

## **Blog Post: Book Review - [Billion Dollar Lessons: What You Can Learn from the Most Inexcusable Business Failures of the Last 25 Years, by Paul Carroll and Chunka Mui](#)**

As someone who loves to read, choosing the next book is always exciting. Since there are more books on my reading list than I'll ever be able to read, I use two criteria to guide me in my selection: 1) is it an interesting read, and 2) are there some key takeaways that will influence us as investors? Of course point number two doesn't always apply to vacation reading!

Since I've spent a lot of time reading books on investing over the years, I now gravitate towards books that feature businesses, behavioural analysis and decision making, as well as people sharing their experiences across various disciplines. Any book with ideas that can be applied to building a successful business. Learning how great businesses are built is interesting and important, however sometimes we glean even greater insights from books that highlight the mistakes people make. This led me to [Billion Dollar Lessons](#).

The book is divided into two parts. Part one illustrates patterns of failure that the authors have identified, made by various companies across a range of industries. The second part focuses on how companies can protect themselves and avoid making the same mistakes.

For investors, the first part is a *must* read to help you avoid catastrophes in your portfolio. For operators, this section is an illuminating set of case studies highlighting mistakes. Each chapter dives into a series of strategies that are associated with failure, including financial engineering, misjudging market adjacencies and how hard it can be to integrate technology platforms. One chapter reinforced the challenges inherent in rollup strategies, or growth-by-acquisition. The authors illustrate each strategy with well researched examples.

Part two is also great for operators as it covers what they can do to avoid making these mistakes when running their businesses. Interestingly, or maybe it's just recency bias as I read [The Undoing Project](#) at about the same time, a lot of the avoidance strategies are steeped in lessons from behavioural finance, an awareness of the emotion and psychology involved, and how to improve decision making in organizations. Again, the many references to acquisition strategies resonated with me.

Over the years, we have witnessed, as well as invested in, several rollup strategies. They can be tricky. Some have led to wonderful returns for shareholders, while others have ended in tears. As an investor, understanding the key differences in successful vs failed acquisition strategies can have a significant influence on your investment strategy and the portfolio you build. [Billion Dollar Lessons](#) helps to identify potential failed strategies and I would recommend reading this in conjunction with [The Outsiders](#) by William N. Thorndike, a great account of eight CEOs who dramatically outperformed the market, several of which were primarily the result of successful acquisition strategies.

Happy reading!

*David Barr,  
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