



THE MOTLEY FOOL®

To Educate, Amuse & Enrich

Fool's School

Great Leadership, by George

In our current economic environment, many are looking for companies helmed by great leaders. Tom Gardner, co-founder and CEO of The Motley Fool, recently discussed leadership with former Medtronic CEO Bill George, author of "True North" (Jossey-Bass, \$30) and "Authentic Leadership" (Jossey-Bass, \$20). George is worth hearing out, as he led Medtronic to a 60-times increase in its value during his 10-year tenure. He identifies five dimensions of an authentic leader:

- First, leaders must have a purpose. They must know why they want to lead and where they're going.
- They must practice and live their values every day — and not just the ones they articulate.
- They must lead with their hearts, not just their heads. Obviously, intellect is necessary, but George believes that having the heart is key: "This means having the passion for the work, having a real understanding of compassion for the people you work with, having a real deep understanding and

empathy for your customers, and having the courage to make difficult decisions.

"When you think about it, passion, compassion, courage and empathy are all matters of the heart, not of the head. There are so many leaders who have been brilliant leaders but have failed because they failed in that dimension."

• George noted that many leaders have vast networks of superficial relationships, when they really need deeper networks, where there's "a sense of two-way commitment between the individuals."

• His fifth dimension is "having the self-discipline to get results."

George suggested that "anyone who wants to be can be a leader in their own way. ... Maybe they wouldn't be the best CEO, but they certainly can lead in their own way. They can set the standards for other people, and they can demonstrate a certain level of enthusiasm and commitment that can cause other people to want to perform better. ... Those that fail typically are ones who are trying to be something different than who they are. They come across as fake." ■

My Dumbest Investment

Sweet Profits

Years ago, a friend who visited Los Angeles told me about a line half a block long outside a Krispy Kreme doughnut shop. When it went public in 2000, I bought some shares at \$36. Over just about a year, the stock rose and split twice. I sold half of my stake between the splits and the rest in 2002, netting a 190 percent gain in less than two years.

— WL. Fink, Escondido, Calif.

The Fool Responds: You did well, especially in your selling of the stock, as it has recently been trading for around \$1.40 per share. Investors were very excited about Krispy Kreme at first, many swayed by the devotion of its fans. But it's not enough for a company to have a popular product. The company must also manage its finances, operations and growth effectively. Krispy Kreme's revenue has been falling over the past few years, as it struggles to turn its losses into gains. It may well turn itself around, but for now, there are much safer investments around. ■



Do you have an embarrassing lesson learned the hard way? Boil it down to 100 words (or less) and send it to *The Motley Fool* c/o *My Dumbest Investment*. Got one that worked? Submit to *My Smartest Investment*. If we print yours, you'll win a Fool's cap!

Last week's trivia answer

Based in Massachusetts, I'm the world leader in serving science, with annual revenue of \$10 billion, more than 30,000 employees, and more than 350,000 customers within pharmaceutical and biotech companies, hospitals and clinical diagnostic labs, universities, research institutions and government agencies. I supply labs with high-end analytical instruments as well as equipment, chemicals, supplies, software, services, reagents, education and more. From beakers and slides to pipettes and syringes, to mass spectrometers and centrifuges, I have it all. My stock has grown by a compound average rate of 10 percent annually over the past 20 years. Who am I? ■

(Answer: Thermo Fisher Scientific)



Write to Us! Send questions for *Ask the Fool*, *Dumbest (or Smartest) Investments* (up to 100 words), and your *Trivia* entries to Fool@fool.com or via regular mail c/o this newspaper, attn: *The Motley Fool*. Sorry, we can't provide individual financial advice.

What Is This Thing Called The Motley Fool?

Remember Shakespeare?

Remember "As You Like It"?

In Elizabethan days, Fools were the only people who could get away with telling the truth to the King or Queen.

The *Motley Fool* tells the truth about investing, and hopes you'll laugh all the way to the bank.

Ask the Fool

Stocks vs. Bonds for Junior

Q Are stocks or savings bonds better for kids?

— H.K., Denver

A It depends. The stock market is best for long-term investments — at least five years, if not more. If the money will be spent on college, see how many years you have until your kids are 18. If it's for their future use as adults, it might grow for a few decades.

Putting short-term money in "safer," less volatile investments such as savings bonds or CDs will give you a modest return and minimize losses. But over most long periods of time, stocks will outperform bonds and CDs.

An index fund is a great way to start with stocks. You might also invest at least a little money in the stock of a few companies that your children know, such as McDonald's or Nike. Then you can follow the fortunes of the companies and your investments together, as they learn about the stock market.

Learn more about savings bonds at www.savingsbonds.com and about index funds at www.indexfunds.com and at www.fool.com/mutualfunds/mutualfunds.htm.

Q What does it mean when I see that "Today's Volume" for a stock is 16,300,000?

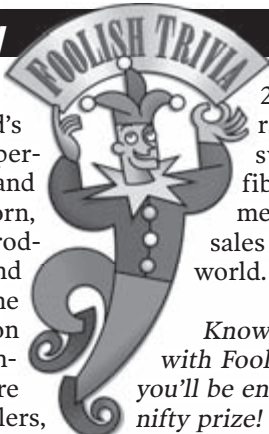
— P.W., Batavia, N.Y.

A Imagine the Scandinavian drug maker, Fryyndar and Ulf Pharmaceuticals (ticker: GULPP), whose motto is "Varsågod och svälj!" (That's Swedish for "Here, swallow this pill!"). If its current volume is 16,300,000, that just means that so far today, 16.3 million shares of the stock have changed hands. Volume can vary widely — IBM averages about 10 million shares per day, vs. 1.7 million for Burger King. If a stock's volume is much higher than its average, then something is probably going on, such as good or bad news. ■

Got a question for the Fool? Send it in — see Write to Us.

Name That Company

Born in 1902 and based in Decatur, Ill., I'm one of the world's largest processors of food and operating more than 230 domestic and international plants. I convert corn, oilseeds, wheat and cocoa into products for food and animal feed, and chemical and fuel uses. I run the world's premier crop origination and transportation network, connecting crops and markets in more than 60 countries via 2,100 trailers,



2,200 barges and 23,800 railcars. I make flour, oils, sweeteners, chocolate, fiber and protein supplements and more. My annual sales top \$70 billion. I feed the world. Who am I? ■

Know the answer? Send it to us with *Foolish Trivia* on the top and you'll be entered into a drawing for a nifty prize!

The Motley Fool Take

Buffalo Wild Wings

The restaurant industry has largely had a difficult time in this economy, with the exception of cheap eats such as McDonald's. But Buffalo Wild Wings (Nasdaq: BWLD) recently reported spicy fourth-quarter results, with net income increased up 29 percent to \$7.7 million and revenue up 33 percent to \$121.2 million. The company believes its goals of 15 percent unit growth, 25 percent revenue growth and 20 to 25 percent net earnings growth are achievable.

But the company is running negative free cash flow, like last quarter, with cash and securities down 35 percent to \$45 million. Still, the company does have cash on hand and no debt, both of which cur-

rently work in its favor.

After a surge in its stock price, Buffalo Wild Wings shares recently traded with a P/E ratio around 21, which looks pricey compared to its peers. (McDonald's has been quite a performer, but its P/E is only around 15.) But the company is showing impressive growth, and its yearly earnings did increase by 24 percent, so its P/E isn't too out of whack. With the economy in rough shape, investors have learned to look for outliers that are performing well despite the troubles. At the moment, Buffalo Wild Wings looks like it fits the bill.

(Buffalo Wild Wings is a Motley Fool Hidden Gems recommendation, and The Motley Fool owns some shares of it.) ■

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