

Home >> Markets >> Stocks >> Article

From Canadian Business magazine, December 6, 2010

Investing
Buffett's chosen one

Nobody's heard of Todd Combs. How did he become Buffett's heir apparent?
 By Thomas Watson



Wall Street has a lot on its mind these days. Will the G20 avoid a currency war? Is quantitative easing a good idea? Will it hold off a double-dip recession long enough to protect 2010 bonuses? But the latest \$64-billion question (upgraded for inflation) is: "Who the heck is Todd Combs?"

Article Tools

- Email this article
- Print this article
- Smaller | Larger Text
- Share this

The financial world went nuts in late October, when Warren Buffett hired an unknown native Floridian to be one of his successors—in-waiting at Berkshire Hathaway. Combs's trading record as head of Connecticut-based Castle Point Capital Management was analyzed like a bloodstain on *CSI: Miami*. Photos of him at a Stamford hockey game (the only available public images not from a school yearbook) were poured over by amateur Kremlinologists. As a result, we now know that the 39-year-old is a skilled investment professional who wears casual clothes to sporting events, which is hardly surprising.

Related Articles

- Warren Buffett: The sage of capitalism
- The trouble with Buffett
- World's greatest investor tells all: invest like Warren Buffett

The real surprise, though, is the story of how he got the job. The Oracle of Omaha's heir apparent wasn't found by an executive search firm. Instead, he simply applied for the gig after reading a Warren Buffett version of a Help Wanted ad.

"If I should die tonight," Berkshire's boss wrote in his 2006 letter to shareholders, the board "knows exactly" who should take over as CEO. But "we are not as well-prepared on the investment side." He then announced plans to search for a significantly younger person with the potential to take over as chief investing officer. Young fund managers with brains and good records were a dime a dozen, he noted. But he wanted someone "genetically programmed to recognize and avoid serious risks, including those never before encountered." And this person must be willing to accept pay that's not even close to what brilliant hedge fund managers take home.

Combs — who studied value investing at the Columbia Business School, where Buffett was moulded by investor Benjamin Graham — did an impressive job navigating the financial crisis. But he never blipped on Berkshire's radar until he pushed for a lunch with Charlie Munger, Berkshire's vice-chairman. Munger, of course, joined forces with Buffett years ago after a mutual friend informed them that they were two peas from the same pod. A lunch at the Omaha Club was set up, and the two notoriously corny intellectuals hit it off as soon as Buffett saw Munger rolling on the floor laughing at his own jokes. Fast-forward to Munger's date with Combs at the California Club. After a déjà vu moment that went on for hours, Munger called his partner to tell him he'd found another pea. Buffett then met with Combs, who passed the Oracle's "gut check."

Berkshire shareholders are not sold on Combs — the stock price initially dropped on the news. But Patricia Lenkov, a New York recruiter with Agility Executive Search, says investors should not worry about Buffett's hiring methods, noting the 80-year-old remains in good health and has no immediate plan to retire. But what they might want to think about, she adds, is why Berkshire doesn't have a worthy internal candidate.

Get 2 FREE trial issues >>>

Constant Contact
 Join Our Free "Event Marketing Planning And Promotion" Webinar.
www.ConstantContact.com

The Biggest Day of 2011?
 A wealthy businessman says a single day will soon change the US forever
youtube.com

Buffett's Latest Pick
 What's the worlds greatest investor buying today? Find out right now.
www.DailyTradeAlert.com

Municipal Bonds Online
 Search for bonds by state, maturity & credit, RBC Wealth Management
www.RBCBondsearch.com

Ads by Google

Editors' Picks

- Earl Jones: Who's in charge?
- Podcast: Small business financing
- PROFIT 100: Growth solutions
- Top tips from financial experts
- Telecom: Wireless wonder boy

Most Popular Stories

Read | Commented | Shared

- China's coming collapse
- The Rich 100: Canada's wealthiest people
- Book review: Economic principles given flesh, blood and a mortgage
- Canadians see their net worth rise 2.2 per cent in the fourth quarter

Jobs Search

Enter Keywords

[View Jobs >>](#) [Post Jobs >>](#) ?

