

Iddings, Sean & Cassel, Ian – Intelligent Fanatics Project**Iddings, Sean & Cassel, Ian – Intelligent Fanatics***Iddings Cassel Publishing/Intelligent Fanatics LLC, 2016/2017 [Business] Grade ★★★★★*

This is the joint review of *Intelligent Fanatics Project* from 2016 and *Intelligent Fanatics* from 2017. The books written by microcap investors Sean Iddings and Ian Cassel are chronicles of corporate and management success in the same genre as iconic business books like *In Search of Excellence* by Tom Peters and Robert Waterman, *Good to Great* by Jim Collins and *The Outsiders* by Bill Thorndike. Iddings and Cassel are also in various ways behind the Anglo-Saxon investor forum MicroCapClub.com and the website intelligentfanatics.com dedicated to sharing case studies of so called intelligent fanatics - the archetype successful businessman profiled in these books. The aim is partly to guide investors in finding companies that will outperform thanks to great management, partly to help CEOs emulate the winning characteristics.

Charlie Munger coined the expression intelligent fanatic. Idding's and Cassel's definition from the 2017 book reads as follows: "*Founder, CEO or management team with unconventional ideas and a fanatical drive to build a high-performance organization. A learning machine that can quickly adapt to change. Able to create a trust based culture that aligns everyone to think like owners. Focused on acquiring, training and motivate their best talent. Their time horizon in in ten-year increments, not quarterly, and they invest in their business accordingly. Regardless of the industry, they are able to create an impenetrable moat that competitors initially cannot understand and eventually fear.*" Almost every word in this definition is in my view critically important as an ingredient for - at least the chance of - sustained business success. The core of the term is however an obsessive drive towards a visionary goal guided by sharp analytical reasoning.

The first book also offers a formula that is said to embody an intelligent fanatic:

$$\text{Intelligent Fanatic} = (\text{Long-term vision} + \text{Focus} + \text{Energy} + \text{Integrity} + \text{Intelligence}) * \text{Execution}$$

Mats Larsson, August 12, 2018

The formula – more so than the definition – zooms in on how Warren Buffett and Charlie Munger have described the management qualities they search for. It is obvious that the authors are themselves standing on the shoulders of giants in their quest of trying to distill what it is that leads to business accomplishment. In the first book's definition they had a second paragraph where an intelligent fanatic also could mean the "outsider CEO" of Thorndike. However, the capital allocation angle of business management isn't at all as prominent among the intelligent fanatic case studies as in those of *The Outsiders* and this section was subsequently dropped. My feeling is that the authors by the second book had gained the confidence to move on from their towering heroes.

These two books are very simple when it comes to their set up. A brief introduction and short conclusion frame 8-9 case studies of about 15-20 pages that each profile a – often relatively unknown - CEO and how he (the profiled intelligent fanatics are exclusively men) managed to steer his company to a roaring long-term success. No one will be surprised that the traits and actions from the definition show up in various forms in almost all chapters. The similarities certainly underline the point that there are key traits and actions that can lead to success but it also makes the chapters somewhat alike and thus the reading in my view becomes a bit repetitive.

Iddings and Cassel deserve huge credit for their painstaking groundwork in finding, researching and presenting these CEOs in two books. Still, in my view, the next book from *Intelligent Fanatics LLC* cannot simply picture an additional batch of CEOs. The success criteria are now set (although it is always tough to weed out survivorship bias). The next step should according to me be to help investors detect indications of these criteria and present a methodology of how to handle tradeoffs. For now however, these books are a great start.