There are going to be moments in life when you must make very important decisions. You will find many people ready to offer you advice if you ask for it (and even if you don’t), but always remember that the life you lead is yours and nobody else’s. It’s important to decide for yourself what’s important to you and what you want before you turn to others. Because while there will be times when outside advice proves wise, there will be at least as many times when it proves utterly useless. The only way to really evaluate other folks’ advice is to first learn everything that you can about whatever challenge you are facing. Once you’ve done that,
in most cases you should be able to make an informed decision on your own anyway.

You were born with the ability to decide what is and what isn’t in your best interest. Most of the time, you will make the right decision and take the appropriate actions, and in thinking for yourself, you will become far more successful than had you gone against your own judgment. Believe me, I know.

Early on in my investment career, I made the mistake of basing a few important business decisions on colleagues’ opinions instead of conducting the research necessary to make an informed decision. It wasn’t due to laziness on my part; no one could ever accuse me of that. But, being new to Wall Street, I tended to assume that my more senior colleagues knew more than I did, and so I attributed too much significance to their opinions. You know what happened? Each of those investments ended in failure. Eventually I stopped allowing myself to be influenced by others and began doing the work myself and making my own decisions. Talk about an epiphany. It took me until I was almost thirty years old to realize this—and also to see that it’s never too late for a person to change his approach both to business and to life.

I remember once reading a magazine interview with American swimmer Donna de Varona, winner of two gold medals at the 1964 Summer Olympics in Tokyo. The reporter pointed out that earlier in her career, she had been a good swimmer, but not a great one. Now the seventeen-year-old had just placed first in two four-hundred-meter events.
What happened? She replied, “I always used to watch the other swimmers, but then I learned to ignore them and swim my own races.”

IF ANYBODY LAUGHS AT YOUR IDEA, VIEW IT AS A SIGN OF POTENTIAL SUCCESS!

If people around you try to discourage you from taking a certain course of action, or ridicule your ideas, take that as a positive sign. Sure it can be difficult not to run with the herd, but the truth is that most long-term success stories are written by folks who’ve done exactly that. Let me give you an example.

When I was thirty-two years old or so, a Wall Street colleague of mine invited me to join a smart and successful group of financial guys who regularly got together to swap ideas over dinner. At the time, I and a partner were in the early years of our hedge fund called the Quantum Fund. It was a big deal to be invited to these dinners, and, I must admit, I was a little nervous. After all, these were the big guys in my field, and most of them had a great deal more experience than I did.

We were sitting in the private room of a fancy midtown Manhattan restaurant when the host asked each guest at the table to recommend an investment. Most of them touted so-called growth stocks. When my turn came, I recommended Lockheed, the aerospace company. Once extremely prosperous, by the 1970s it had fallen on hard times. A fellow sit-
ting opposite me smirked and, making sure that I heard him, stage-whispered, “Who buys stocks like this? Why buy a bankrupt company?”

About six years later, I ran into this schoolyard bully. I resisted the urge to remind him of his condescending remark. It wasn’t easy, given that the stock had risen many, many times in value, and for all the reasons that I had explained over dinner: The company shed a huge money-losing division and instead concentrated on the exciting new area of electronic warfare systems. Furthermore, as could have been predicted, defense spending had grown rapidly following a period of decline.

I had a similar experience with my investments in China. People used to call the country a graveyard for investors, and as recently as the late 1990s, few Westerners invested there. But those who did made a fortune. What did I know that others didn’t? Well, back in the 1980s, I sensed China’s potential and decided to learn everything I could about it and start investing my money there. Many people told me I was insane; that the rigidly Communist Chinese government would confiscate money earned by successful people, especially outsiders. But I followed my instincts, learned as much as I could about political trends in China, and studied as many documents as I could find. Most valuable of all, I drove across the country—and it’s a big country—several times. Here’s what I learned by seeing it with my own eyes:

China had more than one billion workers, and over one-third of their annual income went into savings. That’s as-
toundingly high. In contrast, the savings rate in the United States was a mere 4 percent. (Today it’s just half that, at 2 percent.) Everywhere I traveled, I saw that the capitalism, drive, and entrepreneurship that had characterized China for centuries had at long last reemerged following the failure of Communism. And there was no going back.

I was struck by how the Chinese people worked from dawn to dusk. In one town, I met a farmer known locally as the “Apple King” because of his huge orchards. In another town, I talked to a successful restaurateur-hotelier who proudly told me how he’d started out by selling bread to farmers as they walked to work every day at dawn. China’s cities were full of college kids determined to forge their own futures and enjoy greater prosperity than their parents’ generation. People were learning English and Japanese instead of Russian; they could see who had the money. Meanwhile, the Western media persisted in referring to the country as “Mao Tse-tung’s China,” even though the Communist dictator had died in 1976. They were blind to the changes taking place—and I would have been too, had I not gone there myself and immersed myself in Chinese society. I came away thinking, How could a country like this not grow? Since then, China’s economic development has far exceeded not only that of the United States but of nearly every other nation in the world.
BE WHO YOU ARE. BE ORIGINAL! BE BOLD!

Take a good look at men and women who have been successful in their fields. Now, anyone can get lucky once, but I’m talking about people with a sustained record of success. Whether they are artists or musicians, high school teachers or college professors, they all approach their work in a refreshingly original way. This is true of companies too. For example, look at Apple Computer. Steve Jobs and Company refused to accept the conventional wisdom that they would be flattened by the giants IBM and Microsoft. Apple continued to produce high-quality, innovative products and has since been removed from the corporate endangered-species list. In fact, the company is thriving.

I want you to pursue your own desires and aspirations with that kind of courage and devotion. Your father succeeded as an investor, but that doesn’t mean that you must be investors too. What I want is for both of you to be your true, original, unique selves. No one ever became a standout success by imitating others.

ABOVE ALL, BE ETHICAL.

As you continue to grow to adulthood, I will continue to offer you guidance. There may be times when I disagree with your choices, but you do not have to accept my advice merely because I am your father. I look at you as independent human beings. Others may say that you are too young to
decide for yourselves. I say do what you want, as long as you use your own judgment to determine what is right ethically.

But while you need not concern yourself with conventional wisdom and other so-called established notions, you must respect and follow the rules, laws, and ethical practices without which society cannot exist. This is expected of everyone. It is not simply the proper way to live, it’s the smart way. Honorable people don’t find themselves entangled in legal problems, and they always come out on top in the long run. There are smart people who have gotten themselves in serious trouble because they tried to make money the easy way, or sometimes illegally. Had they applied themselves, they probably would have earned even greater profits legally.

SAVE.

You will meet people who will urge you to spend your money freely; they will tell you, “You can’t take it with you!” As you get older, you will probably have friends who eat at expensive restaurants every night, buy the latest gadgets or fashion trends, and spend vacations at fancy beach resorts. You must avoid the trap of spending money willy-nilly simply because you can. Not only is this a road to financial ruin, it can cause you to forget what’s important in life.

I am not saying that you should never travel or buy anything nice. I am merely suggesting that you should think
wisely about whether the thing you are contemplating doing or buying is really worthwhile or whether its benefits will be, at best, fleeting. I was once married to a woman who was always nagging me to buy a new sofa, a new TV, and so on. I’d explain that if we saved and invested wisely, one day we could afford ten sofas or whatever. Needless to say, we did not stay married long, and now I am lucky to have your mother, who shares the same attitude toward personal finances.

Happy, you already have five piggy banks, and you love putting money into them. Please continue to save. Those who save and invest wisely will face fewer financial woes throughout life. And please help us teach your new sister, Baby Bee, the importance of saving.