Twitter Thread by 10-K Diver

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@10kdiver

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That’s a possibility.

Buffett has this concept of “owner earnings”: how much cash can be safely taken out of a business each year without hurting it?

Take out more than this, and we risk hurting the business’s competitive position, earning power, unit volume, etc.

@Tom_Voltz1 2/

At the same time, leaving capital in a terrible business is not a great idea either. It’s like throwing good money after bad.

In fact, directing capital away from textiles (a bad business) and into insurance (a better business) is one reason for Berkshire’s success.

/End