

Life Investments

Watering the Flowers and Cutting the Weeds

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My favorite things in life don't cost any money. It's really clear that the most precious resource we all have is time

Steve Jobs

In the game of Go, stones can be played at any open location on a large grid. Because of this openness and flexibility, a Go player is never locked into any particular position on the board. When I was learning to play, my uncle observed that wherever you focus your attention is where the game develops—many times a player can shift the outcome of the game dramatically by simply playing in a new area rather than continuing to “fight it out” in one particular area of the board. This lesson also applies to life—whether we realize it or not, we have choices as to where we invest our energy and time, and it is worthwhile to evaluate the performance of those investments. To that end, some of the wisdom from great capital investors may also be useful in improving our life investments.

What to avoid

Mathematician Carl Gustav Jacobi’s approach to solving problems was to “invert, always invert”. Charlie Munger often relies on this technique in investing and living a good life. Thus, rather than initially focusing on how to invest time and energy well, it may be easier to prune out the poorer choices.

Warren Buffett has often talked about avoiding investments in struggling companies, particularly ones attempting to “turn around” operations.

Both our operating and investment experience cause us to conclude that turnarounds seldom turn, and that the same energies and talent are much better employed in a good business purchased at a fair price than in a poor business purchased at a bargain price.

While people are capable of changing, by and large, it is rare for someone to have a major shift for the better, hence the oft-quoted aphorism: “When people show you who they are, believe them.” Thus, one of the easiest ways to get better outcomes is to avoid relationships with people that consistently take energy, but give little or nothing back. For example, avoid toxic personal relationships that are a constant emotional drain, CYA managers that neither make decisions nor delegate authority, low-competency employees that nonetheless require constant attention, or the like. Similarly, a host of bad outcomes can be avoided by cutting out addictive habits that take up significant time but provide relatively low enjoyment or personal growth. Although these habits may differ for different people, common examples include excessive drug usage or dependency, obsession with social media, news, or politics, arguing with strangers on the Internet, video games designed to occupy as much time as possible, or watching videos with few or no redeeming qualities.

Although avoiding these relationships and activities may seem simple or obvious, simply avoiding bad decisions can have outsized results. Charlie Munger explains the success of Berkshire Hathaway by saying: “It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.”

Where to Invest

Although pruning the worst relationships and activities can yield strong outcomes on its own, pairing it with even a few good ones can add a multiplier effect. Fortunately, great investments are usually fairly obvious. Buffett and Munger have discussed this a few times over the years:

The difference between a good business and a bad business is usually the good business throws up one easy decision after another, whereas the bad business throws up awful decisions time after time after time.

Find the relationships and activities that consistently give at least as much reward as the energy they take, e.g.: the friendships that get stronger and better the more time and energy you put into them; the job that rewards your hard work; the activities that make you a better person; and the relationships that enhance your best attributes while helping correct your worst.

Water the Flowers, Not the Weeds

This is not to say that time and energy should only be invested in things that are easy or that everything that is difficult should be avoided—grit and hard work are important, but it is critical not to over-commit to people or activities that consistently yield bad outcomes.

Peter Lynch was one of the greatest mutual fund managers of all time. He noticed that investors often sold their best companies and continued to hold or even invest more in the worst. He likened these to flowers and weeds: “You won’t improve results by pulling out the flowers and watering the weeds.”

We must remember to water the flowers and not the weeds.

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