

# Commencement Address

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Eaglebrook School



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Headmaster Chase, teachers, parents, friends and fellow Brookies, thank you for inviting me back to Eaglebrook to speak to you. It is truly an honor.

I remember when I was sitting where you are 35 years ago, listening to the commencement speaker. She was delightful, but I have to confess that I don't remember anything she said.

So that's my challenge today: to say something that's both meaningful and memorable. That's a tall order.

I'd like to frame my remarks by telling you a little about myself and why I'm here. I don't think the school invited me to address you today because of my day job: I manage a hedge fund I started 17½ years ago. My business has been reasonably successful, but I'm not one of those billionaire hedge fund managers you read about.

No, I think I'm here because of what I've done in terms of making a difference in the world, in particular in the area of education reform.

My parents are both teachers – they met and married in the Peace Corps in 1962 and I grew up in Tanzania and Nicaragua – so I always had an interest in education, but my involvement really started when I was graduating from Harvard in 1989 and was weighing job offers from a few investment banks and consulting firms. But then a friend introduced me to his sister, who was graduating from Princeton, who had this crazy idea to recruit and train top graduating college students and send them into poor areas to teach for at least two years. His sister was Wendy Kopp, who was planning to start Teach for America. I thought it was a great idea and that she was a brilliant entrepreneur, so I deferred a job at the Boston Consulting Group and moved to New York City to help Wendy launch TFA that fall.

Being one of the early founders of something that's been so successful and impactful was a life-changing experience for me. It showed me that one person, with a great idea and a lot of smarts and energy, can have a huge impact on the world, and, ever since, I've tried to follow in Wendy's huge footsteps.

Though I have a very full-time job, I make a big effort in my spare time fighting to make sure that every kid in this country gets an education that's even *half* as good as the one here. I won't bore you with the details, but I've been on the board of [KIPP charter schools](#) in New York City for more than a dozen years, helped start an organization called [Democrats for Education Reform](#), and am a prolific [writer](#) and [blogger](#) on this topic. I'm motivated by a sense of outrage that this country has an educational system that is deeply unequal, in which poor and minority children, who most need the best schools and teachers, instead usually get the worst. I know that the education I received made all the difference in my life, and it really upsets me to know that millions of children in this country, right now, aren't getting a quality education and therefore have little hope of escaping the poverty that they were born into.

So with that, I'd like to talk to you about three things I've learned, based on my own experiences as a young man, being a father to three teenage daughters, and my involvement with education reform for the past 27 years.

The idea for the first one came from my youngest daughter, who just turned 14. I've done lots of public speaking, but I've never addressed an audience of young adults like yourselves, so I asked her what I should say. Her suggestion was: "Tell 'em about your #1 Immutable Law of the Universe," which is something I've been saying to my daughters for years. Against the advice of some of my friends, I decided to share it with you in its all of its unfiltered glory, so here goes: "If you are a dumbass, there *will* be consequences!"

I like it because it's memorable: I'm pretty sure that the word "dumbass" has never been used in any commencement address ever. The question is, is it meaningful? I think it is. Let me explain why using a sports analogy.

Raise your hand if you like basketball – you play it or enjoy watching it? (I hear Eaglebrook had a good team this year.) I love the sport. I've been playing pickup basketball a few times a week for 30 years and I've been an NBA fan ever since, growing up here in New England, I was crazy about Larry Bird and the Celtics. One thing I've learned over all of these years is that while the scorers get all the acclaim, it's *defense* that wins championships – not just in basketball, but pretty much every sport.

It's the same in life: the foundation of a successful life is playing defense – and by that I mean avoiding the obvious mistakes that can really set you back.

I'm not talking about the big, general things: if you're mean to people, don't expect to have many friends; if you're lazy and dishonest, you won't have much of a career; if you don't take care of your body, of course it's going to break down...

No, I'm talking about the blindingly obvious things, ranging from touching a stove to see if it's hot (I did that once) or touching an electric fence to see if it's live (I did that too), all the way up to things that can derail – or end – a life.

Let me tell you about a young guy I know named Genarlow Wilson. Raised by a single mom, he grew up poor near Atlanta. Despite attending a number of tough schools, he was doing well in high school: he was an honor student, the star of the football team, homecoming king, and on his way to becoming the first person in his family to go to college. But then, during his senior year, he went to a party, got stoned and drunk and, to make a very long and tragic story short, ended up in Georgia state prison for more than *two years*!

Believe it or not, I've actually been in jail – in Zimbabwe no less – for overstaying my visa. Talk about a boneheaded move! After I pled guilty, the judge banged his gavel and said, "I hereby sentence the defendant to 30 days in jail..." My heart was in my throat and I thought I might faint! "Or," he continued, "a \$10 fine." Guess which I chose?

But, look, I don't think any of you are going to end up in prison. That's not likely to be the thing that derails your life – so let me tell you what is. The biggie is alcohol.

Now that you're going off to high school and, only three years from now, college, you will soon be surrounded by very heavy drinking – one study showed that 44% of American college students had, in the previous *two weeks*, engaged in binge drinking, defined as five or more drinks in a row. And these days it's not beer – it's shots of hard alcohol.

You will likely face a lot of pressure to join in. My oldest daughter, a couple of years ago when she was a senior in high school, lost a lot of her friends, many going back to kindergarten, because she didn't drink so they didn't invite her to their parties. That hurt her a lot – but I'm really proud of her for not succumbing to peer pressure.

I'm not saying you should be a teetotaler – go ahead, have a drink or two...maybe even three. But be really careful about getting totally smashed because there are so many permanently bad things that can happen. Every week I read in the paper about teenagers dying in a car accident thanks to drinking (or, increasingly, texting) while driving. So maybe you're thinking, "I'll be safe – I'll just walk home from the party." Not so fast: really drunk people are far more likely to have terrible accidents like falling off a balcony or getting hit by a car walking home. Statistically speaking, you're *five times* more likely to die walking rather than driving a mile drunk. Lastly, if you drink frequently and heavily, there's a real risk of becoming an alcoholic. I have a relative who started drinking heavily in high school – and never stopped. It's ruined his life.

By now you're probably thinking, "Jeez, what kind of commencement speaker is this? What a downer he is! When is he going to tell us how great we are, how we should put on our sunglasses because our future is so bright, and how we need to seize the day?"

Well, you are and you should – but the reason I started with these stories is because the foundation for a successful life is playing good defense. If you want to get ahead, you have to start by not falling behind.

So now let's turn to the fun stuff: playing offense and being successful in life. I have great news for you: the fact that you're graduating from Eaglebrook means that your odds of success in life are already off the charts. You've received a great education so far and will surely continue to. The vast majority of you have families who love and support you, and you have never known (nor will you ever know) violence, hunger or homelessness – the kinds of things I saw up close growing up in Tanzania and Nicaragua, that I see when I visit my parents and sister, who live in Kenya today, and that I see every time I visit a school in an inner-city neighborhood in the U.S.

So congratulations: you are well on your way to winning the game of life...but you're still going to need to make a lot of good decisions and avoid a lot of bad ones along the way. I have plenty of experience with both, so I'd like to share two more pieces of advice.

But relax: I'm not going to lecture you! Instead, I'd like to tell you a few stories about my life and experiences that I hope will help you to achieve some of the success and happiness that I'm fortunate enough to have.

Before I do so, however, I want you to do some thinking. Look around at all of your classmates and ponder this question: who do you think is going to be really successful in life, not just financially, but in every way?

As you think about this, what are the characteristics you're focusing on? Is he smart? Does he work really hard and not give up easily? Does he have integrity? Is his word his bond? Is he 100% reliable? Is he well organized? Does he take care of himself and not take foolish risks? Is he a nice person and a pleasure to spend time with? Does he make the world a better place?

Now ask yourself: what is he doing that I can't do too? I think you'll find that at least 90% of these traits are things over which you have total control.

So you see, you don't need me to tell you what habits you should try to adopt – you already know. There's no secret – they're obvious! The real question is, what are you going to do about it?

The world's most famous investor, Warren Buffett, tells young people the following: “You can transform yourself into the person you want to be, but you have to decide early because the chains of habit are too light to be felt until they are too heavy to be broken.”

Think about that. All the little things you do dozens of times every day – your habits – define who you are – and once these patterns are set, they're really tough to change.

So if you remember anything from today, I hope it will be this: it's critically important to develop good habits early in life.

I'm not going to spend any time today talking about obvious good habits like eating healthily and exercising regularly, as important as they are. I'm only going to talk about two: work hard, be nice.

This is the motto of KIPP charter schools. As I mentioned earlier, I've been on the board of KIPP New York for more than a dozen years, but nationally it's a network of 183 schools in 20 states serving 70,000 students, 96% of whom are African-American or Latino and 88% are poor. What KIPP is doing inspires me – for example, KIPP students are five times more likely to earn a four-year college degree than their peers.

On the walls of every KIPP school is the slogan, “Work hard, be nice!” [It's also the title of a [great book](#) about KIPP.] It's so simple that you might dismiss it, but if you think about it, those four words capture an awful lot of what you need to be successful in life.

Let's first talk about “work hard”. You all are still a long ways from the working world, so for you, this is mostly about school. I can't stress enough how important it is for you to get into the habit of learning. Your single greatest asset is your mind and how you develop it will largely determine how far you go.

Today, I consider myself a learning machine. I basically read nonstop, all day, every day. And not just about investing, which is my job – I try to read as broadly as possible. In my entire life, I have never met a single person who I consider to be well educated who doesn't read *a lot*.

You can start to become a learning machine today by downloading the app of a major newspaper like the New York Times onto your phone and start reading it every day. In addition, try to read a high-quality book every week or two, especially during the summer when you don't have as many demands on your time.

I'm embarrassed to admit that I wasn't always a learning machine: despite attending some of the best schools in the world – Eaglebrook, Northfield Mt. Hermon, Harvard and Harvard Business School – most of the time I cut as many corners as I could and, as a result, didn't learn nearly as much as I could have.

There were some exceptions, of course, when I was truly engaged in my learning. It started right here, when I first discovered what an exceptional education really was. I had incredible teachers like Monie Chase and her class on the Revolutionary War. She got me so interested in the topic that I just dove in and learned everything I could about that time period. I especially remember the mock trial we had for Benedict Arnold, in which I was his defense attorney. What a learning experience – even though they still hung my client!

Every one of you is going to attend a good high school and college. Don't waste this incredible opportunity by skating through like I did. For every class, even – or perhaps especially – the ones that aren't naturally the most interesting to you, dive in and learn as much as you can.

And never let up. It doesn't end with formal schooling. If you want to be successful in life, you need to be a *lifelong* learning machine or everyone else will pass you by.

One last thought on “work hard”: it's not just putting in a lot of hours, but also overcoming obstacles; having grit, determination and resilience. All of us face setbacks in life – it's how we handle them that's critical. One study measured students' IQ and also grit – and it turns out that grit was twice as important in determining life outcomes. [The best research in this area is being done by Angela Duckworth, who's out with a new book about it: [Grit: The Power of Passion and Perseverance](#).]

Okay, now let's talk about “be nice”. Another way of saying this is: don't be a jerk!

I'm sure that sounds really simple, but it didn't characterize me for most of my youth. I wasn't a bad kid, but I sure was full of myself. School came easily to me, so I looked down on other kids who I didn't think were as smart. And I was a terrible listener – but boy did I love to hear myself talk! I was much more interested in myself than I was in anyone else.

As a result, teachers liked me plenty – but many of my classmates rightly viewed me as arrogant and obnoxious. I had a few close friends, but that was it. In my junior year of high school, my best friend Bob and I ran for class co-Presidents. We looked great on paper: we were good students, knew the school well, and had a solid platform. But we lost to two classmates who were

known for being *potheads*! Why? Simple: outside of a relatively small circle of friends, Bob and I weren't really well liked. A lot of students thought that we looked down on them – and they were right!

Today I'd like to think that I'm much less of a jerk than I was back then, thanks to a few things:

- I got really lucky 26 years ago when I met and later married a wonderful woman who makes me a better person. I wish all of you similar good fortune in finding the right life partner – nothing will make a greater impact on your long-term happiness;
- I've met so many extraordinary people in my life that I no longer view myself as so extraordinary – it's humbled me; and
- Lastly, I read the classic old book, first published in 1936, [How to Win Friends and Influence People](#). It's a corny title, I know, but it's sold more than 30 million copies. Its most important lessons can be summarized in three sentences: Most people don't care very much about you. They mainly care about themselves. So if you want people to like you, show *genuine* interest in and appreciation for them.

This book was such a revelation to me! All those years and I thought people were as interested in me as I was in myself – but they weren't! I know it sounds crazy, but other people will not only like you more, but they will think you are more interesting, the *less* you talk about yourself and the *more* you ask them about themselves. I'm not kidding – try it and you'll see! And then keep doing it the rest of your life.

Another part of not being a jerk is being grateful. I really hope you are aware of – and grateful every day – for what you have. My best friend's wife works at a KIPP school in the toughest, poorest neighborhood of Philadelphia and the stories she tells me break my heart: students your age who can barely read. And just this week she told me about one student, a good kid, whose mother kicked him out of their home and he now has a choice: be homeless or go live with his dad, who beats him.

At least these children are lucky enough to attend a KIPP school, which gives them a fighting chance in life. But they're the lucky few: the vast majority of kids like these attend dilapidated, underfunded, overcrowded schools in which little if any learning is going on.

The last thing I'd like to talk about, also related to “be nice”, is being a giving person.

My parents always told my sister and me (and this is from an email my mom sent me this week): “You have been born into the best time in world history and, mostly by accident of birth, have been given every opportunity – love, education, health, exposure to the world, and a decent living standard. If you take these gifts and use them to simply enrich yourself, then you – and we – will have failed. To be a success, you have an obligation to make the world a better place.”

I know it's a cliché, but as the saying goes, “if it's trite, it's right!” And there was an important added bonus: I discovered that the more I gave, the more I got back in return.

For me, giving back – becoming a giving machine – has been a combination of big things like full-time jobs, starting new nonprofit organizations, and serving on boards like KIPP, which I’ve already talked about, but it’s also lots of day-to-day little things.

There are so many examples I could give, but here’s one I do every day: if I find a mess, I clean it up – yes, even if I didn’t make it. My pet peeve these days is my daughters leaving their dirty dishes in the sink.

Trust me, if you go through life leaving messes for other people to clean up (like I used to), they’re going to resent you. In contrast, if you not only clean up after yourself, but others; if you do more than your fair share, offer the other person the bigger piece of dessert, remember their birthday, give them an unexpected gift, it will make such a difference.

Since I started becoming a much more giving person about 20 years ago, the quality of my life has improved exponentially.

Why? For starters, it makes me feel good. I also have many more close friends – and they forgive me and stay my friends even when I screw up and do something that makes them mad at me (which I’m prone to doing more often than I’d like). When I ask a favor of someone, they’re more likely to say yes. A month from now, I’m climbing two famous peaks in Europe – Mt. Blanc and the Matterhorn – to [raise money](#) for KIPP, so I’ve been hitting up all of my friends – and they’ve already donated nearly \$100,000. Lastly, while this may sound crass, having a well-deserved reputation as a good guy really helps my business. Other investors are more inclined to share investment ideas with me, and my investors are more likely to stay in my fund rather than yanking their money when my performance stinks, as it has over the past year.

To repeat what I said earlier: the more I give, the more I get back – and it leads to an immeasurably happier life.

I’ve thrown a lot at you here, so let me quickly summarize: defense wins championships, work hard, and be nice.

If you do these things, I promise you that you’ll lead a long and rewarding life, filled with love, laughter and happiness.

It’s yours for the taking.

Thank you, and congratulations to the class of 2016!



# Appendix A

*These are additional remarks I wrote but didn't include in my speech, either because I didn't have time – it was already on the long side – or because I thought my primary audience of 15-year-old boys wouldn't understand or relate and would therefore tune out.*

## **The impact Eaglebrook had on me**

In sixth grade, the year before I came to Eaglebrook, I went to the little elementary school in my home town of Northfield, MA. It wasn't a bad school, but it didn't challenge me. In addition to academic grades, we also got grades for effort, on a scale of one (maximum effort) to four (no effort at all). I got mostly A4s. You can see why my parents wanted to send me here.

But I was so dumb that I fought like crazy against it, crying and screaming. I liked coasting along, didn't want to have to commute nearly an hour each way to be a day student here, and wanted to continue hanging out with my buddies (many of whom were up to no good). Most importantly, I was just hitting the age at which girls were becoming *very* interesting, so the idea of going to an all-boys school was abhorrent to me!

I lost that fight – thank goodness! – because Eaglebrook really changed my life. For the first time, I was surrounded by classmates who were as smart and worldly as I was. The classes were small, the curriculum was challenging, and every teacher was amazing. In all seriousness, I can't recall a single teacher who I didn't like or who I thought wasn't a good teacher.

Of the countless things for which I am grateful to my parents, the sacrifice they made to send me to Eaglebrook is near the top of the list.

## **Skating through high school and college**

But then I went to high school and college, where I went back to being a slacker. I mostly viewed school as a game to outwit: how could I do as little work as possible and still get an A? I was good at this game: I figured out what my teachers and professors wanted and just fed it to them without fully engaging with the material. I'm not proud of this – in fact, it's one of my biggest regrets. I was given what I now see was one of the rarest, most valuable gifts – the opportunity to spend four years at Harvard being exposed to some of the greatest minds in the world – and I didn't take full advantage. I'm ashamed to admit that I skipped taking a class on global poverty, a subject about which I'm really interested, that was being taught by Jeffrey Sachs, one of the most dynamic and famous professors in the world, because it was at 8am and I didn't want to get up early.

## **Hard work (and working half days)**

There are no shortcuts. If you want to be successful in life, you need to work really hard. I like to joke that I've gotten ahead by working half days – and you know what, it doesn't matter which 12 hours of each day I work! Yes, I've been lucky, but I've found that the harder I work, the luckier I seem to be.

## **The habit of patience or delayed gratification**

One of my few claims to fame is that I was one of approximately 600 children who, when I was six years old, participated in the famous Marshmallow Experiment, which was being conducted at Stanford University, where my dad was doing graduate work at the time. You've probably heard of it: the researchers brought the youngsters like me into a room, where there was a yummy marshmallow. They told us if we waited 15 minutes, they'd give us two marshmallows – and then left the room. It was basically a test of self-control – did we have the willpower to delay gratification?

They've been following all of us for more than 40 years – they even gave my oldest child a battery of tests about 10 years ago (by the way, they've never told any of us if we ate the marshmallow or not).

The findings are mind-boggling: the children who exhibit self-control, as adolescents, had higher SAT scores and better social and cognitive functioning and, as adults, were less likely to suffer from addictions and obesity, had a better sense of self-worth, pursued their goals more effectively, and better coped with frustration and stress.

But here's what's really exciting: it turns out that the ability to delay gratification – willpower – isn't immutable. Rather, people can change and it can be taught/instilled in children, which has powerful implications for how we can change ourselves, as well as what parents and schools can do to better raise and educate our children.

(For more on this, I highly recommend [The Marshmallow Test: Why Self-Control Is the Engine of Success](#) by Walter Mischel, the lead researcher.)

## **More on playing defense and getting ahead**

Life usually isn't a steady upward climb – instead, it's more like three steps forward, two steps backward. Everyone focuses on those forward steps, but it's equally important not to go backward. That's what I mean by playing defense.

In addition, instead of steady upward progress every month and year, life can be flat for long periods of time, in which you live in the same place, have the same job, earn roughly the same income, hang out with the same friends, and so forth. And then an opportunity comes along to take a huge leap forward like marrying the right person or making the leap to an incredible new job.

It may seem like these two periods are very different, but in fact they're inextricably linked. During those flat periods, when you might feel like you're in rut, you have to keep doing all the right things – expanding your mind, taking care of your body, working hard, building your relationships and reputation – because it's all of these things that lead to the great opportunities that only come along periodically (sometimes, only once in a *lifetime*, like finding the right person to marry).

I'm going through one of these flat periods in my business right now. After a great 12 years from 1999 through 2010, my funds' returns and assets under management (not to mention my personal

wealth) have been, at best, flat. It's been frustrating and, because I'm such a public figure, embarrassing. I'm doing my best to turn things around, but am also trying to be patient and not take excessive risks. After all, the first rule of holes is: when you're in one, *stop digging!* I'm 49 years old and hope to live to be at least 100, so I figure that I'm only 17½ years into what I hope will be at least a 70-year investment career.

### **Generalize and then specialize**

Warren Buffett's long-time business partner, Charlie Munger, once said that, to be successful in life, you should study very broadly in your youth, but then at some point, specialize in something. He used tennis as an analogy: when you're learning the sport, practice forehands, backhands, serves, overheads and volleys. But at some point, if you develop a world-class forehand, you should structure your life such that you only hit forehands.

### **More on good habits: eat healthily and exercise regularly**

An obvious good habit is to eat healthily. You only get one body, so you'd better treat it right. Every year, I try to reduce or eliminate something in my diet that I know is bad for me. The hardest one for me was giving up candy. For thirty years, I ate a lot of candy every day – *pounds* of gummy bears and Twizzlers every month. Then I went on a trip to Europe three summers ago and didn't take any candy with me – and when I returned I realized I didn't need it. So I threw away the many enormous bags of candy in my cabinet and never looked back. I quickly lost 10 pounds – and my teeth and stomach thank me every day!

Another easy one is exercising regularly, which leads to better health and fitness, lower risk of many diseases and a longer life expectancy – no surprises here. But it also leads to more energy and self-confidence, lower stress, better sleep and more happiness. Physically active people are half as likely to be depressed.

But wait, there's more: studies show that exercise increases your memory, learning, creativity, productivity and self-control. Many people stop using their credit cards quite so often. They procrastinate less at work. They do the dishes earlier in the day.

In short, once you start to change your exercise habits, it sets off a chain reaction that changes other habits as well. So get in the habit of regular exercise by finding something that you like. For me, it's pickup basketball and riding my bike everywhere. My wife gets up early every morning to work out on an elliptical machine at the gym. Whatever works for you.

### **Nice guys finish first**

There's this myth out there that, to get ahead, you have to be ruthless and nasty, and that nice guys are chumps and get taken advantage of. Nothing could be further from the truth. Over the years, I've been fortunate enough to meet some of the world's richest and most successful people: Warren Buffett, Charlie Munger, Bill Gates, Mark Zuckerberg and Sheryl Sandberg, Michael Bloomberg, Eli Broad, Jorge Paulo Lemann, Don and Dorris Fisher, Reed Hastings, and well over a dozen billionaires in the investment world. I never cease to be amazed at what genuinely nice and philanthropic people almost all of them are.

### **The successful loner**

Another myth out there is the individual success story – the guy who, solely through his own brilliance and hard work, rises to the top – someone like Bill Gates, Steve Jobs or Elon Musk (Donald Trump, laughably, would have you believe this about him). None of it's true. Nobody gets anywhere on their own. Every person who has achieved anything in life has done so by standing on the shoulders of others, usually starting with parents, then teachers and other mentors.

### **What I learned from Michael Porter**

Michael Porter was one such mentor for me. I met him 23 years ago at the end of my first year at Harvard Business School. He was (and still is) a big deal: the school's youngest tenured professor ever, the author of countless books, and an advisor to CEOs and government leaders around the world. If there's anyone who has good reason to be pompous and arrogant and do a lot of talking and not a lot of listening, it's him.

But instead, as I worked with him for five years during and after business school, I observed the opposite. Sure, he had an ego, but he bent over backwards to be kind to everyone he met and he always listened to what they had to say with genuine interest. When he responded, he didn't put them down, even when he disagreed with what they were saying. I have tried to emulate him ever since.

### **Co-founding the Initiative for a Competitive Inner City and how money doesn't equal happiness**

Professor Porter hired four other students and me to do research with him on how to revitalize the economies of inner cities. I did this for a year as a student and then, as I was graduating, I turned down a cushy consulting job and signed on to be Executive Director of a nonprofit we created, the [Initiative for a Competitive Inner City](#), which is still going strong to this day.

I did this for the next five years, and when I came back for my 5<sup>th</sup> reunion, I learned that I had made less money since graduating than every single one of my 800+ classmates. And you know what? I really didn't care. I loved my work and felt like our organization was making a difference. My wife and I earned enough to support ourselves, and we were happy.

I can tell you, both from personal experience and a lot of data, that once you've taken care of your basic needs, more money doesn't translate into more happiness. I know quite a few happy teachers – and miserable billionaires. Seriously.

### **Arrogance vs. humility**

Having a lot of self-confidence – maybe even bordering in arrogance – can be a good thing: you're more likely to try bold things, not be deterred by setbacks, etc. The key, however, is to marry this confidence with a healthy dose of humility, which will help you figure out the difference between trying something bold vs. something that's just dumb, and whether to soldier on in the face of setbacks vs. wisely pulling the plug on something that's never going to work.

Buffett is a great example of someone I really admire who's struck the right balance. He has plenty of self-confidence – one of my favorite sayings of his is, “My idea of a group decision is looking in a mirror” – but he's also very humble. He's the world's most famous investor, but he's always saying he doesn't understand certain companies or industries, and really goes out of his way to talk about the terrible investments he's made over the years.

### **Buffett and Munger's definition of success**

Buffett and Munger were once asked how they defined success. Buffett replied, “If the people who should love you, do love you.” Munger chortled and chimed in, “You don't want to be the guy who the only people who show up at his funeral are just there to make sure he's dead!”

### **Build deep friendships**

In this social media-dominated world of Facebook, Instagram and Snapchat, it's so easy to have a lot of friends – or at least appear to. But I'd rather have 10 (or 100) deep friendships than 1,000 (or 10,000) shallow ones. It's the deep friendships that matter.

What's a deep friendship? I've always liked this test: would they hide you? It refers to the Holocaust, when six million Jews were murdered by the Nazis – but some survived because non-Jewish friends risked their lives to hide them. This is how Anne Frank and her family survived for more than two years, before someone betrayed them. How many friends do you have who would hide you?

### **The two more important decisions you will ever make**

Buffett once said that the two more important decisions you will ever make are who you marry and what career you pick. I couldn't agree more – in fact, these two are so much more important than anything else that I can't even think of what #3 is.

So raise your hand if you've ever taken a class on finding the right person to marry or picking a career? Read a book about these topics? A parent or other adult sitting you down and having an in-depth conversation about them?

It almost never happens, right? Because of this, an awful lot of young people sort of stumble into these decisions, which can lead to very unhappy lives and calamitous events like divorce.

Don't let this happen to you. For both topics, there are lots of good books and plenty of wise people from whom you can learn, but you need to take the initiative and invest the time and energy. I truly hope you find a wonderful life partner as well as a career in which, to quote Buffett, you tap dance to work; where, if you won the lottery and never had to work again, you wouldn't change a thing.

### **The true measures of a person**

The true measure of a person isn't how they treat people above them or their peers. It's how they treat people beneath them: the nerdiest, least athletic, most socially awkward kid in the class, or the waitress, taxi driver, maid, etc.

Another true measure is how they handle mistakes. Everybody screws up sometimes; what differentiates them is how they handle it. It never ceases to amaze me how hard it is for so many people to admit a mistake, apologize for it and, if possible, try to make up for it. Look at Donald Trump: has he ever admitted a mistake in his life (and he's made plenty)? As a result, what a mentally and emotionally crippled and noxious person he is – he's like a five-year-old!

I had a little incident just a few weeks ago: I was backing my car into a tight spot and bumped the car parked behind me. When I finished parking and was walking up the street to my apartment building, a very large and intimidating guy with a lot of tattoos was standing next to the car I had bumped, and he said to me, "Hey, you hit my car!"

You can imagine how many ways in which this situation could have gotten ugly. I was pretty nervous, so I said, "I'm really sorry. I didn't mean to. Was there any damage?" He replied, "You broke this" and pointed to a little plastic ornament attached to the front grill of his car. I could see that I had, in fact broken it, but that it could probably be replaced for \$10 or glued in 30 seconds. But rather than argue the point, I again said I was sorry and said, "If you gave you \$20, are we good?" He smiled and said, "Sure!" Problem solved.

It's so easy to admit that you made a mistake, apologize for it, and offer to make up for it. But it doesn't come naturally to most people – myself included when I was younger. But I've gotten a lot better at it over the years because: a) it's the right thing to do; and b) it makes big problems smaller – and little problems go away entirely.

(By the way, if you can make a problem disappear by throwing an affordable amount of money at it, then it's not a problem!)

### **How I try to make a difference in the investing world**

On its face, my job of running a hedge fund doesn't appear to have much to do with improving the world – and it mostly doesn't. But I've become a well-known television commentator, writer and blogger on investing, and have tried to use my public platform for good. For example, I identified the internet and housing bubbles early on and tried to warn as many people as I could about them; I'm always cautioning small investors not to fall into common traps like day-trading stocks (or, worse yet, options) or buying stocks just because they're being hyped by Wall Street "analysts"; and I try to expose rotten companies when I find them. For example, when I learned that a company called Lumber Liquidators was importing laminate flooring from China that had dangerous levels of formaldehyde, I brought the story to 60 Minutes, which did an [expose](#) that led the company to stop selling the toxic product.

### **The little ways I try to be a giving machine**

You can become a giving machine in big ways, by working full-time for a charity or serving on the board of one, but there are also a million little ways you can make a difference in others' lives. Here are some examples of things I do regularly:

- I try to remember, acknowledge and celebrate others' special events: birthdays, weddings, anniversaries, the birth of a child, etc.
  - Whenever I learn someone's birthday, I put a reminder in my calendar on that date so I can wish them a happy birthday every year thereafter. And not only that,

I create a folder on my hard drive with photos of them, so I can send pictures that remind them of good times we've had. I now have 413 birthdays in my calendar and those 413 folders contain nearly 20,000 pictures.

- When I go to a major event like a friend's wedding or 50<sup>th</sup> birthday party, I usually bring my camera and take a lot of pictures. When I get home, I pick the best ones and, at the very least, post them on the web. Sometimes I even make a photo album that I surprise them with. I did that just last month at a friend's wedding, the most important day of his life. Instead of just getting him a regular wedding gift like 300 other people, I gave him a photo album that I made – something unique and special that he and his new bride will cherish forever. Yesterday morning he emailed me, "Amazing, amazing, amazing gift. Thank you so much. I am very grateful." The 2-3 hours it took me to do this was time well spent.
- Anytime my wife and I learn that a friend, or even an acquaintance, has a baby, we send a baby gift.
- If a friend is being honored at a charity event, we show up; if they ask us to support a charity, we make a donation.
- Anytime I read an article that I think would be of interest to someone, I send it to them – I do this more than a dozen times a day.
- On an almost daily basis, someone who's interested in investing emails me a question or asks for help finding a job. I always try to reply and be helpful. I get job requests so often that I published an article more than a dozen years ago, [Breaking Into Money Management](#), with my advice so I have something to send them (along with [this article](#)).
- If I find a mess, I clean it up – yes, even if I didn't make it. My pet peeve these days is my daughters leave their dirty dishes in the sink. Though it irritates me – they know better – I just sigh and put them in the dishwasher. And when I'm walking around my neighborhood, I pick up trash pretty much every day – even, when I'm out walking my dog, other dogs' poop! That can be really gross, but it's even more gross to leave it there for someone else to step in.

I could go on, but you get the idea: I go through life deliberately, consciously, energetically looking for every opportunity to do something nice for someone else, even if it's something really little.

(My favorite book about this is [Give and Take: Why Helping Others Drives Our Success](#) by Adam Grant.)

### **More on me being a dumbass as a kid**

Fortunately I've managed to avoid big, life-altering mistakes, but I sure did a lot of smaller dumb things. For example, when I was a kid my friends and I used to sit on a hill overlooking the road that ran by my house and lob snowballs down onto passing cars, trying to land a direct hit right in the middle of the windshield. We thought this was great fun, but in retrospect it was an insanely reckless thing to do because a startled driver might swerve and cause an accident.

But we got lucky: we didn't cause any accidents and we never got caught (though there was one time a driver stopped and chased us into the woods, yelling that he was going to kill us – that was really scary!).

### **More on Genarlow Wilson**

Sometimes the consequences of one bad decision can be terrible. Let me tell you about a young guy I know named Genarlow Wilson. Raised by a single mom, he grew up poor near Atlanta. Despite attending a number of tough schools, he was doing well in high school: he was an honor student, the star of the football team, homecoming king, and on his way to becoming the first person in his family to go to college.

But then, during his senior year, he went to a party where there was pot, alcohol and sex, and Genarlow took part. One of his classmates took a video, which ended up in the hands of the local district attorney, who charged Genarlow with aggravated child molestation, despite the fact that the girl said it was consensual and there was only a two-year age difference between them (he was 17, she was 15). Nevertheless, he was soon convicted and sentenced to *ten years* in adult state prison.

99% of the time, that would have been the end of the story: another young black man locked up, his promising future over. But Genarlow got lucky – sort of. His sentence was so outrageous and so racist – this would have never happened to a white teenager – that a local lawyer took on the case pro bono and, with a little assist from me – I raised \$1 million offer of bail – the Georgia Supreme Court ultimately ruled that his sentence was cruel and unusual, and ordered him released.

9½ years after that fateful night, Genarlow earned a degree in sociology from Morehouse College and he is now married and expecting his second child – but he will never get back the *two years* he served in prison. And it all started with getting drunk and stoned at a party.



# Appendix B

*A friend who writes for Yahoo! Finance published this article, which she says has ~200,000 page views.*

## **A hedge fund manager gave some blunt advice to a bunch of 9th grade boys**

**‘If you are a dumba--, there will be consequences!’ hedge fund manager Whitney Tilson, the founder of Kase Capital, told Eaglebrook School’s graduating ninth grade class.**

By [Julia La Roche](#) June 7, 2016 10:41 AM

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<http://finance.yahoo.com/news/hedge-fund-manager-whitney-tilson-speech-to-9th-grade-boys-123429264.html>



*Hedge fund manager Whitney Tilson, the founder of Kase Capital, gives a commencement speech at Eaglebrook School in Deerfield, Massachusetts.*

Hedge fund manager Whitney Tilson, the founder of Kase Capital, gave some sage life advice to nearly a hundred graduating 9th grade boys during a [commencement speech](#) on Friday.

Speaking at his alma mater, Eaglebrook School, a private 6th to 9th grade boarding school in Deerfield, Massachusetts, Tilson told the boys: “If you are a dumba--, there *will* be consequences!”

This is Tilson's so-called "No. 1 Immutable Law of the Universe" that he's been telling his three teenage daughters for years.

Throughout his career, Tilson has made many public presentations and television appearances. This, however, was his first time speaking to an audience of teenagers. He wanted to give the 15-year-old boys a "memorable" speech.

"I like it because it's memorable: I'm pretty sure that the word dumba-- has never been used in any commencement address ever. The question is, is it meaningful? I think it is."

He continued: "[The] foundation for a a successful life is playing defense. And by that I mean avoiding the obvious mistakes that can really set you back. I'm not talking about the big, general things: if you're mean to people, don't expect to have many friends; if you're lazy and dishonest, you won't have much of a career; if you don't take care of your body, of course it's going to break down.... No, I'm talking about the blindingly obvious things, ranging from touching a stove to see if it's hot (I did that once) or touching an electric fence to see if it's live (I did that too), all the way up to things that can derail – or end – a life."

Tilson cautioned the boys that the "biggie" that can derail their lives is binge drinking alcohol, especially in college.

"I'm not saying you should be a teetotaler -- go ahead, have a drink or two...maybe even three. But be really careful about getting totally smashed because there are so many permanently bad things that can happen," Tilson said.

He added: "By now you're probably thinking, 'Jeez, what kind of commencement speaker is this? What a downer he is! When is he going to tell us how great we are, how we should put on our sunglasses because our future is so bright, and how we need to seize the day?' Well, you are and you should – but the reason I started with these stories is because the foundation for a successful life is playing good defense. If you want to get ahead, you have to start by not falling behind," Tilson said.

In addition the "don't be a dumba--" advice, Tilson encouraged the boys to form good habits, quoting famed investor Warren Buffett: "You can transform yourself into the person you want to be, but you have to decide early because the chain of habits are too light to be felt until they are too heavy to be broken."

Tilson continued: "All the little things you do dozens of times every day – your habits – define who you are – and once these patterns are set, they're really tough to change. So if you remember anything from today, I hope it will be this: it's critically important to develop good habits early in life."

The two habits he really encouraged were: "work hard, be nice," which is the slogan of KIPP charter schools, which Tilson has been heavily involved in for years.

“It’s so simple that you might dismiss it, but if you think about it, those four words capture an awful lot of what you need to be successful in life.”

According to Tilson, “work hard” is not just about immersing yourself in your education and putting in a lot of hours, but it’s also about having “grit, determination and resilience.”

“All of us face setbacks in life -- it’s how we handle them that’s critical. One study measured students’ IQ and also grit -- and it turns out that grit was twice as important in determining life outcomes,” Tilson said.

As for being nice, that’s another way of “not being a jerk.” He encouraged the boys to be grateful and to find ways to be a “giving person.”

“I’ve thrown a lot at you here, so let me quickly summarize: defense wins championships, work hard, and be nice. If you do these things, I promise you that you’ll lead a long and rewarding life, filled with love, laughter and happiness. It’s yours for the taking.”