

“Breaking Bad” holds important business/investing lessons

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It's hard to believe, but AMC's critically acclaimed series *Breaking Bad* marked the 10th anniversary of its first episode on January 20. Its five-season run of 62 delicious episodes followed the story of a mild-mannered high school chemistry teacher whose desperation to secure his family's financial survival following his diagnosis of terminal cancer methodically transformed him into a ruthless drug kingpin.

Aside from tremendous pure entertainment value, *Breaking Bad* taught important business and investing lessons. Indeed, the scholarly *The Economist* referred to *Breaking Bad* as “one of the best studies available of the dynamics of modern business.” According to the highbrow publication, you could either spend \$90,000 (plus two years' lost income) on a Harvard MBA or \$80 for a DVD of all five seasons.

“Disruptors” like Amazon can revolutionize entire industries and reap huge profits. Walter White was a highly-skilled chemist, first as a university researcher and then a high school teacher. When he initially “broke bad” out of necessity and decided to focus his skills on manufacturing the purest crystal meth possible, competitors couldn't compete and were soon left in his dust.

“Product-obsessed” companies like Apple can dominate their market. “Mr. White” and his former student-turned-partner, Jesse Pinkman, used an extraordinarily precise manufacturing process to create a product whose 99%-plus purity resulted in a distinctive blue color that became their trademark and quickly dominated their illicit market.

Look for firms that create an aura of invincibility. The meek and mild Mr. White morphed into “Heisenberg,” his alter-ego who would stop at nothing to eliminate real and perceived threats. As Heisenberg said, “The blowfish puffs himself up four, five times larger than normal because it makes him more intimidating to the other scarier fish. It's just an illusion. It's nothing but air. Now, who messes with the blowfish?” Nobody dared cross Heisenberg.

Huge ambition is good, but beware of the overly-narcissistic CEO. As Heisenberg also said, “Jesse, you asked me if I was in the meth business or the money business. Neither, I'm in the empire business.”

I've argued narcissism can be a precursor to selfish and/or unethical CEO behavior, which can cause your investment to perish. We've all encountered the megalomaniac, self-important, over-confident blowhard, who incessantly toots their own horn, makes unilateral decisions, puts down others to make them feel better about themselves, never accepts the blame, but is quick to take credit for others' work. I noted it was easy to find examples of the dark side of narcissism in business (Bernie Madoff), sports (Lance Armstrong), popular culture (Walter “Heisenberg” White) and the halls of government.

White/Heisenberg died broke and alone, despised by the family he was so desperate to save. As Skylar (Walt's wife) presciently said, “someone has to protect this family from the man who protects this family.” Hubris is a dangerous, slippery slope. As *The Economist* said of White, “the more successful he becomes, the more invulnerable he feels. The more rules he breaks, the more righteous he feels. And the more wealth he accumulates, the more he wants.”

White's enterprise was illegal and immoral and no one should seek to emulate his example. Still, studying *Breaking Bad* will help you break good with business and investing.

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