

I BUILDING WEALTH

Making money is not a thing you do—it's a skill you learn.

UNDERSTAND HOW WEALTH IS CREATED

I like to think that if I lost all my money and you dropped me on a random street in any English-speaking country, within five or ten years I'd be wealthy again because it's just a skillset I've developed that anyone can develop. [78]

It's not really about hard work. You can work in a restaurant eighty hours a week, and you're not going to get rich. Getting rich is about knowing what to do, who to do it with, and when to do it. It is much more about understanding than purely hard work. Yes, hard work matters, and you can't skimp on it. But it has to be directed in the right way.

If you don't know yet what you should work on, the most important thing is to figure it out. You should not grind at a lot of hard work until you figure out what you should be working on.

I came up with the principles in my tweetstorm (below) for myself when I was really young, around thirteen or fourteen. I've been carrying them in my head for thirty years, and I've been living them. Over time (sadly or fortunately), the thing I got really good at was looking at businesses and figuring out the point of maximum leverage to actually create wealth and capture some of that created wealth.

This is exactly what I did my famous tweetstorm about. Of course, every one of these tweets can be extrapolated into an hour's worth of conversation. The tweetstorm below is a good starting point. The tweetstorm tries to be information-dense, very concise, high-impact, and timeless. It has all the information and principles, so if you absorb these and you work hard over ten years, you'll get what you want. [77]

How to Get Rich (Without Getting Lucky):



Seek wealth, not money or status. Wealth is having assets that earn while you sleep. Money is how we transfer time and wealth. Status is your place in the social hierarchy.



Understand ethical wealth creation is possible. If you secretly despise wealth, it will elude you.



Ignore people playing status games. They gain status by attacking people playing wealth creation games.



You're not going to get rich renting out your time. You must own equity—a piece of a business—to gain your financial freedom.



You will get rich by giving society what it wants but does not yet know how to get. At scale.



Pick an industry where you can play long-term games with long-term people.



The internet has massively broadened the possible space of careers. Most people haven't figured this out yet.



Play iterated games. All the returns in life, whether in wealth, relationships, or knowledge, come from compound interest.



Pick business partners with high intelligence, energy, and, above all, integrity.



Don't partner with cynics and pessimists. Their beliefs are self-fulfilling.



Learn to sell. Learn to build. If you can do both, you will be unstoppable.



Arm yourself with specific knowledge, accountability, and leverage.



Specific knowledge is knowledge you cannot be trained for. If society can train you, it can train someone else and replace you.



Specific knowledge is found by pursuing your genuine curiosity and passion rather than whatever is hot right now.



Building specific knowledge will feel like play to you but will look like work to others.



When specific knowledge is taught, it's through apprenticeships, not schools.



Specific knowledge is often highly technical or creative. It cannot be outsourced or automated.



Embrace accountability, and take business risks under your own name. Society will reward you with responsibility, equity, and leverage.



“Give me a lever long enough and a place to stand, and I will move the earth.”

—Archimedes



Fortunes require leverage. Business leverage comes from capital, people, and products with no marginal cost of replication (code and media).



Capital means money. To raise money, apply your specific knowledge with accountability and show resulting good judgment.



Labor means people working for you. It's the oldest and most fought-over form of leverage. Labor leverage will impress your parents, but don't waste your life chasing it.



Capital and labor are permissioned leverage. Everyone is chasing capital, but someone has to give it to you. Everyone is trying to lead, but someone has to follow you.



Code and media are permissionless leverage. They're the leverage behind the newly rich. You can create software and media that works for you while you sleep.



An army of robots is freely available—it's just packed in data centers for heat and space efficiency. Use it.



If you can't code, write books and blogs, record videos and podcasts.



Leverage is a force multiplier for your judgment.



Judgment requires experience but can be built faster by learning foundational skills.



There is no skill called “business.” Avoid business magazines and business classes.



Study microeconomics, game theory, psychology, persuasion, ethics, mathematics, and computers.



Reading is faster than listening. Doing is faster than watching.



You should be too busy to “do coffee” while still keeping an uncluttered calendar.



Set and enforce an aspirational personal hourly rate. If fixing a problem will save less than your hourly rate, ignore it. If outsourcing a task will cost less than your hourly rate, outsource it.



Work as hard as you can. Even though who you work with and what you work on are more important than how hard you work.



Become the best in the world at what you do. Keep redefining what you do until this is true.



There are no get-rich-quick schemes. Those are just someone else getting rich off you.



Apply specific knowledge, with leverage, and eventually you will get what you deserve.



When you're finally wealthy, you'll realize it wasn't what you were seeking in the first place. But that is for another day. [11]

Summary: Productize Yourself

Your summary says “Productize yourself”—what does that mean?

“Productize” and “yourself.” “Yourself” has uniqueness. “Productize” has leverage. “Yourself” has accountability. “Productize” has specific knowledge. “Yourself” also has specific knowledge in there. So all of these pieces, you can combine them into these two words.

If you're looking toward the long-term goal of getting wealthy, you should ask yourself, "Is this authentic to me? Is it myself that I am projecting?" And then, "Am I productizing it? Am I scaling it? Am I scaling with labor or with capital or with code or with media?" So it's a very handy, simple mnemonic. [78]

This is hard. This is why I say it takes decades—I'm not saying it takes decades to execute, but the better part of a decade may be figuring out what you can uniquely provide. [10]

What's the difference between wealth and money?

Money is how we transfer wealth. Money is social credits. It is the ability to have credits and debits of other people's time.

If I do my job right, if I create value for society, society says, "Oh, thank you. We owe you something in the future for the work you did in the past. Here's a little IOU. Let's call that money." [78]

Wealth is the thing you want. Wealth is assets that earn while you sleep. Wealth is the factory, the robots, cranking out things. Wealth is the computer program that's running at night, serving other customers. Wealth is even money in the bank that is being reinvested into other assets, and into other businesses.

Even a house can be a form of wealth, because you can rent it out, although that's probably a lower productivity use of land than some commercial enterprise.

So, my definition of wealth is much more businesses and assets that can earn while you sleep. [78]

Technology democratizes consumption but consolidates production. The best person in the world at anything gets to do it for everyone.

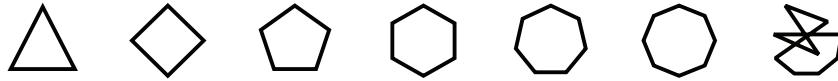
Society will pay you for creating things it wants. But society doesn't yet know how to create those things, because if it did, they wouldn't need you. They would already be stamped out.

Almost everything in your house, in your workplace, and on the street used to be technology at one point in time. There was a time when oil was a technology that made J.D. Rockefeller rich. There was a time when cars were technology that made Henry Ford rich.

So, technology is the set of things, as Alan Kay said, that don't quite work yet [correction: Danny Hillis]. Once something works, it's no longer technology. Society always wants new things. And if you want to be wealthy, you want to figure out which one of those things you can provide for society that it does not yet know how to get but it will want and providing it is natural to you, within your skill set, and within your capabilities.

Then, you have to figure out how to scale it because if you only build one, that's not enough. You've got to build thousands, or hundreds of thousands, or millions, or billions of them so everybody can have one. Steve Jobs (and his team, of course) figured out society would want smartphones. A computer in their pocket that had all the phone capability times one hundred and was easy to use. So, they figured out how to build it, and then they figured out how to scale it. [78]

BECOME THE BEST IN THE WORLD AT WHAT YOU DO.



KEEP REDEFINING WHAT YOU DO UNTIL THIS IS TRUE.

FIND AND BUILD SPECIFIC KNOWLEDGE

Sales skills are a form of specific knowledge.

There's such a thing as "a natural" in sales. You run into them all the time in startups and venture capital. When you meet someone who is a natural at sales, you just know they're amazing. They're really good at what they do. That is a form of specific knowledge.

Obviously they learned somewhere, but they didn't learn it in a classroom setting. They learned probably in their childhood in the school yard, or they learned negotiating with their parents. Maybe some is a genetic component in the DNA.

But you can improve sales skills. You can read Robert Cialdini, you can go to a sales training seminar, you can do door-to-door sales. It is brutal but will train you very quickly. You can definitely improve your sales skills.