

SUMMARY

BY ALYSSA BURNETTE

POOR CHARLIE'S ALMANACK

BY PETER D. KAUFMAN



Summary of “Poor Charlie's Almanack” by Peter D. Kaufman

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Learn why Charles T. Munger is a name you need to
know.

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Introduction

If you were to name some of the wealthiest people in the world, who would you think of? The name “Donald Trump” might spring to your mind; you might think of Elon Musk, Taylor Swift, or the Kardashians. But if you had a million years to come up with it, you might never think of the name Charles T. Munger. That’s pretty shocking, given that Munger is a mega-billionaire, and vice-chairman of Berkshire-Hathaway, the company that made Warren Buffett successful. But Munger’s anonymity was something he cultivated. In fact, despite his many admirable accomplishments and charitable donations, he has intentionally sought obscurity. And over the course of this summary, we’ll learn more about his life and why he chose to be reclusive.



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Charles Munger's Summer Jobs

Did you ever have a summer job as a teen? Many people did and they can quickly cite experiences such as running a neighborhood pet-sitting service, delivering pizzas for Domino's, or working in fast food or retail. Although this work is rarely easy, it's usually not the most grueling task a person could ever endure either. Workers have more rights in the modern age and shifts are legally required to be broken up by bathroom breaks and lunch breaks. There are also limits to how long a person can work, especially if that employee is a minor. So, even though your shift at the local movie theater might be busy and it might leave you covered in popcorn grease, it's not a horrible experience for most young employees. In fact, some people may even recall being bored during their summer jobs or feeling as though they didn't have enough to do!

But for young Charlie Munger, nothing could be further from the truth! Munger was born in Omaha, Nebraska in 1924. His mother came from a wealthy family who valued the pursuit of knowledge and the arts and she instilled these values in her son at a young age. His father, by contrast, was a lawyer, and he taught young Charlie about the importance of honesty, integrity, and self-discipline. His father was the quintessential self-made American man; he had "pulled himself up by his bootstraps" (to quote a popular colloquialism) by rising out of poverty. His father was also an autodidact which means that most of his wealth of knowledge was self-taught. But he also put himself through law school by working menial jobs to fund the degree of his dreams. And eventually, all that hard work paid off, resulting in a very successful law practice.

But Munger's father never forgot where he came from and he never wanted his son to grow up feeling privileged or spoiled. So, when Charlie was young, he started his first summer job at Buffett & Son Grocery as a shelf-stocker and general laborer. This was at a time when worker's rights were a relatively new thing. And they certainly didn't include special distinctions for underage employees! In fact, during his summer job at a local grocery store, Munger

regularly worked twelve-hour shifts without so much as a bathroom break! His happiness and comfort were not considered at all; rather, it was understood that he was there to perform manual labor and he was expected to do so all day without complaint. The fact that he made only two dollars at the end of each shift-- not each hour, but each shift!-- was also not considered. Ironically, the grocery store was owned by the grandfather of Warren Buffett. Although Munger and Buffett had not yet met at that time, Munger would later go on to co-own Berkshire-Hathaway with Warren Buffett!

As he looks back on his life, Munger observes that he is grateful for his summer job and grateful that Warren Buffett's grandfather did not give him special treatment. Because as thankless and menial as his summer job was, it also taught him an important lesson: the value of hard work. At the grocery store, Munger developed skills that he later realized were universal; whether you were stocking shelves or running a major corporation, a good work ethic is crucial to being successful! He also learned that it was important to take pride in a job well done, no matter what that job was. And later in life, he passed these values on to his children. Between his two marriages, Munger has had eight children-- yes, really, eight children!-- and Munger carefully taught all of them the value of a job well done. He also taught them the importance of doing a job right the first time.

His early experiences at the grocery store had shown him that if a job was worth doing, it was worth doing right and worth doing only once. So, even when he used austere methods to instill these values in his children, he did it with love and with the firm belief that he was teaching them vital skills for life. And even though his methods were sometimes harsh, his children completely agreed! To this day, all of his children proudly attest that his lessons made them hard-working, honest, and successful; each of them credit their successful careers to their father. This is especially meaningful given the fact that Munger was very busy with his career for most of his children's lives. Although it could easily be said that his time in the office caused him to miss most of their childhood, he never let the heavy demands on his time keep him away from his family too much. Despite the very long

days and the pressure of his demanding career, he still made an effort to be home for dinner, to play with his children, and to be there to support them whenever he needed them.



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Munger's Work Ethic and Philanthropic Contributions

In this respect, we can easily see how Munger is generous with his time and his wisdom, but his philanthropic contributions didn't there. Nor was his generosity limited to family. Despite being born in 1924, a time when human rights-- and women's rights specifically-- looked very different indeed, Munger is something of a social justice advocate. In fact, he is such a firm proponent of a woman's right to choose, that he has donated billions to Planned Parenthood! Although he typically votes Republican and has many conservative views, he remains a proud advocate for abortion, and he was integral in the development of Roe v. Wade! In 1969, he convinced his law firm to defend a doctor who was being tried for murder because he referred a female patient to an abortion provider.

Today, that sounds like something out of a dystopian nightmare, but in 1969, it was a very real and very common occurrence. And Charlie Munger wanted to make it stop. So, thanks to the stellar defense he received, the doctor was acquitted, Munger used this opportunity to get more involved with the fight for reproductive rights and he later became a trustee and chief financial officer of the Los Angeles branch of Planned Parenthood. Because the fight for reproductive rights is so often waged by women, it is rare and very helpful to have a powerful billionaire backing the pro-choice movement! Many legislators find it all too convenient to ignore female voices and continue to violate a woman's rights to her own body. Munger knew this, so he felt it was important to use his influence and his money to make a positive difference in the world. To this day, he continues to support access to abortion and access to healthcare; he is also chairman of the nonprofit organization Good Samaritan Hospital and he has donated millions to both Planned Parenthood and Good Samaritan Hospital.

Given his extensive philanthropic contributions, he would certainly have no trouble finding a long list of people who are eager to thank him and crown him with applause and accolades. But surprisingly, he prefers to stay out of

the limelight and quietly continue with his work. Rather than seeking fame and attention for himself, Munger concentrates on his core values-- working hard and giving back-- and devotes his time to his family and the charitable causes that are dear to him.

Life Lessons From Charlie

By now, however, you're probably wondering how Charlie Munger got his start in the first place. The simple answer is that, if you know anything about Munger's work ethic, you know one reason why he's so successful. And if you know anything about Warren Buffett, then you already know the other reason behind his success! Although Munger initially followed in his father's footsteps and pursued a career in law, a chance dinner meeting changed his entire future.

In 1959, he met Warren Buffett at a dinner party, and that was the start of a brilliant partnership. Buffett was dynamic, successful, and interesting to talk to; Munger was delighted to have met someone who shared his passion and his superior intellect. And as their friendship grew, Munger became more intrigued by the world of business and finance. Just a few years later, in 1965, he left his partnership at his law firm to join Warren Buffett in his budding company: Berkshire-Hathaway. And when they paired Munger's work ethic and sharp mind with Buffett's business acumen, the two became unstoppable. Together, they created one of America's most successful companies and became two of the wealthiest men in America. Today, Forbes lists Munger's net worth as being more than \$1.9 billion.

As you've gotten to know Munger through the course of this book, it's easy to see his unique skill set and circumstances made him so successful. But if you're wondering how you can emulate some of his success in your own life, here are a few financial top tips from one of the world's most successful investors. For starters, if you want to be successful, Munger recommends being patient, honest, and determined in all of your investments and your business dealings. But in order to cultivate those qualities, you also have to actively work on your critical thinking skills. In the world of investing, critical thinking is especially crucial because this skill enables you to think for yourself and make smart decisions rather than acting on a whim because of a change in the stock market.

Everybody knows the stock market is unstable; change is its only constant. Therefore, if you want to succeed at the stock market, you have to know how to roll with the punches and make the best decision for your investments. Many people fall into the trap of assuming that you have to act very quickly if you want to profit from the stock market. And it's easy to see why someone would arrive at that conclusion; when the stock market can plummet at the drop of a hat, it's understandable that one might feel the need to monitor it at all times. This is the logic that motivates people to buy and trade stocks at a frenetic pace in the hopes of beating the stock market and reaping a significant reward from their investments. In fact, for quite a while, this has been the widely accepted standard for using the stock market. But smart investors know that this strategy isn't quite as effective as everyone else believes.

Instead of rushing, the smart investor conducts a careful analysis to evaluate a stock's potential. And if their analysis reveals that a stock's price is below its intrinsic value, then a smart investor makes the decision to buy that stock. It's important to buy when a stock's price is below its intrinsic value because this means it has room to grow in relation to the company's worth. When a company is just starting out, their stock might not be very popular yet. But if you have reason to believe that that company will be the next big thing and that the value of their stock will soon skyrocket, then it's a good idea to get in on the ground floor.

This path might be slow and it might be boring, but it will ultimately be very profitable. And, let's be honest, would you rather have a million dollars or a brief flash of excitement? Charlie Munger discovered from first-hand experience that his patient, boring investment process could make him very rich. And if you learn from his example, you might find that the same can happen for you!



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Final Summary

In the often shady and scandalous world of CEOs and investment bankers, Charlie Munger stands out as a wholesome and genuine success story. Rather than exploiting other people or resorting to underhanded deals, Munger's career was driven by honesty, integrity, and a firm belief in hard work. He never forgot the lessons that he learned from his father or from his summer job at Buffett & Son's Grocery and he passed these lessons on to his children and his business partners later in life.

He also believes that it is important to give back to others and be kind. To this end, he has been very generous with his time, his wisdom, and his money; he is a staunch advocate of health care and abortion rights and he is a trustee of the Los Angeles chapter of Planned Parenthood. Although he could be awash in accolades for his success, he prefers to work quietly and stay out of the spotlight, occasionally sharing his tips for success in the hope that they can help other people.



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