Twitter Thread by Sidecar Capital

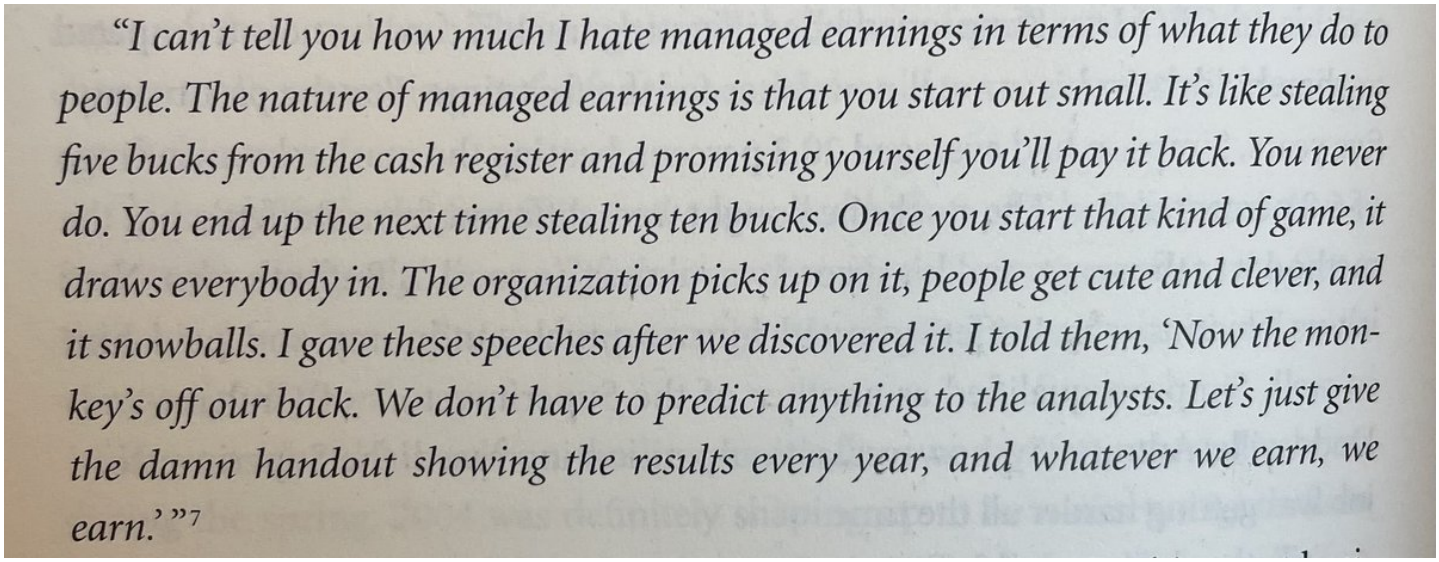


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“I can’t tell you how much I hate managed earnings” -Buffett

Companies give themselves away.

And a company’s approach to earnings management is a big clue as to what’s going on behind the curtain.



“I can’t tell you how much I hate managed earnings in terms of what they do to people. The nature of managed earnings is that you start out small. It’s like stealing five bucks from the cash register and promising yourself you’ll pay it back. You never do. You end up the next time stealing ten bucks. Once you start that kind of game, it draws everybody in. The organization picks up on it, people get cute and clever, and it snowballs. I gave these speeches after we discovered it. I told them, ‘Now the monkey’s off our back. We don’t have to predict anything to the analysts. Let’s just give the damn handout showing the results every year, and whatever we earn, we earn.’”[7]