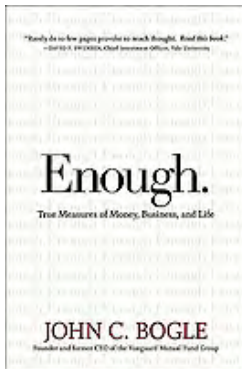


# Enough

## True Measures of Money, Business, and Life

John C. Bogle



Reviewed by David Hanlon.

Written in a straightforward and accessible style, "Enough" inspires and enlightens in equal measure. Bogle offers his unparalleled insights on money, on the values we should emulate in our business and professional callings, and on what we should consider as the true treasures in our lives.

Tom Peters, in his prologue, says he treats "Enough" as an all time masterpiece. Snippets from his prologue confirm this.....

*"I have now read it through four times."*

*"I have bent some 57 pages to return to again and again."*

*"I have given away over 50 copies to friends and associates."*

*"I carry it with me as I travel from Angola to Abu Dhabi, China to Chicago."*

*"I have singled this book out as the matchless, perhaps life changing gem that I unequivocally think it is."*

*"Enough is not a great finance book. It is not a great business book. It is a great book. Period."*

## First – who is Jack Bogle?

**John Clifton "Jack" Bogle** is the founder of the Vanguard Mutual Fund Group and creator of the first index mutual fund. Under his leadership, the company grew to be the second largest mutual fund company in the world.

His legend has grown as he has helped investors build wealth the right way and led a tireless campaign to restore common sense to the investment world.

In 2004, Time magazine named Jack Bogle one of the "world's 100 most powerful and influential people".

He is the author of 8 books. These are:

- *Bogle on Mutual Funds: New Perspectives for the Intelligent Investor (1993)*
- *Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor (1999)*
- *John Bogle on Investing: The First 50 Years (2000)*
- *Character Counts: The Creation and Building of The Vanguard Group (2002)*
- *The Battle for the Soul of Capitalism (2005)*
- *The Little Book of Common Sense Investing: The Only Way to Guarantee Your Fair Share of Stock Market Returns (2007)*
- *Enough : True Measures of Money, Business, and Life (2008)*
- *Don't Count on it!: Reflections on Investment Illusions, Capitalism, "Mutual" Funds, Indexing, Entrepreneurship, Idealism, and Heroes (2010).*

At 81, he is still providing the world with his words of wisdom.

## An intriguing start to the book

The idea of "Enough" came to Bogle whilst preparing his acceptance speech for an honorary degree of Doctor of Humane Letters from Georgetown University in 2007. In reflecting on a theme for the speech Bogle came across a snippet from the author Kurt Vonnegut.

"At a party given by a billionaire on Shelter Island, the late Kurt Vonnegut informs his pal, the author Joseph Heller, that their host, a hedge fund manager, had made more money in a single day than Heller had earned from his wildly popular novel "Catch 22" over its whole history. Heller responds, "Yes, but I have something he will never have . . . *Enough.*"

As Bogle explained to his audience. "I was stunned by its simple eloquence, to say nothing of its relevance to some of the vital issues arising in American society today. Many of them revolve around money—yes, *money*—increasingly, in our "bottom line" society, the Great God of prestige, the Great Measure of the Man (and Woman)."

## Chapter titles

A look at the Table of Contents is enough to understand why people like Tom Peters were "hooked" on the book. The titles themselves would stand the tests of time as guiding pillars for any organisation.

- Too Much Cost, Not Enough Value
- Too Much Speculation, Not Enough Investment
- Too Much Complexity, Not Enough Simplicity
- Too Much Business Conduct, Not Enough Professional Conduct
- Too Much Salesmanship, Not Enough Stewardship
- Too Much Management, Not Enough Leadership
- Too Much Focus on Things, Not Enough Focus on Commitment
- Too Many Twenty-First Century Values, Not Enough Eighteenth Century Values
- Too Much Success, Not Enough Character

## A financial focus

To be expected, much of what Bogle dwells on revolves around the financial markets and their poor state of health.

"What we call business today is largely about finance," he writes, suggesting that too many business leaders care more about investment returns than about creating value for customers, shareholders, and employees. What's "enough," essentially, is that which enables you to do "your best to join the battle to build anew ourselves, our communities, our nation, and our world."

Vanguard's low costs and strong "customer-first" ethic gave Bogle a pulpit to criticise other fund managers, which he does mercilessly here, though without naming names. His criticisms, familiar from past books, are narrowed down in "Enough." A central one is that while institutional investors controlled just 26 percent of company shares in 1950, today that figure has soared to 74 percent, with the growth of fund complexes and corporate pension plans. But these investors tend to hold stocks for much shorter periods with a focus on what can be made from these companies to enhance their own profits. As a result Bogle asserts they reduce their oversights as shareholders, whilst still rewarding themselves (the fund managers) with excessive pays and bonuses.

## **Bolgisms – chapter and verse!**

To get a feel of the book, below are some direct quotes from each chapter.

### *Ch 1 – Too Much Cost, Not Enough Value*

Our financial economy, by definition, deducts from the value created by our productive businesses. Think about it: While the owners of business enjoy the dividend yields and earnings growth that our capitalistic system creates, those who play in the financial markets capture those investment gains only after the costs of financial inter-mediation are deducted. Thus, while investing in American business is a winner's game, beating the stock market before those costs is a zero-sum game. But after inter-mediation costs are deducted, beating the market – for all of us as a group – becomes a loser's game.

### *Ch 2 – Too Much Speculation, Not Enough Investment*

When our market participants are largely investors, focused on the economics of business, the underlying power of our corporations to earn a solid return on the capital invested by their owners is what drives the stock market, and volatility is low. But when our markets are driven, as they are today, largely by speculators, by expectations, and by hope, greed, and fear, the inevitably counterproductive swings in the emotions of market participants – from the ebullience optimism to the blackness of pessimism – produce high volatility, and the resultant turbulence that we are now witnessing became almost inevitable.

So not only is speculation a loser's game; it's a game whose outcome can't be predicted with any kind of confidence. The laws of probability don't apply to our financial markets. For in the speculation-driven financial markets there is no reason whatsoever to expect that just because an event has never happened before, it can't happen in the future. Metaphorically speaking, the fact that the only swans we humans have ever observed are white doesn't mean that no black swans exist.

### *Ch 3 – Too Much Complexity, Not Enough Simplicity*

The fundamental market failure in the mutual-fund industry involves the interaction between sophisticated, profit-seeking providers of financial services and naïve, return-seeking consumers of investment products. The drive for profits by Wall Street and the mutual-fund industry overwhelms the concept of fiduciary responsibility.

### *Ch 4 – Too Much Counting, Not Enough Trust*

Numbers are not reality. At best, they are a pale reflection of reality. At worst, they're a gross distortion of the truths we seek to measure. But the damage doesn't stop there. Not only do we rely too heavily on historic economic and market data; our optimistic bias also leads us to misinterpret the data and give them credence that they rarely merit.

### *Ch 5 – Too Much Business Conduct, Not Enough Professional Conduct*

But as so many of our nation's proudest professions gradually shift their traditional balance away from that of trusted professions serving the interests of their clients in the community, toward that of commercial enterprises seeking competitive advantage. The human beings who rely on those services are the losers.

### *Ch 6 – Too Much Salesmanship, Not Enough Stewardship*

Each one of these profound changes has fostered a new and far less lofty mission for the industry. Over the past half-century-plus, the fund business has turned from stewardship to salesmanship, from *managing* assets to *gathering* assets. We have become largely a marketing industry, engaging in a furious orgy of product proliferation. Our apparent motto: "If you will buy it, we will make it."

### *Ch 7 – Too Much Management, Not Enough Leadership*

A caution: Many leaders intuitively understand the need to press on when the weather is stormy and the going is hard. Far fewer, it seems to me, understand the need also to press on when the weather is sunny and the going is easy. Yet leaders and managers alike need to be reminded that the good times as well as the bad will pass away. The best course that I know is to keep pressing forward, no matter the circumstances.

### *Ch 8 – Too Much Focus on Things, Not Enough Focus on Commitment*

Commitment and boldness – these are among the things that truly matter, the things by which we can measure our lives, the things that help turn providence in our favor. Their reach goes far beyond how we earn our living, for never forget that none of us lives by bread alone.

### *Ch 9 – Too Many Twenty-First Century Values, Not Enough Eighteenth-Century Values*

But I fear too, that this pathological mutation has spread more broadly across society, into the texture of so many of our lives. With Wikipedia at our fingertips and Google waiting online to serve us, we are surrounded by information, but increasingly cut off from knowledge. Facts (or, more often, factoids) are everywhere. But wisdom – the kind of wisdom that was rife in the age of this nation's Founding Fathers – is in short supply...to paraphrase Neil Postman's essential message, soon we shall know everything that doesn't count, and nothing that does.

### *Ch 10 – Too Much "Success", Not Enough Character*

So what are we to make of all of these mixed measures of success? Just this: Success cannot be measured solely – or even primarily – in monetary terms, nor in terms of the amount of power one may exercise over others, nor in the illusory fame of inevitably transitory public notice. But it can be measured in our contributions to building a better world, in helping our fellow man, and in raising children who themselves become loving human beings and good citizens. Success, in short, can be measured not in what we attain for ourselves, but in what we contribute to our society.

No career is the right career if it is undertaken solely to get rich, or to gain public fame, or to throw one's weight around. Nor is it the right career if it is undertaken to meet the expectations of others. And no success is the right success if it is achieved at society's expense. The proper measure? Your own expectations, and making the most of your talents.

### *What's Enough For Me*

I have never played in that billion-dollar-plus major league; nor, for that matter, even in its hundred-million-dollar-plus league. Why not? Simply because as the founder of Vanguard, I created a firm in which the lion's share of the rewards would be bestowed on the shareholders of the truly *mutual* mutual funds that compose the Vanguard Group... So, in comparison to nearly all, if not all, of my peers in this business, I'm something of a financial failure.

Savings is important. [My] first contribution to the plan was made in July 1951, 15 percent of my first month's salary of \$250, or just \$37.50. I've continued investing 15 percent of my compensation... After stepping down as Vanguard's chief executive, I've continued to put away 15 percent of the modest annual retainer I receive from the firm.

### *What's Enough For America*

I share the concern of New York Times columnist David Brooks about what he describes as “this stark financial polarization”. On the one hand, there is the investor class. It has tax-deferred savings plans, as well as an army of financial advisers. [On the other hand,] there is the lottery class, people with little access to 401(k)s or financial planning but plenty of access to payday lenders, credit cards and lottery agents... The loosening of financial inhibition has meant more options for the well-educated but more temptation and chaos for the most vulnerable. Social norms, the invisible threads that guide behavior, have deteriorated. Over the past years, Americans have been more socially conscious about protecting the environment and inhaling tobacco. They have become less socially conscious about money and debt.

### *What's Enough For You*

Whoever cultivates the Golden Mean avoids both the poverty of a hovel and the envy of a palace. That's the standard that the Roman poet Horace urged upon us some two millennia ago, and it is an equally valid standard today.

When you plan your financial future, don't fool yourself by focusing on the nominal gross returns on stocks and bonds; subtract the costs you expect to be assessed, and work with net returns. Then assume that even those returns will be reduced by inflation. Set realistic goals that you can reasonably expect to achieve.

## **In summary**

The book offers insight into Bogle's philosophy on life. Based on the notion that the ultimate defining elements of your life will be based on the accumulation of the things that you do, not those that you acquire. As he states, "Each one of us can profit by some moments of quiet introspection about whether our lives are driven far too much by the accumulation of things, and not nearly enough by the exercise of bold commitment to a worthy cause."

Bogle is so well grounded and so comfortable in his own skin. That's what makes this book so much more refreshing. It's not every day that someone speaks up for what is right. His reflections are worthy consideration for every board and CEO, not to mention our schools and our families.

"*Enough*" is available in good bookstores and also in audible form ([www.audible.com](http://www.audible.com)).

**David Hanlon** is the founder of the Right Mind International Pty Ltd. He conducts his consulting and training activities globally. His leadership program, Conversations for Growth®, was a 2010 finalist in the Australian Institute of Training and Development's Australian Learning Innovation award.