

# The Crocodile Approach

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Chickens are miniature trash compactors. They will eat just about anything you put in front of them – they have no self-control. They will eat insects, vegetables, meat, fish and even chicken meat. They will even eat their own eggs and feces.

On the other hand, crocodiles are one of the planet's most successful predators and they are notoriously patient. While other predators must hunt daily to survive, the crocodile's incredibly slow metabolism allows it to conserve energy for years until it finds an opportune moment to strike.

The crocodile has very small legs and can't move very fast. Its strategy is to position itself and then wait patiently by the riverbed for its prey. Once the opportunity presents itself, the crocodile aggressively attacks its prey.

Investors should behave like the crocodile by combining patience with the occasional boldness. This means saying 'no' to 99% of investment opportunities that come to them.

While a crocodile investment strategy makes a lot of sense in theory, it can be difficult to implement in practice. Crocodiles have evolved over thousands of years to be patient, but humans have not.

	<b>ITT (under Harold Geneen)</b>	<b>Valeant (under Mike Pearson)</b>	<b>Tyco</b>	<b>Worldcom</b>	<b>AB InBev (under 3G)</b>	<b>Berkshire Hathaway</b>
<b>Acquisitions</b>	350 companies in 20 years	100+ in companies in 7 years	117 major acquisitions in 10 years	65 companies in 7 years	4 companies in 23 years	63 acquisitions in 51 years
<b>Acquisition rate/year</b>	17.5	14.3	11.7	9.3	0.15	1.23
<b>Acquisition currency</b>	Shares	Debt	Shares	Shares	Cash/debt	Mainly cash
<b>Quality culture</b>	No	No	No	No	Yes	Yes