, the fall class probably has a bigger impact on Omaha because the students usually stay in town and can put their Buffettesque ideas to work here.

The nonprofessor tweaks the course each session, this year adding a "module" on Buffett values such as loyalty, pledging to be an acquired company's last owner, not measuring performance by stock price, not issuing stock options and treating shareholders like partners.
Miles uses Berkshire examples to explain the joys of compound interest and the importance of investing in companies with a durable competitive advantage, “known as a moat” in Buffett’s parlance.

He’s working on a section on behavioral finance, to explain Buffett’s rational approach to investing as opposed to the emotional decisions that most investors make.

“How do you teach somebody to be rational?” Miles asked.

Anyone? Anyone?

**Munger draws a crowd**

Charlie Munger’s solo turn at an annual shareholders meeting microphone yielded news last week, especially for the “groupies” who continue to haunt his meetings in Los Angeles even though he has changed companies.

Among comments by the straight-talking vice chairman of Berkshire, reported by Bloomberg and others from the meeting of Daily Journal Corp. where Munger is chairman:

» I think Einstein needed somebody to talk to, “referring to Buffett, who long ago latched onto Munger as a confidant.

» If you intelligently trade derivatives, it’s like a license to steal. You can understand why they all want to do it. I just don’t think it does the country any good to have this huge gambling market,” referring to the complex insurance-like financial instrument.

» I think Elon Musk is a genius, and I don’t use that word lightly. He’s also one of the boldest men who ever came down the pike,” referring to the 43-year-old head of electric car company Tesla Motors Inc. and rocket company SpaceX.

Munger, 90, took questions from a standing room-only crowd of about 200 during the Daily Journal’s annual meeting.

He used to be the main attraction during annual meetings of Wesco Financial, an investment company that was partly owned by Berkshire until 2011. When Berkshire acquired the rest of it and ended the annual meetings, Munger’s followers learned about the Daily Journal meetings, which are separate from Berkshire, and have been attending ever since.
Munger said that over the years he has been useful to Buffett but that his contribution to Berkshire’s growth was minimal. Still, he said, Buffett “wouldn’t have been as good as he was if he didn’t have a talking foil who knew something.”

**Interest in Parade magazine**

Berkshire has shown interest in buying Parade Publications, the Sunday news magazine circulated with newspapers since 1941, according to TheStreet.com.

Advance Publications, owned by the Newhouse family, is selling Parade, Jonathan Marino wrote for TheStreet, an auction first reported by the New York Post. Other potential buyers, the story said, include Tribune Publishing. The story did not name its sources.

**Fruit of the Loom on taxes**

Berkshire’s Fruit of the Loom division, referring to news about companies moving their headquarters to foreign countries to save on taxes, said some reports about its status were incorrect.

The company, based in Bowling Green, Kentucky, said its prior owners in the 1990s set up a legal structure in the Cayman Islands to reduce the company’s taxes and, in 1998, moved its tax domicile offshore before filing bankruptcy in 1999.

Since emerging from bankruptcy in 2002, the company said, it has paid more than $400 million in U.S. corporate income taxes, adding, “Fruit of the Loom is a global company that remains committed to its U.S. headquarters and to the tax responsibilities that come with that.”

The tax discussion was prompted by Berkshire’s pledge of $3 billion toward Burger King’s proposed purchase of Tim Hortons of Canada and the planned creation of a Canadian-based holding company for the two restaurant chains. Canada’s corporate tax rate is 26.5 percent, while the U.S. rate is 35 percent.

Adweek’s report on Fruit of the Loom quoted Peter Madden, president and CEO of branding firm AgileCat in Philadelphia, as saying the company’s statement on the tax controversy could damage the brand.

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