

# Targeted Teaching Topic



## AMERICA'S MOST ADMIRABLE COMPANIES

### Fortune Survey

Fortune Magazine surveyed businesspeople for the 20 companies they admired most, from any industry, and published the results in the March 17, 2008 issue. The surveys done by Fortune cover a wide array of topics of importance to businesspeople.

### Top 20 List for 2008

- |                       |                        |
|-----------------------|------------------------|
| 1. Apple              | 11. Target             |
| 2. Berkshire Hathaway | 12. Southwest Airlines |
| 3. General Electric   | 13. AmEx               |
| 4. Google             | 14. BMW                |
| 5. Toyota Motor       | 15. Costco             |
| 6. Starbucks          | 16. Microsoft          |
| 7. FedEx              | 17. UPS                |
| 8. Procter & Gamble   | 18. Cisco              |
| 9. Johnson & Johnson  | 19. 3M                 |
| 10. Goldman Sachs     | 20. Nordstrom          |



### Most Admired Nebraska Companies

The survey also provided the results by state. For Nebraska, the most admired companies were Union Pacific (#2 in its industry), Berkshire Hathaway (#1 in its industry), and Peter Kiewit Sons (# 5 in its industry). Contenders were Werner Enterprises, West, and ConAgra.

### Consistency in Admiration

Berkshire Hathaway consistently lands on the most admired lists. According to Fortune, "To see admiration in action, just look at Berkshire Hathaway's stock chart from last fall. As other financial shares were getting hammered—some Berkshire investments among them—investors bid up Berkshire's own stock by 27%." Most would agree with the magazine that the reason for this phenomenon is that Berkshire, under the guidance of Nebraskan Warren Buffett, focuses on the **long-term**, not the short-term profit.

Nebraska residents are probably most familiar with companies and products that are found right here in our own state. To name two, Nebraska Furniture Mart and Borsheim's Jewelry. The annual stockholders meeting held in Omaha offers special events at each of these locations and the stockholders LOVE them.

Budding entrepreneurs would do well to emulate the long-term view that has made Buffett and Berkshire Hathaway so successful.

# Business Concepts

## America's Most Admired Companies

### Targeted Teaching Topic

### Teachers Guide

<h2 style="margin: 0;">Ready Skills</h2> <p style="margin: 0; font-size: 0.9em;">The basic business knowledge and skills that are prerequisites or co-requisites for becoming a successful entrepreneur.</p>	
C	<b>Business Foundations</b> Understands fundamental business concepts that affect business decision making
<b>Business Concepts</b>	
C.01	Explain the role of business in society
C.04	Explain opportunities for creating added value
C.05	Determine issues and trends in business
C.06	Describe crucial elements of a quality culture/continuous quality improvement
C.07	Describe the role of management in the achievement of quality

### Reading Assignment



- Distribute copies of the Targeted Teaching Topic (Nebraska Entrepreneurship News-February-March 2008) and the Student Reading Handout (Warren Buffett-The Modest Billionaire). Allow adequate time for students to read. Encourage them to highlight or underline key ideas and phrases in the Targeted Teaching Topic article and the Reading Handout.

### Research Assignment



- This can be an in-class assignment if computer access for every student is available or an assignment that you give them adequate time to do either at home or using available school resources (computer lab, library, etc.).
- Using the twenty Most Admired Companies in America list, either assign one to each student or have them volunteer for one (making sure that the entire list of twenty is covered if class size is adequate).
- The assignment is to:
  - Go to the company website to obtain information on the history of the company.
  - Explore information about the founders of the company and/or current leadership/management of the company.
  - Find at least one article (newspaper, magazine, online web source) published within the last twelve months that explores the company and its leadership and details customer satisfaction, key business practices, and/or success stories.
- Using the Key Factors of Admired Companies in America handout, ask each student to complete the handout by providing quotes and information found during the research that provides evidence for as many of the factors as possible. Remind them to be sure to write down the specific sources for their information in the Sources box.
- If time permits, you may ask each student to provide a brief 2-3 minute overview of what they discovered about his/her Most Admired Company.

## Discussion Questions



### After the Reading Assignment/Before the Research Assignment

- What factors do you think Fortune wanted survey participants to consider when offering their opinions on their “Most Admired Companies in America?”

Answer:

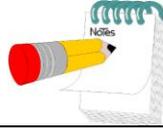
- Innovation
- People management
- Social responsibility
- Quality of management
- Financial soundness
- Long-term investment
- Quality of products/services

### After the Research Assignment

Use the provided Research Notes Handout to respond to the following...

- What do you think was the one most important factor for your company’s inclusion on the Most Admired List? Explain.
- What were two-three new things you learned about your Most Admired Company?
- If you were to identify three national companies or entrepreneurs that **YOU** most admire, which three would be on your list? Why did you choose these three?
- Identify one community or area business/entrepreneur that you most admire. Which criteria were the most important reasons for admiring this company or entrepreneur?

# Most Admired Company Research Notes



**1. Most important factor for my company's inclusion on the Most Admired List.**

**Explain/elaborate on why this factor was so important for its selection to the list.**

**2. Two-three new things I learned about my Most Admired Company that I didn't know before.**

**a.**

**b.**

**c.**

**3. Three companies I most admire**

**Why I chose this company**

**a.**

**b.**

**c.**

**Sources of my information:**

**4. Community or area business/entrepreneur I most admire.  
Reasons/Rationale**



**Fortune Magazine's "Most Admired Companies" Survey Criteria**

- Innovation
- People management
- Social responsibility
- Quality of management
- Financial soundness
- Long-term investment
- Quality of products/services

# Warren Buffet - The Modest Billionaire

---

By Russell Smith

March 02, 2008 12:06 AM EST (Updated: March 03, 2008 12:59 AM EST)

Warren Buffett could perhaps be the most prolific investor of all time. Known as the "Oracle of Omaha", he possesses more money than 99.999998878% of the world's population. According to the Forbes List of Billionaires, Warren Buffett ranks third in the world with an estimated net worth of \$52 billion. Despite his fortune, he lives quite modestly on his salary of \$100,000 per year. Some people even go so far as to categorize him as a tightwad. His modesty and frugality might have much to do with his upbringing and the era during which he grew up. Warren Buffett put in many, many years of hard work to make it to where he is today.



Mr. Buffett was born in Omaha, Nebraska during the Great Depression on August 30, 1930, to then Nebraska Congressman and stock broker Howard Buffett. Buffett exhibited an affinity for business and entrepreneurship at an early age. When he was six he would buy a six-pack of Coke and then sell it at 5 cents a bottle for a 5 cent total profit. Buffett bought his first share of stock at the age of 11. He bought one share of Cities Services for \$38.25 and sold it at \$40, only to see Cities

Services rocket up to \$200 per share a few years later. This lesson in long term investing proved to be very valuable for Mr. Buffett, as he only thinks and invests for the long term today.

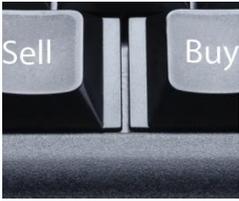
Young Warren Buffett continued to be a very successful entrepreneur all throughout his high school years. In 1944 Buffett started Wilson Coin Op, a pinball machine company. With his \$1200 share from Wilson he bought a plot of farmland and rented it to tenant farmers. By the time Buffett graduated from high school at the age of 16 he had a residual income of \$5000. Impressed with his own success as an entrepreneur, Buffett decided college would be a waste of his time. His father's persuasions prevailed however, and Buffett went off to college.

He attended Wharton School at the University of Pennsylvania for three years and then transferred back home to the University of Nebraska where he took quite an interest in investments after reading Benjamin Graham's book "*The Intelligent Investor*." Buffett studied under Graham at Columbia University, and eventually began to work at Graham's investment firm. Upon Graham's retirement Buffett started his own investment partnership with \$100 of his own and \$105,000 from 7 other partners. Buffett's main goal was to beat the Dow's 10% average return. After operating Buffett Partners Ltd. directly out of his bedroom for a year, and adhering closely to Graham's investment theories, Buffett beat the Dow average and earned a 30% return.



# Warren Buffet - The Modest Billionaire

---



In 1962 Buffett Partners started to purchase shares in a textile company named Berkshire Hathaway. Buffett now owns a 38% stake in Berkshire Hathaway, and is the CEO and Chairman of what is now his investment empire. Berkshire now owns many different types of companies from apparel (Fruit of the Loom), to insurance (GEICO), to vacuums (Kirby – part of the Scott Fetzer companies). Buffett's company consistently performs above the Dow average every year.

Looking in hindsight, if one would have invested just \$10,000 in Berkshire Hathaway when Buffett took control they would be worth around \$52 million today.

Regardless of the fortune that Buffett has amassed, he stays true to his roots as a smart spender. He lives in the same house he bought for \$31,500 back in 1958. He eats red meat every day, and is rarely seen without a Coke. The only luxury that he has splurged on is his Gulfstream IV private jet. Buffett has only recently been noted as a philanthropist pledging to give away 85% of his fortune, 83% of which will go to the Bill and Melinda Gates Foundation.

I chose Warren Buffett as my business hero because of the different attitudes and viewpoints he brings to all aspects of business. Buffett only chose to invest in companies that have solid economics. He is best known as a value investor, investing in companies that were "cheap" compared to their market value. Buffett judges companies based upon their "economic moat", or their ability to possess sustainable competitive advantages over their competitors.



In my mind Warren Buffett is the best investor that ever lived. He shows that patience is an important factor of successful investing. In a world where people hold on to investments for even just a few minutes, Buffett challenges the system and holds on. Warren Buffett is a highly credible example of someone who does his homework. Before making a new investment he will pour over the annual reports and the paperwork to make sure that he is getting what he wants.

In the business arena Buffett has always made it a priority to keep his dealings ethical. In today's society, doing so is quite a feat. As many as ten top CEOs have been indicted or investigated for unethical behavior. While other CEOs are searching for ways to avoid taxes, Buffett contends that people in the upper echelon of the earnings spectrum should pay more taxes. I appreciate Buffett's blatant honesty and "no fear" approach to say anything, regardless of the opinions that others may hold.

Warren Buffett's impact on the way business is conducted will last for many years. When Buffett speaks everyone listens (including the government). There is always a tremendous amount of quality and truth to whatever Buffett says. More often than not, his investments are indicative of where the national economy is, and where it is heading. Investors of today look up to him and take every piece of his advice. The investors of tomorrow will no doubt look back upon his legacy, and make every effort to emulate his success.

# Warren Buffet - The Modest Billionaire

---

Warren Buffett's story is a remarkable one. He has certainly worked hard during the whole of his life. As Buffett continues to age, one thing will remain true for many years after his death. The habits, ideals, and disciplines that one develops, no matter how absurd that they may seem at the time, will often determine how successful their life is. While Buffett may pass on, his theories, strategies, and investments will continue to stand the test of time for many decades to come.



## Bibliography

"Berkshire Hathaway Inc." 3 Feb. 2007. 19 Nov. 2007. <http://www.berkshirehathaway.com>.

Kelley, Brian, ed. "Buffett's Amazing." U.S. News and World Report 6 Aug. 2007: 49.

Kennon, Joshua. "Warren Buffett Biography." Beginner Invest. 7 May 2005. 19 Nov. 2007. <http://beginnersinvest.about.com/cs/warrenbuffett/a/aawarrenbio.htm>.

"World's Richest List." Forbes. 11 Feb. 2005. 19 Nov. 2007. <http://www.forbes.com/static/bill2005/LIRCOR3.html>.



*Note: This article is the author's commentary and example of an American Business Hero and is not meant to reflect any specific position or opinion held by the Nebraska Department of Education or individual educational agency or educator. Special thanks to Mr. Russell for providing the permission to reprint.*