Smart People Should Build Things Summary

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1-Sentence-Summary: *Smart People Should Build Things explains how the current education system works against the economy by producing an endless string of bankers and consultants, instead of the innovators we need, and how we can encourage more young people to become entrepreneurs to solve this problem.*

Read in: 4 minutes

Favorite quote from the author:

What's the most depressing question you can ask a college student? Here it is:

"What will you do after college?"

Seriously, you can make them go from perfect mood to major headache in a few seconds with this. With the number of options exploding more and more and more, how the hell are we supposed to know what to do?

Back when my Dad went to college, you had a choice of a dozen subjects, mostly the ones you had in school, and then a few dozen variations and sub-topics of those initial ones. Today you can go to college for becoming a make-up artist, an animation graphics expert or even a chef. And that doesn't even begin to describe the explosion of professions you can choose from *after* you graduate.

But Andrew Yang isn't worried about that. He's worried about how we deal with this paradox of choice – by defaulting to a very slim set of professional services, especially among the most elite schools.

Here are 3 lessons from *Smart People Should Build Things* to show you where Harvard, Princeton and Yale graduates mess up big time:

1. Half of all elite college graduates land in finance, law or consulting.
2. After beginning your career in such firms, you'll be tied down by golden handcuffs.
3. None of these companies drive the economy forward, startups do.

Interested in what a real economic revolution looks like? Let's look at the US education system to find out!

Lesson 1: Around half of all elite college graduates end up in finance, law or consulting firms – but mostly for the wrong reasons.

In 2013, Princeton sent admission letters to only 1,931 potential students. But how many applied? Over 26,000. That means just 7.29% actually get into the school. Fewer yet finish the degree they pursue. Other Ivy League schools show similar admission rates. The few who get in are the brightest kids in the US, having passed high school with flying colors.

If a few thousand get into those schools, then that also means a few thousand graduate each year. The big question is: where do the smartest kids go after they're through with their top notch education?

In the case of Princeton, the vast majority, **around 40% end up either in finance or in consulting**. That means investment banks, the Big Four, and companies like McKinsey, The Boston Consulting Group or A. T. Kearney. Another 13% then go on to law school and will end up in big law firms.

What draws half of all these smart people into the world of professional services? **Money and status**.

Imagine being respected and congratulated by everyone you meet for most of your life, because you're always among the smartest, and then the world's college elite. The last thing you'd wanna do is lose that status after graduating. Plus, the work is a challenge worthy of your skills and it pays a crap load of money right out the gate. Six-figure starting salaries are not unusual in these industries.

Lastly, the students affect one another. If your roommate comes home from his 10th banking interview, it makes you think whether you shouldn't try to get one too.

Lesson 2: All of these firms then go on to tie you down with golden handcuffs.

Elite college graduates are perfectly trained to go through the tough application process most of these companies have. After all, it's not much different from getting into an elite college. What they might not be a good fit for, however, is the work that follows.

Hard work, long hours, repetitive tasks, lots of travel and an environment intolerant of mistakes make it tough to stay with these firms. Inside those industries, a common motto is “up or out” – you either get promoted every 2-3 years, or you’re fired. Employee turnover can exceed 30% annually, depending on the company. That means you likely won’t see one of your two cubicle neighbors again next year.

The only thing that might be harder than staying with these companies is leaving them. According to Andrew, they’ll tie you down with what he calls “golden handcuffs.” The money, the benefits, like cars, food and hotels, the people you get access to, it’s hard to leave these things behind. The longer you stay, the bigger this problem will get.

Also, the small- to medium-sized businesses that you’d like to be your alternative often don’t need as many specialists, look for people with different skill sets and start hiring within their network (especially true for startups).

Once you’re in, it’s hard to get out. So maybe you should think twice about entering this race in the first place.

Lesson 3: Big, professional companies don’t drive the economy forward, startups do, because that’s where innovation happens.

Now you might say: “What’s so bad about many people joining these companies? Don’t they carry the economy and create lots of value?”

Sadly, that’s not the case. Not just a part, but in fact ALL net job growth can be attributed to new companies. **Big firms don’t add to job growth at all**. As companies get bigger, most of them try to automate as much as they can and find out how they can *reduce* the number of employees, not increase it.

How about technological innovation then? Same thing. Companies with less than 500 employees file for 13 times as many patents – per employee.

The value big banks and consulting firms create is doubtful at best, since most of the advice consultants give revolves around cutting costs, firing people and outsourcing work that can be done cheaper elsewhere. And banks…a lot of their revenue comes from trading, which is a zero sum game, since each win for one party is based on a loss for another.

The problem with all this is that big corporations are getting the lead over new businesses. Less than five year old businesses used to make up one half of all companies – by now it’s less than one third. Since 2008, the majority of US workers is employed at companies with 500+ employees.

Big companies don’t create jobs and they don’t move the economy forward. Yet, they keep growing and less people start their own thing. This is where you come in play. If you’re a smart, elite college graduate, please choose yourself.

Smart People Should Build Things Review

Wow, this felt like a rant from the heart. Both my own and Andrew Yang's. I think our stance is clear. If you're now in doubt about your next career move, I hope *Smart People Should Build Things* will be food for thought.

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Who would I recommend the Smart People Should Build Things summary to?

The 17 year old, who just got his Princeton admission letter, the 22 year old, who just started her first consultant job with Deloitte, and anyone who's currently busy polishing their resumé.