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# In Search of Wisdom

## SMT Prospects & Perspectives

by Dr. Jennie S. Hwang, CEO, H-TECHNOLOGIES GROUP

After two-year COVID-19 hiatus, I made a point to attend the Berkshire Hathaway (BH) shareholders annual meeting in person, so I could listen to legend Warren Buffett and observe the dynamic of the aspiring people from all walks of life.

The event was full of high-spirited, eager attendees; and was quite festive as well. Buffett, now age 91, and his long-time business partner Charlie Munger, age 98, are as sharp, quick-witted, and as humorous as ever. Their deep and profound thought processes and broad-based knowledge are inspiring. It was a completely worthy trip; and I personally felt intellectually nourished. Their investment wisdom is vividly manifested by the indisputably phenomenal results: From 1964–2021, S&P 500 overall gained marks at 30,209%. In com-

parison, the Berkshire Hathaway overall gain reached 3,641,613%<sup>1</sup>.

The most intriguing part of the event was the Q&A session. The five-hour session offered myriad insights and learning opportunities. Questions from the shareholders (both in person and remotely) touched on a wide array of topics and scattered all over the map, from investment to life, from nuclear war to the energy industry, and from public company board practice to cryptocurrency. Below are select excerpts, which I believe are of interest to our industry readers.

### Invest in Yourself

In this unprecedentedly uncertain time, as we face rampant inflation with a draconian increase in the cost of goods and services in



Warren and Charlie credit: JoLynne Martinez, Flickr

our daily lives, not to mention the geopolitical tensions, it is understandable and fitting to search for advice or wisdom.

Notably, there was a recurring question citing the current economic and political environments. Although the questions were articulated in different ways, in essence, it was to ask for advice on where to invest and how to succeed in life in this day and age.

Thoughts from Warren Buffett:

- “Invest in yourself to reap rewards even when inflation bites.”
- “The abilities you have can’t be taken away from you. They can’t actually be inflated away from you. The best investment, by far, is anything that helps develop yourself, and it’s not taxed at all.”

Thoughts from Charlie Munger:

- “The best thing you can do is to be exceptionally good at something.”
- “You want to be the best at what you do: Be the best engineer, the best doctor, the best dancer.”

“Investing in yourself” to relentlessly get better is truly enduring advice to all of us.

## Investment, Market Moves, and Cash

Munger quipped, “Cash is oxygen!”

Both Buffett and Munger believe one should always retain a certain amount of cash. In business, when the economy stumbles, an adequate level of cash sustains the business through the tough times, such as the major recent economic fallout in 2000, 2008, and 2020.

They agreed that BH is holding too much cash lately (\$146.2 billion as of January 2022, as opposed to their pre-set desired amount of \$30 billion). Buffett attributed this large cash holding to the lack of appealing and justifiable businesses to acquire or to invest in. Buffett self-claims being a bargain-hunter. In his Annual Letter, he called himself “your bargain-hunting chairman.”

Munger shared his sentiments:

- “Investment does not take high IQ, just a good attitude.”
- “Market is crazy, but I made more money because of crazy gambling in the market.”
- “It’s a gambling parlor.”
- “I find speculative bets obscene.”
- “I never made a decision (to buy or sell) by looking at the market moves, not timing the market.”

## To the Aspiring

A college student “won the lottery” by getting to ask a question. She introduced herself and stated this was her fifth time attending the BH annual meeting. Buffett took it to heart, and heartily commended her. About 80 years ago, at the age of 11, he bought his first stock by using all his savings of \$114.

After her introduction, she asked for advice on how to achieve happiness and success. Buffett advised:

- “Nobody can take away your talents.”
- “Find people you can trust.”
- “Keep learning.”

Munger’s advice: “Find out what you are not good at and avoid all of them.”

## Multidiscipline

The statement, “If you only know one discipline, it’s like a hammer looks at everything as a nail.” To me, that tells it all.

## Life

Munger amusingly said:

“Easy to get wrong. Easy to over-do an idea.”

“You would be a better person in your second half of life than your first half, so I would like to be judged by the second half of my life.”

## That Moment

A voracious reader, Buffett mentioned he tried to read all the books in the library when he was a young man. One day, he picked up a

book telling him everything he was doing was wrong.

“Suddenly, I was looking at things differently,” he said. “It happens only a few times in life; things are just re-arranged with new insights.”

The pair showed a picture that looks like a duck; and when you give another glance it looks like a rabbit. Indeed, those epiphany moments are to be cherished and can be life-changing.

## Teaching

Buffett stated that he has taught for almost 70 years (which I did not know), enjoying working with students of all ages and finally having retired from that pursuit in 2018 (at age of 87). In his annual letter to shareholders, he wrote: “Teaching, like writing, has helped me develop and clarify my own thoughts.”

Munger calls this phenomenon “the orangutan effect.” He said, “If you sit down with an orangutan and carefully explain one of your cherished ideas, you may leave behind a puzzled primate, but you will exit thinking more clearly.”

How true! Having engaged in teaching professional development courses for the workforce’s continuing education for over three decades, I vividly and wholeheartedly appreciate the above statements, and enjoyed Munger’s witty humor.

## Energy industry

Munger believes in the oil and gas industry, saying in part, “...the United States should produce more.” Buffet said, “We should be very happy that we can produce 11 million barrels a day, or something of the sort, in the United States, rather than being able to produce none and having to find 11 million barrels a day somewhere else in the world.”

Munger further cracked, “In this regard, nobody shares my view; it does not bother me because they are all wrong.”

## Nuclear War

The powerful duo expressed no knowledge or opinions about it, but quoted Albert Einstein: “I do not know with what weapons World War III will be fought, but World War IV will be fought with sticks and stones.”

## Corporate Governance Issues

In recent years, the corporation’s stock-buyback has been on the corporate board agenda as well as a controversial political debate. Buffett says stock-buyback is a good thing for shareholders when it’s done at the right price and at the right time as it’s buying a known existing business, among other factors. From his annual letter to shareholders, he wrote, “When the price/value equation is right, this path is the easiest and most certain way for us to increase your wealth. Repurchases are modestly beneficial to the seller of the repurchased shares and to society as well.”

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Buffett illustrated an example: In 1998, BH bought 150 million shares of American Express, which counted for 11.2% of American Express. As a result of American Express’s stock buyback program, BH owns 20% of AE in 2022. This is good for the investors.

Over the years, Buffet consistently expressed his experiences regarding the role of public company directors: “Many directors of public company boards are classified as independent directors, as required, but they are not independent in action.”

Having served on the board of publicly-traded companies (NYSE-, NASDAQ-, and TSX- listed companies), I strikingly echo his sentiments through my hands-on personal experiences and observations. Indeed, many corporate directors do not perform as independent directors, unfortunately.

## GAAP

Buffett does not believe that the required GAAP accounting practice reflects a company's intrinsic value. Evidently, he is not a fan of current GAAP rules that all corporations are using and prefers focusing on operating earnings. I also deeply share his views and wisdom in this regard.

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## Cryptocurrency

Both Buffett and Munger do not believe in cryptocurrency; they lauded China's smarts in banning crypto. Munger lamented, "By saying this, 25% of the population would dislike us."

## Power Lunch

This year marks Buffett's final Charity Auction Lunch. The lunch started in 2000 with a minimum bid of \$25,000. The last lunch winning bid went for \$4.6 million to cryptocurrency entrepreneur Justin Sun in 2019. This year's lunch (after a two-year hiatus due to COVID) fetched a record winning bid of \$19 million by an anonymous bidder (as of June 20), who will meet Buffett at New York City steakhouse Smith & Wollensky in the coming months.

Buffett and Munger are such a compelling duo who complement and synergize their

intellect and compound their knowledge as in compound-interest. So admirable.

All in all, my attendance was time well-spent. More importantly, feeling intellectually nourished is a good feeling. **SMT007**

## References

1. Berkshire Hathaway Inc. Annual Report, 2021.

## Appearances

Dr. Hwang will deliver a professional development course, "An Overview of PoP and BTC Package and Assembly: Material, Process and Reliability, Part 1 & Part 2," Aug. 22 and 23, 8 to 11 p.m. EDT, at the 20th Electronic Packaging Convention, Asia, 2022.



**Dr. Jennie S. Hwang**—an international businesswoman and speaker and a business and technology advisor—is a pioneer and long-standing leader to SMT manufacturing since its inception as well as to the development and implementation of lead-free electronics technology. Among her many awards and honors, she was inducted to the International Hall of Fame—Women in Technology, elected to the National Academy of Engineering, named an R&D Star to Watch, and received a YWCA Achievement Award. Having held senior executive positions with Lockheed Martin Corp., Sherwin Williams Co., and SCM Corp., she was the CEO of International Electronic Materials Corp. and is currently CEO of H-Technologies Group, providing business, technology, and manufacturing solutions. She has served on the board of Fortune-500 NYSE companies and civic and university boards; the Commerce Department's Export Council; the National Materials and Manufacturing Board; the NIST Assessment Board; as the chairman of the Assessment Board of DoD Army Research Laboratory and the chairman of the Assessment Board of Army Engineering Centers; and various national panels/committees and international leadership positions. She is the author of 600+ publications and several books and is a speaker and author on trade, business, education, and social issues. Her formal education includes four academic degrees, as well as the Harvard Business School Executive Program and Columbia University Corporate Governance Program. For more information, visit [JennieHwang.com](http://JennieHwang.com). To read past columns, [click here](#).

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