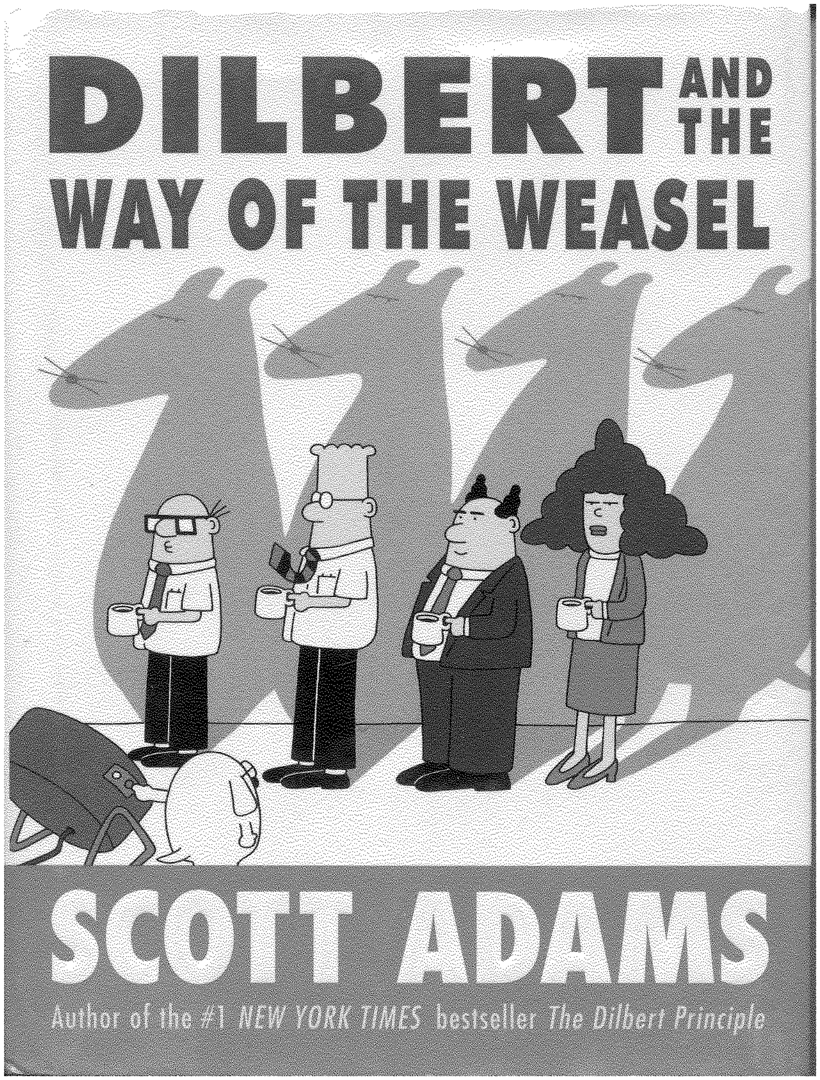
DILBERT AND THE WAY OF THE WEASEL
SCOTT ADAMS
Author of the #1 NEW YORK TIMES bestseller The Dilbert Principle


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UM... DO YOU EVEN KNOW WHAT PRODUCTS WE MAKE?
HOW WOULD THAT BE RELEVANT?


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Financial Weasels

Wherever there is money, there are weasels, usually in direct proportion. Someday an economist will win the Nobel Prize for discovering the exact dollar-per-weasel equation that explains our world. It will look something like this:

1 Weasel = $10

In other words, wherever there is anything of value worth $10, a weasel will appear as if by magic. Twenty dollars means two weasels, and so on. This explains why banks have so many employees (i.e., weasels) even though the entire banking system could be computerized and run by three people. Most of the banking weasels are employed solely to keep the other weasels from stealing all the money. Banks use a sophisticated system of weasel-cancellation technology, such as requiring at least two weasels to be in the vault area at all times. The assumption is that any bank employee left alone with piles of cash for more than ten seconds would start shoving handfuls into her panties.

Weasels are attracted to money like flies to unwashed monkeys. That's why the floor of the New York Stock Exchange is so

crowded.* You know there's lots of money involved because the people are willing to put up with such bad conditions. Imagine showing up for that job interview.

Interviewer: "Your job is to wake up at three A.M., drive for an hour, then stand in a crowd of tense, shouting men, on a floor covered with garbage. You will be tense and shouting too, all day, every business day. No sitting down. And the bond traders have to wear clown jackets."

It's a hideous job, but still there is no shortage of weasels to fill the room to capacity every day. Weasels follow the money. If you took that same amount of money and sealed it in drums and dropped it in the ocean, 4 billion weasels would drown just trying to be near it.

The entire financial system is designed to transfer money from lesser weasels to greater weasels. Someday, if everything goes according to plan, one supreme weasel will have all of the money and everyone else will be his or her domestic servant. I hope I get the top job because I'm not good at housework.**

*In case I lost you on the analogy, I mean there are lots of people at the New York Stock Exchange because there is lots of money involved, not because they like to be around unwashed monkeys, although they do.

**When I do my laundry, I always mix the colored clothes with my white gym socks. It seems to me that if the washing machine can clean dirt from my socks, then it can also clean the colored dye off them. Now all my socks are the color of a dead tuna, but I'm optimistic that the next washing will fix that.

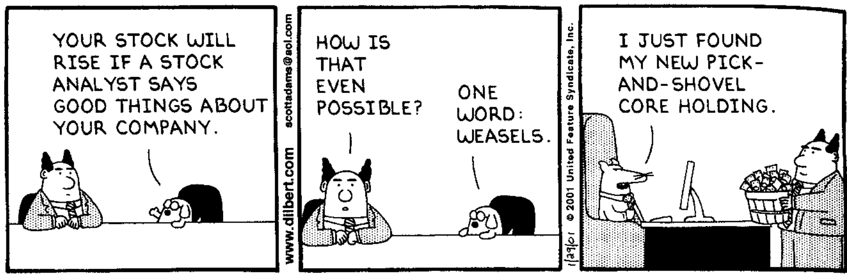
But judging from my history of investing, I'm not destined to be the supreme financial weasel. I've actively invested in the stock market since 1980. Since then I have amassed gains of zero. I keep telling myself that I'm investing "for the long term," which I define as several million years.

My problem is that I listen to financial experts (i.e., greater weasels), who give valuable advice for moving my money from me to them. My first clue that the experts are less than omnipotent might have been that they all recommend different and conflicting things. The one thing that all of their recommendations have in common is that if you follow their advice, they will get richer.

Professional stock analysts can do something that you can't do on your own, and that is to talk directly to the senior management of a company. That's how a stock analyst gets all the important inside scoop not available to the general public, including important CEO quotes like this:

"The future looks good!"

The stock analyst will sell that valuable insight to you, the ignorant and unsophisticated investor, to protect you from yourself. Most of the time the analyst will tell you to buy the stock. But if a company doesn't use the investment-banking services of the analyst's firm, then the stock is rated "underperform" and you shouldn't buy it.



The scary thing is that although I don't know much about investing, chances are that I know more than you. So as a public service I will give you a brief tutorial of the world of financial weasels.

Credit Cards

Credit cards are the crack cocaine of the financial world. They start out as a no-fee, low-interest way to get instant gratification, but the next thing you know you're freebasing shoes at Nordstrom. Credit cards are very profitable for banks because bankers understand that people are both greedy and bad at math. This is the same knowledge used by scam artists, with the important distinction that scam artists don't charge penalties if you pay them late.

I use a credit card that earns airline miles every time I use it. At first I thought those suckers were giving me something for nothing. I enjoyed knowing that with every purchase I was ripping them off. But I noticed they kept mailing me the bill very near the due date—which caused me to pay late every month—which meant I paid late fees every month—which means it will cost me about $12,000 to get a free plane ticket to San Diego.

My credit card bills come stuffed with so many offers and options that I am mystified and confused by it all. I think that if I die in some sort of freakish travel-related accident, then the credit card company will give me discounts on appliances. Or if an airline loses my luggage, I get free long-distance phone calls, but only for incoming calls. I don't remember the details.

Any financial expert will tell you that keeping a balance on a credit card is the worst financial move you can make. The only thing worse is paying a financial planner to tell you not to keep a balance on your credit card. That's like giving yourself a wedgie and then paying someone to tell you it was a bad idea.

Financial Planners

I once tried to write a book about personal investing. It was supposed to be geared toward younger people who were investing for the first time. After extensive research on all topics related to personal investing, I realized I had a problem. I could describe everything that a young first-time investor needs to know on one page. No one wants to buy a one-page book even if that page is well written. As a consumer you'd feel you were paying mostly for the binding. If God materialized on earth and wrote the secret of the universe on one page, he wouldn't be able to get a publisher. People would look at it and say, "That's all well and good, but I'm paying mostly for the cover."

If you want to yank the chain of your financial planner, I'll give you my one-page summary of investing (for U.S. citizens), below. Make a copy and bring it with you to your next meeting. Nothing is more annoying to a highly trained professional than seeing his or her entire body of knowledge on one page. There's no joke here, except for the one that's on you if you pay for this sort of advice.

Everything You Need to Know about Personal Investing

Make a will.

Pay off your credit card balance.

Get term life insurance if you have a family to support.

Fund your company 401K to the maximum.

Fund your IRA to the maximum.

Buy a house if you want to live in a house and can afford it.

Put six months' expenses in a money market account.

Take whatever money is left over and invest 70 percent in a stock index fund and 30 percent in a bond fund through any discount brokerage company and never touch it until retirement.

If any of this confuses you, or you have something special going on (retirement, college planning, tax issue), hire a fee-based financial planner, not one who charges a percentage of your portfolio.

Everything else you might want to do with your money is a bad idea compared to what's on my one-page summary. You

want an annuity? It's worse. You want a whole life insurance policy? It's worse. You want to invest in individual stocks? It's worse. You want a managed mutual fund instead of an index fund? It's worse. I could go on, but you get the point.

Here's a fun conversation to have with your financial planner at your next meeting.

You: Stock index funds have done well in the past. Shouldn't I put most of my money there and not pay you anything for managing my money?

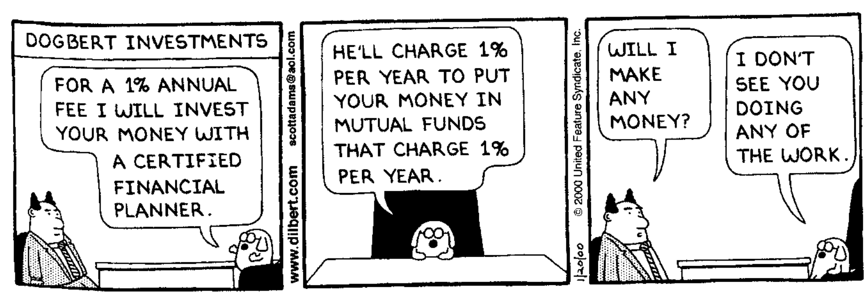
Financial Planner: No. Past performance is not a good predictor of the future.

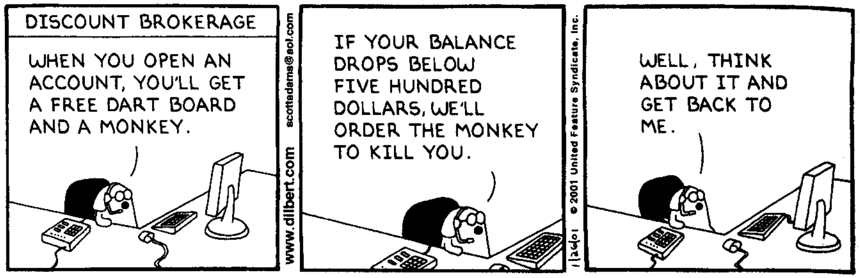
You: Aren't all of your recommendations based on past performance?

Financial Planner: Yes, but that's different because . . . interest rates . . . um . . . tax issues . . . um . . . hey, do you think it's going to rain? It looks cloudy.

You: So if I shouldn't use past performance as my guide, I might as well pick a strategy that has never worked, right?

Financial Planner: Shut up.





Talking-Head Weasels

I enjoy watching TV shows that feature weasels predicting the future of the economy. Most of the talking-head weasels predict that the economy will improve in "six to twelve months." That's a safe prediction because no one will remember what you said, it might actually turn out to be right, and it makes you sound like an upbeat optimist who should be invited back to the show. The producers of financial TV shows prefer optimistic guests because it makes the viewers feel good. If too many pessimists get on TV, then the viewers will get depressed and start watching *Oprah*.

This is another case where weasels make the world a better place for all of us. The last thing you'd want is honesty when it comes to predicting the economy. If all the experts came on TV and said, "The economy is going to hell. You'll be living in a cardboard box in six months," that would cause a panic, people would stop spending money, and the whole economy would collapse. With the current TV ratio of three optimistic weasels for every pessimistic weasel, all viewpoints are considered but no one gets hurt. Essentially, four producers at CNBC control the fate of the earth. I hope they don't all wake up in a bad mood one day.