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Hubby, Wife Are Golden Duo

By Patricia Sellers

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(FORTUNE Magazine) – Herb Sandler called in early February to share some news. Who? That's exactly what I said. "Marion's husband, from Golden West Financial," said the voice on the other end of the line. The co-CEO of the big California thrift said he'd been reading my recent story on Martha Stewart (see "It's (Not) a Good Thing" in fortune.com) on "the same day that our financial department gave me a calculation of our 35-year average annual compound growth in earnings per share. It's 20%." Indeed, that is something to crow about: The 35-year average earnings growth for companies in the S&P is about 7%. "And we were just upgraded by Moody's to AA-3. We're the first savings institution ever to reach an AA rating."

In an era of debt downgrades and profit disasters, the Sandlers are models of prudent management. They are risk averse: Golden West focuses on plain-Jane home loans--"the safest type of lending," Herb says. "No commercial loans, subprime, or loans for high-end homes in Silicon Valley." They are rational: While Herb, 70, and his wife and co-CEO, Marion, 71, have done 30 deals in four decades (Golden West's assets top \$58 billion), they avoid acquisitions that dilute earnings. In his wallet Herb carries the words of his hero, Warren Buffett: "If a CEO is enthused about a particularly foolish acquisition, both his internal staff and his outside advisors will come up with whatever projections are needed to justify his stance. Only in fairy tales are emperors told that they are naked."

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