

Arm Yourself With Specific Knowledge

Specific knowledge can be found by pursuing your genuine curiosity

6:19

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Nivi: Do you want to talk a little bit about the skills that you need, in particular specific knowledge, accountability, leverage and judgment. So, the first tweet in this area is “Arm yourself with specific knowledge accountability and leverage.” And I’ll throw in judgment as well. I don’t think you covered that in that particular tweet.

Naval: If you want to make money you have to get paid at scale. And why you, that’s accountability, at scale, that’s leverage, and just you getting paid as opposed to somebody else getting paid, that’s specific knowledge.

So, specific knowledge is probably the hardest thing to get across in this whole tweetstorm, and it’s probably the thing that people get the most confused about.

The thing is that we have this idea that everything can be taught, everything can be taught in school. And it’s not true that everything can be taught. In fact, the most interesting things cannot be taught.

But everything can be learned. And very often that learning either comes from some innate characteristics in your DNA, or it could be through your childhood where you learn soft skills which are very, very hard to teach later on in life, or it’s something that is brand new so nobody else knows how to do it either, or it’s true on the job training because you’re pattern matching into highly complex environments, basically building judgment in a specific domain.

Classic example is investing, but it could be in anything. It could be in judgment in running a fleet of trucks, it could be judgment in weather forecasting.

So, specific knowledge is the knowledge that you care about. Especially if you’re later in life, let’s say your post 20, 21, 22, you almost don’t get to choose which specific knowledge you have. Rather, you get to look at what you have already built by that point in time, and then you can build on top of it.

Specific knowledge can’t be trained

The first thing to notice about specific knowledge is that you can’t be trained for it. If you can be trained for it, if you can go to a class and learn specific knowledge, then somebody else can be trained for it too, and then we can mass-produce and mass-train people. Heck, we can even program computers to do it and eventually we can program robots to walk around doing it.

So, if that’s the case, then you’re extremely replaceable and all we have to pay you is the minimum wage that we have to pay you to get you to do it when there are lots of other takers who can be trained to do it. So really, your returns just devolve into your cost of training plus the return on investment on that training.

So, you really want to pick up specific knowledge, you need your schooling, you need your training to be able to capitalize on the best specific knowledge, but the part of it that you’re going to get paid for is the specific knowledge.

Specific knowledge is found by pursuing your curiosity

For example, someone who goes and gets a degree in psychology and then becomes a salesperson. Well if they were already a formidable salesperson, a high grade salesmanship to begin with, then the psychology degree is leverage, it arms them and they do much better at sales.

But if they were always an introvert never very good at sales and they're trying to use psychology to learn sales, they're just not going to get that great at it.

So, specific knowledge is found much more by pursuing your innate talents, your genuine curiosity, and your passion. It's not by going to school for whatever is the hottest job, it's not for going into whatever field investors say is the hottest.

Very often specific knowledge is at the edge of knowledge. It's also stuff that's just being figured out or is really hard to figure out.

So, if you're not 100% into it somebody else who is 100% into it will outperform you. And they won't just outperform you by a little bit, they'll outperform you by a lot because now we're operating the domain of ideas, compound interest really applies and leverage really applies.

So, if you're operating with 1,000 times leverage and somebody is right 80% of the time, and somebody else is right 90% of time, the person who's right 90% of the time will literally get paid hundreds of times more by the market because of the leverage and because of the compounding factors and being correct. So, you really want to make sure you're good at it so that genuine curiosity is very important.

Building specific knowledge will feel like play to you

So, very often, it's not something you sit down and then you reason about, it's more found by observation. You almost have to look back on your own life and see what you're actually good at.

For example, I wanted to be a scientist and that is where a lot of my moral hierarchy comes from. I view scientists sort of at the top of the production chain for humanity. And the group of scientists who have made real breakthroughs and contributions that probably added more to human society, I think, than any single other class of human beings.

Not to take away anything from art or politics or engineering or business, but without the science we'd still be scrambling in the dirt fighting with sticks and trying to start fires.

My whole value system was built around scientists and I wanted to be a great scientist. But when I actually look back at what I was uniquely good at and what I ended up spending my time doing, it was more around making money, tinkering with technology, and selling people on things. Explaining things, talking to people.

So, I have some sales skills, which is a form specific knowledge that I have. I have some analytical skills around how to make money. And I have this ability to absorb data, obsess about it, and break it down and that is a specific skill that I have. I also just love tinkering with technology. And all of this stuff feels like play to me, but it looks like work to others.

So, there are other people to whom these things would be hard and they say like, "Well, how do I get good at being pithy and selling ideas?" Well, if you're not already good at it or if you're not really into it, maybe it's not your thing, focus on the thing that you are really into.

This is ironic, but the first person to actually point out my real specific knowledge was my mother. She did it as an aside, talking from the kitchen and she said it when I was like 15 or 16 years old. I was telling a friend of mine that I want to be an astrophysicist and she said, "No, you're going to go into business."

I was like, "What, my mom's telling me I'm going to be in business. I'm going to be an astrophysicist. Mom doesn't know she's talking about." But mom knew exactly what she was talking about.

She'd already observed that every time we walk down the street, I would critique the local pizza parlor on why they were selling their slices a certain way with certain toppings and why their process of ordering was

s this way when it should have been that way.

So, she knew that I had more of a business curious mind, but then my obsession with science combined to create technology and technology businesses where I found myself.

So, very often, your specific knowledge is observed and often observed by other people who know you well and revealed in situations rather than something that you come up with.