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## The Feminist Capitalist

### 8 Strategies on Women from Warren Buffett

BY ROBERT P. MILES

Looking out at the faces of people waiting to hear me discuss Warren Buffett's investment strategies recently, I asked myself the same, but always unanswered, question the world's greatest investor would himself ask: Where were the women?

Buffett knows one thing other men tend to overlook — being a feminist is good for the bottom line.

As an expert on Buffett's business strategies, I travel the world speaking at major investment conferences. Buffett speaks at none, except for one. When senior editor-at-large Carol Loomis, one of his most trusted advisors since 1966, invites him to speak at Fortune's Most Powerful Women Summit, Buffett says yes. Throughout the year, he also welcomes universities to send graduate students to question and learn from him, as long as one requirement is met: 30% or more must be female.

Raised with two beloved sisters by a strong-willed mother, and father to a brilliant daughter himself, Buffett's feminism isn't just emotional, it's pragmatic. He knows women own more than 10 million businesses with nearly two trillion dollars in sales each year. Those are numbers he pays attention to, and invests in.

But Buffett is also highly aware that "winning the ovarian lottery," as he calls it, gave him opportunities for success his sisters could not have. As he says, the ovarian lottery is one thing you have no control over. It determines your sex, your race, your place and era of birth. Your IQ and eye color. Your temperament, your sense of humor and health risks. It also includes parental support or lack thereof, along with the income and occupations of your parents. Warren's father happened to be a stockbroker. Discussions about money and investments were a daily part of his life.

Being a numbers man, Buffett assigns probability to everything. He determined the probability of being born a white male in the U. S. in 1930, the year of his birth, was 2%. He had a 50% chance of being born female with the same IQ and talent, which would have made career options as limited as his sisters', when women were allowed to only be schoolteachers, nurses, or secretaries.

Today, career options are virtually unlimited, and Buffett actively encourages women to increase their presence in the still-male dominated arenas of corporate leadership and investment. Feminism is not a new role for Buffett. He did, in fact, become a teacher — in his 20s, one of the first courses he taught at what is now the University of Nebraska Omaha was titled "Women and Investing."

So, if the "ovarian lottery" provided you a set of ovaries, here are eight strategies you can learn from Buffett to maximize your future.

1) Invest in your own expertise. Find a niche and focus on it. Buffett would agree with a statistic from Malcolm Gladwell's book, *Outliers*, that it takes 10,000 hours of practice to become an expert. Doris Christopher was 34 years old when she invested \$3,000 to start Pampered Chef in her basement in 1980. Over the next 20 years she invested thousands of hours developing a distribution network through home party sales before selling the company to Buffett for a cool three-quarters of a billion dollars. Over those two decades, she'd invested far more than 10,000 hours. Bill Gates, a close friend and board member of Buffett's, had the good fortune to be in

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eighth grade at a school that acquired an extremely rare item at the time — a computer. It became his obsession. Seven years later, he quit Harvard in his sophomore year to start his own company. By then, he'd invested far more than 10,000 hours. Buffett himself started at an even earlier age, making his first investment while in fifth grade. He made his first million by the age of 30, after investing more than 10,000 hours building his skill.

2) Invest in other women's success. Buffett puts his money where his mouth is, investing in successful companies that were begun or are headed by women. Godiva Chocolates are known to probably every woman in America. But Buffett didn't invest in Godiva's, he invested in Mary See's candy. See's Candies use the very same ingredients as Godiva, except without preservatives, and sell for \$17 a pound, a third of Godiva's price. Buffett bought the company in 1972 for \$25 million. Today, See's Candies earns four times that, about \$100 million a year, just between Thanksgiving and Christmas alone. See's seasonal kiosks in high-end shopping malls during the holiday season are often set up near a Helzberg Diamond Store, another Buffett-owned company that's led by a woman, CEO Beryl Raff.

3) Surround yourself with smart women and trust their advice. Since the death of his first wife, Susan, whom he always credited for making him a success, the most influential woman in Buffett's personal life is his daughter, Susie. Number two is Debbie Bosanek, his secretary since 1993. No one gets past Ms. Bosanek without her approval, and anyone who treats her poorly will never get his approval. Number three is his wife, Astrid, who was a close friend for nearly 30 years before their marriage in 2006. These are the three most influential women of the many he relies on. Carol Loomis, his long-time friend, editor and occasional bridge partner, is another. When they team up at cards, he says Loomis is "the strongest part of my game."

Buffett trusts women just as much for their business acumen. Berkshire Hathaway's board has ten outside members, typical for a Fortune 500 company. What's not typical is that three of the ten are women: Charlotte Guyman, a retired manager at Microsoft, Susan Decker, former president of Yahoo and the most recent nominee, Meryl Witmer, principal of Eagle Capital Partners. Most Fortune 500 corporations only have one female member.

4) Plan your advancement strategy. It's a given you need to do deep research on any company you want to join. Look for companies where women excel. Seek out bosses who support women on their paths to success. I recently asked an attorney what her career advice would be to a young woman entering the legal profession. She said, "Choose a firm that has partners who have daughters." There's a saying that the fastest way to make a man a feminist is to give him a daughter. It's true. I want everything for my daughter that I would want for a son.

And don't assume that working for a woman will automatically be more advantageous. Sadly, some feel threatened by other women and will undermine them. Whether you'll be working for a male or female boss, find out the answer to two questions before making a career decision: what is the overall turnover rate, and what is the turnover rate of women, under that person's direction?

5) Pick the right role models and heroes. Study what they do that makes them successful. You should be able to distill their motivation down to a simple credo. For example, Russian immigrant Rose Blumkin started Nebraska Furniture Mart with one goal, to "Sell Cheap and Tell the Truth." Buffett bought the company in 1988 for \$60 million. Each of the company's two current stores sell more than a million dollars of home furnishings and electronics every day. Susan Jacques is CEO of Borsheims, also owned by Buffett and the largest single-location jewelry store in the U.S. Her mission statement is "to provide exemplary customer service and the Midwest attitude" — "Midwest attitude" being another way of saying "tell the truth." Cathy Baron Tamraz at Business Wire, a wholly owned Berkshire Hathaway company and global leader in press release distribution, joined the company 1979 and is now CEO. Part of the corporate mission statement reads "We develop and maintain relationships ... based upon mutual respect and integrity."

"Pick out associates whose behavior is better than yours," Buffett has said, "and you'll drift in that direction."

6) Selling your integrity for short-term gain guarantees a long-term loss. Martha Stewart's name will be forever connected to two things: building a multi-million dollar business empire, and serving prison time for insider trading. She may have avoided losing \$45,000 in the transaction, but she lost far more: she was forced to resign her position on the board of the New York Stock Exchange, sentenced to federal prison, fined \$30,000, and paid penalties of nearly \$200,000. Leona Helmsley, another multi-million-dollar business mogul, was convicted of tax evasion, assisting in the filing of false corporate and partnership tax returns, and mail fraud. Sandra Jackson, wife

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of former U.S. Rep. Jesse Jackson Jr., recently pled guilty to knowingly understating joint income on their tax returns. Buffett sums up it up succinctly: "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

7) Study Buffett to invest wisely in your own portfolio. Men and women alike often ask me to recommend works by Buffett that will help them become better investors. My answer is always the same: read his annual letters to shareholders. The third edition of a compilation of those letters, *The Essays of Warren Buffett: Lessons for Corporate America*, edited by Lawrence Cunningham came out in March 2013. Buffett's annual letters dating back to 1977 are available at <http://www.BerkshireHathaway.com>, a no-nonsense but wise and entertaining website where Buffett quotes everyone from Mae West to Groucho Marx to Woody Allen. "You don't need to be a rocket scientist," he says. "Investing is not a game where the guy with the 160 IQ beats the guy with the 130 IQ ... Risk comes from not knowing what you're doing."

8) Focus on the future. Buffett is firmly bullish on women in the economy. Last December during a BBC interview, Buffett recalled his sisters. "I saw two human beings with enormous potential and it was just assumed that they could be a nurse, they could be a secretary, they could be a flight attendant ... What a waste of human talent." He added, "Fifty percent of the talent in the country, we've pushed off in the corner for almost 200 years. Now we're getting to the point where we are using 100 percent. It makes me optimistic but we still have a way to go." Known as the Oracle of Omaha for his accurate predictions, Buffett firmly predicts that women will save the U.S. economy, and asserts that women's opportunities are key to his optimism. While panes have been broken in the glass ceiling, it hasn't come down completely. One day it will. Of the Fortune 500 companies, only 4 percent are headed by women. But remember this: 28 years ago there were zero.

Whether you want to head a Fortune 500 company, build your own business or grow your portfolio, remember: A woman of genius is admired. A woman of wealth is envied. A woman of power is feared. But only a woman of character can be trusted.

*Robert P. Miles teaches the "Genius of Warren Buffett Seminar," April 29–May 1, at the University of Nebraska Omaha (<http://cba.unomaha.edu/execmgmt/buffettgenius>), and is director of the 10th Annual Value Investor Conference, May 2–3 (<http://www.valueinvestorconference.com/>). For more information, visit <http://www.robertpmiles.com/>*



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