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Guide to Career Planning, part 1: Opportunity

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Part 1: Opportunity

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The first rule of career planning: *Do not plan your career*.

The world is an incredibly complex place and everything is changing all the time. *You can't plan your career because you have no idea what's going to happen in the future.* You have no idea what industries you'll enter, what companies you'll work for, what roles you'll have, where you'll live, or what you will ultimately contribute to the world. You'll change, industries will change, the world will change, and you can't possibly predict any of it.

Trying to plan your career is an exercise in futility that will only serve to frustrate you, and to blind you to the really significant opportunities that life will throw your way.

Career planning = career limiting.

The sooner you come to grips with that, the better.

The second rule of career planning: *Instead of planning your career, focus on developing skills and pursuing opportunities*.

I'll talk a lot about skills development in the next post. But for the rest of this post, I'm going to focus in on the nature of *opportunities*.

Opportunities are key. I would argue that opportunities fall loosely into two buckets: those that present themselves to you, and those that you go out and create. Both will be hugely important to your career.

Opportunities that present themselves to you are the consequence -- at least partially -- of being in the *right place at the right time*. They tend to present themselves when you're *not expecting it* -- and often when you are engaged in other activities that would seem to preclude you from pursuing them. And they *come and go quickly* -- if you don't jump all over an opportunity, someone else generally will and it will vanish.

I believe a huge part of what people would like to refer to as "career planning" is being continuously alert to opportunities that present themselves to you spontaneously, when you happen to be in the right place at the right time.

- A senior person at your firm is looking for someone young and hungry to do the legwork on an important project, in addition to your day job.
- Your former manager has jumped ship to a hot growth company and calls you three months later and says, come join me.
- Or, a small group of your smartest friends are headed to Denny's at 11PM to discuss an idea for a startup -- would you like to come along?

I am continually amazed at the number of people who are presented with an opportunity like one of the above, and pass.

There's your basic dividing line between the people who shoot up in their careers like a rocket ship, and those who don't -- right there.

The second bucket of opportunities are those you seek out and create. A lot of what will follow in future posts in this series will discuss how to do that. However, let me say up front that I am also continually amazed at the number of people who coast through life and don't go and seek out opportunities even when they know in their gut what they'd really like to do. Don't be one of those people. Life is *way* too short.

The world is a very malleable place. If you know what you want, and you go for it with maximum energy and drive and passion, the world will often reconfigure itself around you much more quickly and easily than you would think.

Now, I'm not proposing that you simply ping pong from opportunity to opportunity randomly. You can have a strategy. And here's how I think that strategy should work.

People who manage money professionally don't think about individual investments in isolation; they think of those investments as part of an overall portfolio. Each investment has its potential return -- the benefit you get from owning it -- and its potential risks -- the things that can go wrong. A portfolio, then, is a set of investments, and the portfolio assumes the return and risk characteristics of all of the investments blended together.

Viewed in that context, it is often logical to have individual investments within a portfolio that are far *more* risky than one would normally find comfortable -- if the potential return is good enough. Or, investments that are far *less* risky and have far less return potential than one would normally want -- to protect one's downside. The risk of any individual investment is not important; what is important is how the risks -- and the potential returns -- of all of the investments combine in the overall portfolio.

I believe you should look at your career as a portfolio of jobs/roles/opportunities. Each job that you take, each role that you choose to fill, each opportunity you pursue, will have a certain potential *return* -- the benefits you can get from taking it, whether those benefits come in the form of income, skill development, experience, geographic location, or something else. Each job will also have a certain *risk* profile -- the things that could go wrong, from getting fired for not being able to handle the job's demands, to having to move somewhere you don't want to, to the company going bankrupt, to the opportunity cost of not pursuing some other attractive opportunity.

Once you start thinking this way, you can think strategically about your career over its likely 50+ year timespan.

For example, when you are just out of school and have a low burn rate and geographic flexibility, you can take jobs with a certain return/risk profile. If you get married and have kids, you will take jobs with a different return/risk profile. Later, when your kids grow up and you are once again free to move about and you don't have to worry about tuition payments and a mortgage on a big house in a great school district, but you now have far more experience than you did when you were first starting out, you can take jobs with a third return/risk profile.

Most people do not think this way. They might occasionally think this way, but they don't do it systematically. So when an opportunity pops up, they evaluate it on a standalone basis -- "boy, it looks risky, I'm not sure I should do it". What you should automatically do instead is put it in context with all of the other risks you are likely to take throughout your entire career and *decide whether this new opportunity fits strategically into your portfolio*.

Let's dig into the concept of risk a little more.

I'm not talking about the form of risk that you think of when you think of stepping out into the crosswalk and getting run over by an Escalade. I'm talking about the form of risk that financial professionals deal with (see the classic book Against the Gods: The Remarkable Story of Risk for more on this), and startup entrepreneurs deal with, and that you deal with any time you make any decision. *There are a set of potential downsides to almost any decision -- but they can be analyzed, and often quantified, and thereby brought under control.*

Which is important, because in life, there is generally no opportunity without risk. Doing the legwork on that extra project for the senior person at your firm? You risk exhausting yourself and doing your day job poorly. Joining your former manager at that hot growth company? Maybe it tanks six months later and then your current employer won't rehire you. Join those smart friends at Denny's and start a new company with them? Maybe it completely fails, and you have to explain why you were so foolish at every job interview you do for the rest of your life. *There are always real and legitimate reasons why people often pass on opportunities* -- they see the risks and they wish to avoid them.

The issue is that without taking risk, you can't exploit any opportunities. You can live a quiet and reasonably happy life, but you are unlikely to create something new, and you are unlikely to make your mark on the world.

To quote Aaron Brown -- a legendary Morgan Stanley derivatives trader and poker expert -- from his extraordinary book The Poker Face of Wall Street, when talking about hiring traders at an investment bank:

> What I listen for is someone who really wanted something that could be obtained only through taking the risk, whether that risk was big or small.
>
> It's not even important that she managed the risk skillfully; it's only important that she knew it was there, respected it, but took it anyway.
>
> Most people wander through life, carelessly taking whatever risk crosses their path without compensation, but never consciously accepting extra risk to pick up the money and other good things lying all around them.
>
> Other people reflexively avoid every risk or grab every loose dollar without caution.
>
> I don't mean to belittle these strategies; I'm sure they make sense to the people who pursue them. I just don't understand them myself.
>
> I do know that none of these people will be successful traders.

...or successful at anything important in life.

So, when you are presented with an opportunity, carefully analyze its risks, but:

- Do so within the context if your likely lifetime portfolio of risks...
- And do so realizing that taking risk can be a good thing when it leads to pursuing the best opportunities.

All that said, here are some of my opinions about the kinds of risks you should take and when:

- When you are just out of school -- and assuming that you are relatively free to move and have a low burn rate -- is when you should optimize for the rate at which you can develop skills and acquire experiences that will serve you well later. You should specifically take income risk in order to do that. Always take the job that will best develop your skills and give you valuable experiences, regardless of its salary. *This is not the time in your career to play it safe.*
- When you have family obligations -- a spouse, two and a half kids, a dog, and a picket fence -- that's obviously the time to crank back on the income risk and instead take a little risk that you might not learn as much or advance as quickly or join that hot new startup. *However, even this is not black and white!* In Silicon Valley, for example, it can still make a lot of sense for a young parent to take a risk on a hot new startup because it will usually be easy to get another job if the startup fails -- especially if one has developed more useful skills and experiences along the way.
- There may be times when you realize that you are dissatisfied with your field -- you are working in enterprise software, for example, but you'd really rather be working on green tech or in a consumer Internet company. Jumping from one field into another is always risky because your specific skills and contacts are in your old field, so you'll have less certainty of success in the new field. *This is almost always a risk worth taking* -- standing pat and being unhappy about it has risks of its own, particularly to your happiness. And it is awfully hard to be highly successful in a job or field in which one is unhappy.
- Likewise with geography risk. You start out in one city -- say, working at a software company in Philadelphia -- and you're doing well. You get the opportunity to jump to a faster growing software company in Silicon Valley. Should you take the risk of moving geographies -- to a place where you don't know anybody, and where the cost of living is higher? Almost certainly -- the additional risks of not having an extensive personal network and of tolerating a lower standard of living for some period of time are almost certainly overcome by the upside of being at a better company, relocating yourself to the heart of your industry, and setting yourself up to exploit many more great opportunities over the next decades.
- Working for a big company is, I believe, much risker than it looks. I'll talk about this more in the next post, but people who work at big companies are subject to impersonal layoffs at any time, and often forego the opportunity to develop skills and gain experiences as rapidly as they would at someplace smaller and faster growing. And then five or ten years pass, and you realize your skills and experiences are only relevant for jobs at other big companies -- and then you have a real problem.
- Finally, pay attention to opportunity cost at all times. Doing one thing means not doing other things. This is a form of risk that is very easy to ignore, to your detriment.

Those are just a few examples. You will run into specific return/risk situations that nobody can predict ahead of time. When you do, just *sit down and tease apart the risks* -- and think hard about whether, in the context of your overall career portfolio, they are really so scary that they justify passing on the return potential of a great opportunity. They often won't.

One more quote, this time from Nassim Nicholas Taleb in The Black Swan:

> *Seize any opportunity, or anything that looks like opportunity.* They are rare, much rarer than you think...
>
> Many people do not realize they are getting a lucky break in life when they get it. If a big publisher (or a big art dealer or a movie executive or a hotshot banker or a big thinker) suggests an appointment, cancel anything you have planned: you may not see such a window open up again.

Of course, if you really are high-potential, you're naturally going to be seeking out risks in your career in order to maximize your level of achievement, so you're thinking, c'mon, Andreessen, get to the next point. For which, see the next post!