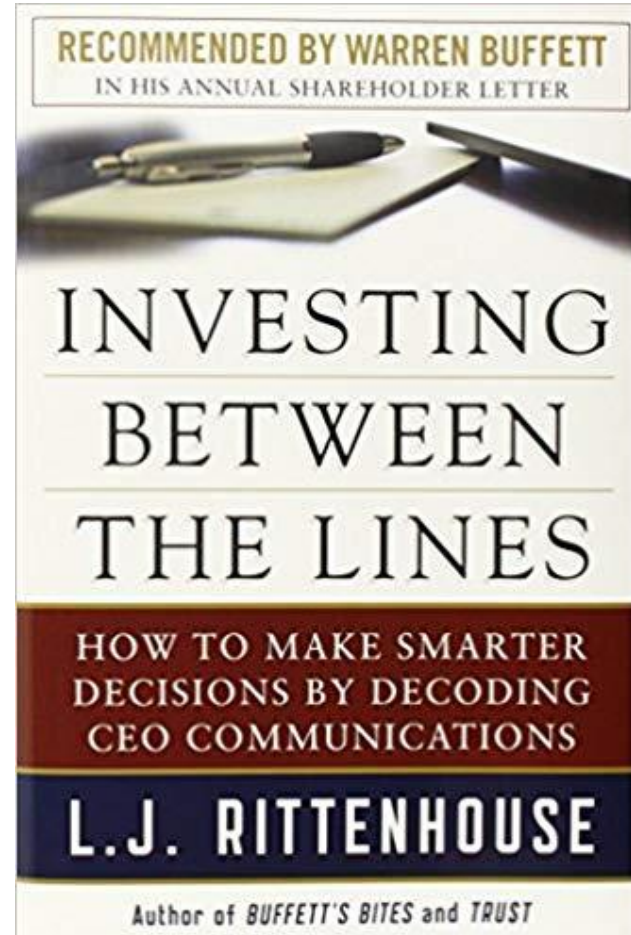


Knowledge Share

Dakshina Murthy

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How to predict next



Or



Washington Mutual (Savings Bank)

2004

“ High performing that is driving superior returns...” Website

“ depending on quarter results, mgmt guided analysts on future earnings...” Jason Zweig

2008 **Declared Bankruptcy**

Expeditors International (Global Logistics)

2004

“ We have our hands full with earning the profits...” Website

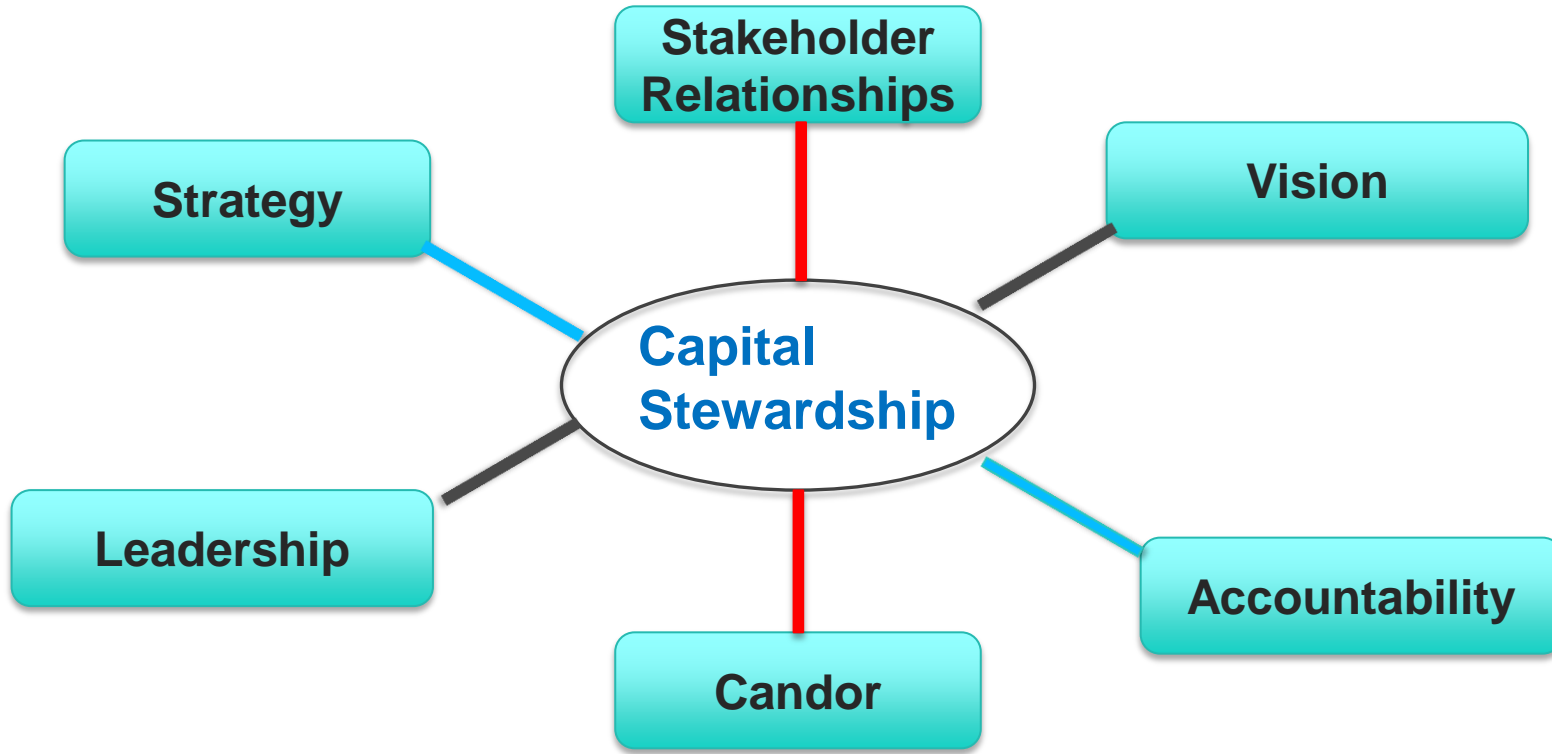
“ The most frank share holder communication...” Jason Zweig

2008 **Stock Appreciated 100% +**

<http://jasonzweig.com/a-tale-of-two-washingtons/>

Analyzing words is as important as analysing numbers

Rittenhouse Framework



Leadership

- Educate Readers
- Worlds View
- Dualistic Thinking

BERKSHIRE
HATHAWAY INC.

Great, Good , Gruesome
(2007, Warren Buffett)



TOYOTA

“Auto makers have to address the issue of co-existence with society particularly in relation to environmental Preservation and safety ...” (2005, Hiroshi Okuda)

Toyota launched Hybrid vehicle in 1997 (Japan) , 2000 (USA). GM launched Hybrid in 2004



Candor

Being honest and straightforward

- Talented People
- Global Presence
- Financial Strength
- Leverage Competitive Advantage
- Significant value for our share holders



“**Significant progress**
in developing
commercial fuel-cell
vehicle that reduce
carbon emission ...”
(2005, Wagoner)



Fact-deficient, obfuscating generalities (FOG)

Vision

- Articulate purpose and mission
- Report innovative practices, ideas, results
- Write simple but not simplistic statements



(2003, Richard Kovacevich)

“ ... Added spoken content to help visually impaired customers bank online ...”

“ ... Traditionally asset size and return on assets are important. Today it is revenue growth and products per customer...”



(2000, Hank GreenBerg)

“ ... received a life insurance license from the government of Vietnam...”

“ ... Company is achieving faster growth than its original business plan...”

Strategy

- Distill complex strategies
- Set Performance milestones
- Link Strategy and Capital discipline



(2006 , Alan Mulally)

“...One Team, One Plan, One Goal ...”

1. Reduce Operating costs by \$5B in 2008
2. Shrink by 30 – 50% : time to get new products to market

“ ... A company that is truly global .. **In our mindset ...**”

“ ... **Crisper product Execution, shorter life cycles, better quality ...**”

2006, Wagoner



Accountability

- Link goals with results
- Report consistent financial results
- Focus on bottom line



(2008 , Ken Powell)

- Meet High single digit growth (EPS grew 17%)
- Increase ROC by 50 basis points each year (We met our target)
- Return cash to share holders (Total Dividend \$1.57)

“ ... New business will produce \$1b in net present value ...” 1996

“ ... Earnings growth from core business by 10% ...” 1997

(Perishable goals)

(Ken Lay, Jeff skilling)

Stakeholder Relationships

- Build Ownership cultures
- Engage stakeholders
- Anticipate what customers want



(1996 , Arthur Blank)

“...Customer service is the bottom line at The Home Depot ...”

“...Superior customer service builds the loyalty and trust ...”

“ ... I came to this company with respect for its past , a deep appreciation of its powerful culture...” 2000

(failed to look business from customers and employees perspective - Author)

(Fired on Jan 2007)

(2000, Robert Nardelli)

Capital Stewardship

- Cash and Cash flow
- Operating and financial goals
- Capital discipline metrics

BERKSHIRE HATHAWAY INC.

(2010 , Warren Buffett)

“...Leverage is addictive...”

“...We keep at least \$20B on hand so that we can both withstand unprecedented losses and quickly seize investment opportunities...”

“...That’s what allowed us to invest \$15.6B in 25 days of panic (2008)...”

Goal Statements

Motherhood

“ ... **Most respected and most values company...**”

AOL time warner , 2001

Serious

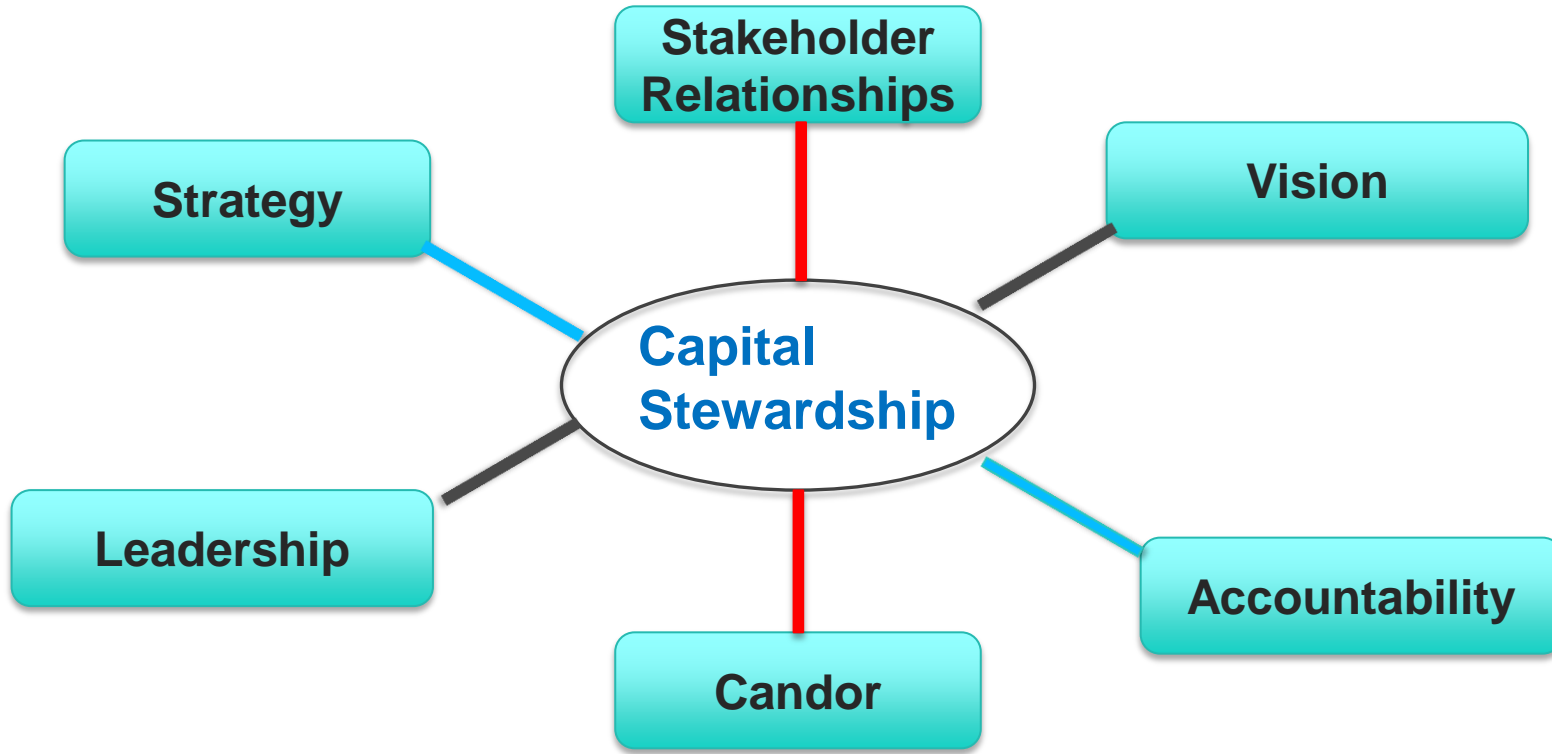
“ ... **our sixsigma goal of creating \$1.5B through waste reduction by 2003...**”

Dow chemical, 2001

Superior

Meaningful context around goal statements (FedEX)

Summary





Thank
you