The Knowledge Project Keypoints — Decision-Making & Mental Models

The Knowledge Project Keypoints

Episodes in this pack: 10

How to Make Better Decisions by Fixing Yourself First | Roblox CEO

Guest: David Baszucki
Date: 2026-08-18 · Duration: 0:45:33
URL: https://www.youtube.com/watch?v=G1Mxl40Joo8

KEYPOINTS

• Some mental illness may be partly metabolic—a brain not getting the right energy—and keto changed his son's bipolar disorder.

His son developed severe bipolar disorder 8–10 years ago; after years of medication trials and hospitalisations, doctors said he'd be on five drugs for life. An acquaintance said keto had solved her bipolar, so the family found a keto doctor and dietitian. About three weeks in, his son said 'I feel a little different'—still heavily medicated, but 'the real him starting to poke through.' Baszucki now treats mental illness like a broken arm, and the family foundation has funded research on it for four to five years. The theory: some people may not be fully adapted to post-agricultural carb loads.

• Make big decisions in your alert, optimistic 'on' state, not the post-meal hibernate mode.

He wears a CGM, eats plenty of protein and fat, and avoids sugar and starch that spike glucose. Heavy carb meals produce a sleepy, slowed-down feeling; a fasted state feels like 'I want to go do stuff.' Decisions made there tend to be longer-term and bolder—things that seem impossible in a less optimistic mood. He tries to observe himself from the outside and ask whether the 'decision-making machinery' is in its optimal state.

• Less is more: a great knife and pan beat a hot-dog appliance.

Adding knobs and sliders is easy; removing them is hard. He prefers fewer, higher-quality tools. When reviewing work, his usual notes are simple: can this be simpler, can we look a couple of years out, why do two things do the same job?

• There is no neutral ground on bureaucracy: if you aren't reducing it, you're going backwards.

Roblox uses the phrase 'destroy bureaucracy.' A company that thinks it's in a fine steady state is often quietly imploding. Organisational sediment is natural entropy and needs an active counterforce.

• Feedback lands on tone more than content—make it frequent, casual and calm.

He has moved away from formal feedback sessions to quick in-the-moment comments. Delivered in a neutral-positive tone where people sense his 'blood pressure's not going up' and that he has their back, even harsh feedback is absorbed; delivered aggressively, the trauma outweighs the message. Written channels strip that tone, so be careful with them.

• The angry email you're excited to send is a red alert—you're optimising for yourself.

If it will 'feel so good to send,' don't. The next morning you can call the person and deliver the same message with more impact, now optimising for the employee's learning and excitement. Shane frames it as outcome over ego; Baszucki: 'Who cares about me being pissed off?'

• Name one decision-maker and give them freedom; aim for long-view goals reached through hyper-iteration.

Group or confused decisions are often worse than an identified owner deciding creatively. Two Roblox values—take the long view and get stuff done—combine into a 'magic quadrant': long-horizon decisions pursued with fast iteration. Reversible decisions should be made quickly and adjusted; knowing when to adjust is the key skill.

• His mistakes come from being overly logical and clinging to a concept too long.

He has fallen into 'I have to go down this path' thinking without popping out of the box. Looking back, he sees far more optionality than he felt at the time. Executives also inherit survival biology—'do I have enough firewood for three winters?'—and he treats that uneasy feeling as an early signal to refine strategy.

• He imagines a fictional rival across the street to stay sharp.

Asked whether he manufactures threats like Michael Jordan, he says he pictures a company that doesn't exist—who works there, how many people, what they're building—as a competitor to Roblox.

• People attach deeply to digital identity, so platform changes must respect it.

Migrating avatars to faces that can optionally smile met community demands for perfection: 'you can't take my head and adjust a few pixels.' He thinks they're right—these are real emotions and interactions. Roblox is at roughly 3–4% of the ~$200B global gaming market (bookings divided by $200B), after a goal two years ago of 10%.

EXAMPLES

• The 'programmer art' avatar everyone said not to ship.

The first Roblox character had blocky 1×1×2 legs and a 2×2×1 body. Every gaming industry person—and some of the team—said ship a high-res meshed avatar instead. They shipped early to get feedback, and he's glad they ignored the advice.

• Erik Cassel's Lua API versus a hard-coded flag.

Baszucki mocked up capture-the-flag and put a flag object into the core C++ engine—'terrible engineering,' he now admits. Co-founder Erik Cassel, who died of cancer about eight years ago, insisted on a generalisable scripting interface using Lua. That decision powered Roblox's user-generated content.

• 50 fixes failed; one systemic economy worked within 8 hours.

An early membership model gave extra building places—a bad idea because building should be unlimited. Users grew while revenue went flat. They listed 50 tune-ups, did about 30, and nothing changed. Then they bet on a full system at once: Robux, purchasable in-game items (a flashlight, an eagle instead of a sparrow), creator monetisation, and a top-grossing chart. Within eight hours creators were racing to add items.

• Robux has held near a penny for ~20 years.

Roblox avoids inflating the currency. For many 8–12-year-olds it's their first currency, teaching them not to spend it all at once. Real-world spending is imaginable, but there are no plans.

• AI age checks on every user, before any law required them.

Roblox uses AI to estimate every user's age for communication features and open-sourced its voice safety filter. Even with device-level ages, parents hand configured iPads to kids, so Roblox will keep its own checks despite slower growth.

OTHER RELEVANT

- **Before an irreversible message, sleep on it and call instead.**
  Use the ‘red alert’ test: if sending feels satisfying, wait until morning and switch to voice so tone carries.
- **When tweaks fail, look for the system-level change.**
  The Robux story shows how a long list of small fixes can mask the need for a bigger redesign whose parts only work together.
- **At 16, build what you’re naturally into as an authentic hobby.**
  Asked by Shane’s son, he said company-building was the last thing on his mind then; he built model rockets and go-karts and hung out with people he liked. Run the passion alongside school rather than forcing a startup.
- **Make focus one sentence everyone can repeat.**
  Good focus is human-understandable—‘we are just doing this.’ Roblox’s early tagline ‘You make the game’ may become truer with AI, as people describe a game aloud and play it with family.

Mental Models That Change How You Think | Bill Gurley

Guest: Bill Gurley
Date: 2026-06-09 · Duration: 1:01:19
URL: https://www.youtube.com/watch?v=yBBhd0-Os74

KEYPOINTS

- **Think in systems: complex systems are multivariable and nonlinear, so single-metric optimisation backfires later.**
  Gurley sits on the Santa Fe Institute board and recommends Thinking in Systems. Weather and markets can behave one way for years until one variable flips. Changes have first-, second- and third-derivative effects, so don't get deterministic about one metric—know what actually matters most.
- **Know the bedrock of your field: deep history is rare and wildly differentiating.**
  In a skim-the-summary world, few people study their field's masters outside literature. Imagine 20 candidates interviewing at P&G or Pepsi and only you can discuss the great marketers. A friend advises college applicants to write about the founders of physics if they want to study physics—it signals passion. If learning the history feels tedious, 'you're not in the right lane.'
- **Pair the oldest knowledge with the newest edge.**
  Great founders share obsessive learning: the edge where disruption happens keeps moving—mobile once, AI now—and they read everything to be top 1%. Gurley keeps about five premium AI accounts so he doesn't miss anything. The power combination for a young person: know the legends of marketing and really understand TikTok.
- **Value investing and venture can coexist: 'value' means price below future worth.**
  He started at First Boston, raised on Peter Lynch, Malkiel, Buffett, Graham and Howard Marks. Via friend Michael Mauboussin he met Bill Miller, who beat the S&P for 15 years while calling himself a value investor and holding Amazon for its network effects. Gurley sees Wall Street as the eventual buyer of what VCs create, so even at 'two people in a PowerPoint' you ask whether public investors will love it when it grows up.
- **China's open-source AI ecosystem may innovate faster than the West's closed one.**
  China has around ten strong open-source models that learn from and test one another, often publishing their techniques. His metaphor: two farming societies, one where farmers only sell at market, one where they must share best practices—which evolves faster? Quietly, many Silicon Valley startups use Chinese models by volume. Some Western players 'are begging for regulation' because it would raise the bar against them.
- **Whether general models eat vertical AI apps is genuinely open.**
  If models become near-sentient, verticals vanish. Gurley leans the other way: legal AI startups that ingest all the case law and embed in workflows build data moats that are hard to switch out—though Microsoft's climb from OS to apps shows it can happen. Coding is the largest vertical, and Cursor already lets users swap models; price optimisation will make swapping more common.
- **Model progress may hit an asymptote as data runs out.**
  Labs are 'painting in the corners,' paying experts thousands of dollars an hour to fine-tune. Yann LeCun argues language-based systems have limits. AlphaGo's surprising move is cited as proof of machine creativity, but it came in a constrained game; the real world has infinite paths. Tesla FSD is likewise relatively constrained—Gurley wouldn't yet ride in the back seat because corner cases are unfathomable.
- **The AI buildout is bigger than anyone imagined, and circular deals both raise and delay correction risk.**
  Five years ago he wouldn't have believed giants would take free cash flow of $50–100B a year toward zero for capex. Investors now believe in power laws, so they're more risk-seeking: Amazon lost $2–3B before turning cash-flow positive, Uber about $15B, and AI leaders will lose far more. Cloud providers funding model makers who spend it back inflates growth. He views burn rate as a risk measure: a $1M monthly burn was risky a decade ago; now $100M+ a month.
- **U.S. payments are a product of regulatory capture, and stablecoins may route around it.**
  The UK built Faster Payments ~20 years ago; Brazil's Pix hit 60–70% of transactions within six years; China's WeChat Pay and Alipay let you pay at your table via QR code. The U.S. still has three-day ACH and $25 wires, and FedNow has stalled, protecting 2–2.5% card fees and Visa/Mastercard's ~60% operating margins. Coinbase's USDC pays around 4% and moves in seconds for pennies.
- **IPOs are rigged for bankers; an anonymous auction is the obvious design.**
  A freshman computer-science and finance student would match supply and demand anonymously, not let bankers pick the price and their favourite clients. Direct listings used an auction, but Wall Street retreated to its 'controlled oligopoly.' Tokenization could disrupt allocation, though unregulated tokens invite speculation and manipulation.
- **Writing is a thinking tool and a magnet for deal flow.**
  Gurley read little until business school, then went from business books to personal development to biographies to narrative non-fiction (Gladwell, Lewis, Krakauer). He codified marketplace investing in writing, like Bezos's six-page memos, to catch loose ends—and founders who read it reached out. Storytelling and product instinct are founder superpowers; he estimates fewer than 5% of non-product people can be made good at product.

EXAMPLES

- **The dating site that lengthened profiles.**
  Longer profiles raised engagement in tests, so the site rolled them out—only to learn months later they hurt conversion. A classic second-derivative effect.
- **John Lasseter's 10-course cartoon dinner.**
  Partner Alex Balkanski won a dinner with Pixar's creative chief at an Agassi charity auction. Lasseter served ten courses, each paired with a classic cartoon he explained. Similarly, Magnus Carlsen won a chess-history trivia contest, and Picasso was an accomplished realist by 14.
- **Uber: no case study and no mentor to call.**

Winner-take-all dynamics meant rivals raised $1B, then Uber $3B, with burn rates no public company would accept. Boards of Walmart or GE had never faced this. Now AI companies have ‘added a zero.’

• Benchmark’s equal partnership and its one-page website.

Five equal partners, no king: easy recruiting, seniors invest in juniors’ success, no annual pie-recutting. The downside is nobody owns new initiatives—Matt Cohler built an elaborate website, complaints followed, so he replaced it with a splash page that’s lasted ~15 years.

• Bezos’s single angel-investing test.

Asked how he ran a strong angel portfolio with no free time, Bezos said he asks one thing: will this person do it no matter what, come hell or high water?

OTHER RELEVANT

• Ask AI for the whole workflow, not one step.

Don’t stop at ‘top 10’—ask it to list pros and cons and rank by several dimensions. For restaurants he uses Gemini with Google reviews: which three dishes do people rave about, and which to avoid?

• Young people can out-know veterans in a niche.

Venture bends toward youth: a 25-year-old who spends 100% of their time on esports or YouTube can quickly know more than John Doerr or Mike Moritz.

• Back incentive packages that pay only for big shareholder gains.

He’d accept Elon Musk’s Tesla-style package everywhere: nothing unless the stock soars. He calls proxy advisors that oppose such deals and sell scoring advice to the companies they score ‘more of a heist.’

• Hold one non-consensus view with humility.

After 20 years visiting China he resists Washington’s vilification, noting the U.S. is 4–5% of humanity and wondering how ‘American exceptionalism’ sounds to the other 95%.

How Belichick Actually Makes Decisions (It’s Not What You Think)

Guest: Bill Belichick
Date: 2025-05-27 · Duration: 1:12:19
URL: https://www.youtube.com/watch?v=HHQsrLPUXKs

KEYPOINTS

• Four rules on the way in: do your job, work hard, be attentive, put the team first.
Every Patriots employee passed this sign on the way in, and it applied the same on a day in March or on AFC Championship day. Each job mattered, from players to staff. Paying attention to people who can teach you, then doing the work to change, is the formula for getting better. And the question is always what the team needs to win and what you can contribute.

• Busy isn't hard work — 'eyewash' is a day off.
A player can suit up, run around, break a sweat, shower and say he practised. If he accomplished nothing, Belichick counts it as a day off. 'No days off' means you come to work and you work: be productive, hit the day's goals, and build on them tomorrow.

• Work ethic stacked over time levels out talent.
Talent gets you through high school and maybe college. In the NFL the field levels out, and only a few are gifted enough to coast. Brady was a fourth-string rookie — 'no team keeps four quarterbacks.' Stephen Neal never played high school or college football; the college wrestler started at guard for seven years. Julian Edelman, a college quarterback, became an elite receiver and punt returner. Belichick mentions a can't-miss running back who managed barely 100 career yards.

• You cannot win until you keep from losing.
Like Charlie Munger's inversion, first remove the self-inflicted damage: pre-snap penalties (false starts, too many men on the field), post-whistle fouls like taunting, and turnovers from botched snaps. Off the field it includes drug suspensions, hamstrings pulled from poor hydration, and academic ineligibility. 'That's not Buffalo. That's us.' More NFL games are lost than won. Then make the ordinary plays you're supposed to make before chasing spectacular ones.

• The price of success is paid in advance.
You can't know whether your preparation is enough, and you don't know how hard the other guy is working. 'I wish I'd studied more' comes too late. Watch for the tendency to let up — 'I watched some film, did some extra sprints' — and ask if it's really enough, short of diminishing returns. The pain of regret outlasts the pain of preparation.

• A 24-hour rule, then move on.
Win, lose or draw, spend a day on what went well, what didn't and what coaching errors were made. Some lessons only matter weeks later, against the next scrambling quarterback. After a blowout in Kansas City, 'on to Cincinnati' meant don't let one bad game become two, or a habit. In 2001, after a loss to Miami, he literally buried a game ball.

• Trust lets you play aggressively.
If you're unsure whether a teammate will run the right route or fill the right gap, you hesitate and wait. Belichick drew on Navy SEALs, who recognise teammates' silhouettes in the dark, and the Blue Angels, who fly 18 inches apart. What matters is what the guy beside you thinks, not social-media likes; trust is earned daily by being prepared.

• Own mistakes instantly so the team can fix them.
On the sideline, 'my fault, I missed the tackle' resolves it at once; a blame game wastes the little time you have. Belichick would say, 'that was a bad call — I won't call it again.' Repeated assignment errors after ten reminders get a different response: maybe someone else should play.

• Discipline is doing the right thing every time.
Every NFL player can make plays; consistency separates them. It's like returning the shopping cart when no one's looking. Matt Slater, Devin McCourty and Brady kept their routines — treatment two days before Christmas — so the expected decline didn't come.

EXAMPLES

• Start at the bottom and learn every job.
Belichick began unpaid: shooting film, lining fields, making copies, sharpening pencils. He later served as a de facto GM for almost 30 years without the title. When staff said something couldn't be done, he could say, 'I've done that job — here's how.' Before Brian Daboll moved up, he had to train Josh McDaniels to replace him, and McDaniels later trained Nick Caserio.

• Jimmy Johnson's 'pelts on the wall'.
Before a playoff game in Dallas, Johnson flipped on the lights and cut a dozing special-teamer on the spot. Asked what he'd do to Troy Aikman: nudge him. With little résumé, you have no slack. Belichick tried to treat everyone the same while admitting some players earned grace.

• Down 28–3 in Atlanta.
He felt they controlled the game, just not the score: a touchdown allowed on third-and-goal from the 12, a pick-six, a fumble going in. Coming back took two two-point conversions, a strip sack, kickoffs tackled inside the 15, and another sack and holding penalty.

• Linemen catching punts.
Rookie offensive and defensive linemen raced to catch punts with at least four seconds of hang time, sun in their eyes, for skipped sprints or a later bed check. Teammates rooted wildly; Vince Wilfork and Matt Light got their turns.

• Squash coach Paul Assaiante on being the favourite.
Belichick brought in Trinity's squash coach, who'd won about 13 straight national titles, to explain being perpetually favoured: every day is a new opportunity. A player then asked, 'What's squash? I thought it was a vegetable.'

OTHER RELEVANT

• Put it in the drawer.
Late in the season, it's a one-game season: shelve non-essential distractions, from mall signings to gadget shopping, until it's

over. Players joked their drawers were getting full.

- **The exit sign: ignore the noise, manage expectations, speak for yourself, don't fuel the hype.**
  Pundits haven't seen your practices. At 3–0, talking Super Bowls creates distractions; the expectation is to beat Buffalo this week.

- **Motivate according to wiring.**
  A receiver who dislikes blocking a safety will do it once he sees it sets up a play-action pass for him next time. Kobe Bryant told the team he evolved from driving past people to scoring in new ways.

Position Yourself for Success | Adam Robinson | Knowledge Project Podcast 168

Guest: Adam Robinson
Date: 2023-06-13 · Duration: 1:16:11
URL: https://www.youtube.com/watch?v=TqQzgmLqK2I

KEYPOINTS

• Treat your body as an early-warning system, and pause often to check how an idea feels.

Robinson says he processes information physically, pausing about once a minute while reading to notice how an idea feels and what it connects to. George Soros said his back acted up when something was wrong in markets, and Einstein described a kinesthetic sense in his thinking. Animals processed their surroundings through their bodies long before the Greeks invented logic. Robinson cites Julian Jaynes's provocative thesis that consciousness as we know it is only about 3,000 years old. His point is practical: we function unconsciously all the time, as on a long drive we can't remember, so learn your body's 'vocabulary' instead of dismissing it.

• If something seems a little strange, it's very strange. Leave first and figure it out later.

His rule comes from Gavin de Becker's The Gift of Fear, a book about street smarts. When a street or room feels off, our rational mind hunts for reasons instead of acting. Robinson removes himself immediately, and applies the same rule to investments, negotiations, hires and marriages. A companion rule: never make a decision when you're confused, tired or stressed, which he calls 'the stupid zone'.

• Learn which positions you do well in, and steer toward them from the first move.

In chess, the 'position' is how the pieces sit on the board, like players on a field. Robinson prefers quiet, slow positions where he can arrange his pieces for 10 or 20 moves before battle, so he avoids openings like the Queen's Gambit that he doesn't enjoy. A trader might learn they're bad in the opening hour or on Fed announcement days and simply stay away. Buffett and Munger stick to industries and situations they know well. No position is right for everyone; what matters is knowing your own.

• Chess forgives losses but investing doesn't, which is why 'never lose money' matters.

Chess has complete information, while poker hides cards, and in both you can still misjudge. Bobby Fischer played to win and didn't mind losing, because after a loss you're the same player the next day. In investing, a loss leaves you less capital tomorrow. Simply becoming decent takes a year or two, and too many costly mistakes along the way can leave you skilled but broke. Because human enterprise compounds, avoiding loss alone lets money grow. That's Buffett's Rule No. 1.

• When machines can answer anything, the edge belongs to whoever asks the best questions.

Robinson uses ChatGPT as a thought partner and a 'lightning-fast research assistant'. It's strong at deduction but can't make insightful leaps. When he fed it his own insights about the Princeton Review and markets, it couldn't reach them. Even its wrong answers are useful, because you ask why it went wrong. As Yo-Yo Ma draws more out of a cello, a master gets more from AI. A used-car salesman could ask what questions buyers will raise about a car and catch ones he'd have missed. School trains students to answer, Robinson says, but they need to learn to ask.

• A good question opens up more choices, so ask 'who knows how?' and look for the question behind the question.

Replace 'how do I do X?' with 'who knows how to do X?', which turns your constraints into options. When a friend asks for meditation books, the real question may be how to help a stressed teenage daughter. Since she's a dancer, movement meditation may beat a book. In the classic elevator story, engineers worked on cutting wait times, but the real problem was complaints. An architect installed mirrors. Robinson frames it as giving tenants another way to use the time rather than distracting them.

• Learning speed is the number of feedback cycles, so cut the friction between question and answer.

Early in the Princeton Review, which he co-founded with John Katzman, Robinson tutored 10–12 hours a day, seven days a week: 60–90 students a week on the same test. One girl accepted a 6 a.m. slot without negotiating. By Wednesday he could predict that a student had chosen C on question 13. He later paid programmers to automate market tests that took an hour in Excel, so they now take five seconds, and then he iterates. He makes the 'outrageous' claim that this gives him more market knowledge than anyone alive. One finding: JPMorgan outperforming other banks is slightly bearish for financial stocks, perhaps a flight to safety.

• People ignore warnings, and all wisdom is a warning in disguise.

Robinson defines stupidity as 'overlooking or dismissing conspicuously crucial information'. 'Let them make the first offer' implies a warning about making it yourself. People skip warnings because they can't picture themselves in the situation: 'that's for other people'. Medicine bottles should say that if you think it isn't affecting you, you're definitely affected.

EXAMPLES

• The mountain lion in Central Park

Jogging near the Met one Sunday at 7 a.m., Robinson leapt about 10 feet sideways with his heart pounding before he knew why. A crouching mountain lion statue on the embankment had caught his peripheral vision. His 'caveman brain' acted before thought.

• The charity canvassers on Fifth Avenue

He paid three college fundraisers $500 to listen for five minutes. They were all using the same failing line, so he urged them to experiment, and wrote to the charity that its thousands of canvassers could be running tests. Franchises do capture what works: 'would you like fries with that?' reportedly gets a yes about 7% of the time.

• The top hat experiment

His made-to-measure top hat gets at least one smiling compliment per block in SoHo and one per restaurant meal. A nearly identical, slightly bigger one gets none. Feedback taught him which to wear.

• Buffett's 1936 nickel

Robinson sorts his pocket change for pre-1960 coins (his best is a 1907 penny worth $300). He sent Buffett a 1936 nickel, from when Buffett was six: 'your allowance, spend it wisely.' Buffett replied by email, which he rarely uses, and endorsed his manuscript How Not to Be Stupid as 'loaded with good ideas and appropriate warnings'.

- **The lost Stradivarius**
  After Yo-Yo Ma left his cello in a cab, a dozen famous musicians lost instruments in similar ways, always while traveling after a performance. Violinist Philippe Quint decided the earlier cases were publicity stunts instead of asking, 'Under what circumstances might I lose mine?'

OTHER RELEVANT

- **Tim Ferriss called the book obvious**
  Robinson came to see that as 'being stupid about stupidity': dismissing something as obvious instead of asking what you're missing. It sent him down a productive rabbit hole.
- **Shrink the field to learn faster**
  Citing The Talent Code, he notes Brazilian players train on small pitches, which forces more touches, passes and shots per minute.
- **Go to bed smarter**
  Ask yourself daily, concretely: what did I learn today?

Rules for Winning the Game of Life | Adam Robinson | Knowledge Project Podcast 47

Guest: Adam Robinson
Date: 2022-11-08 · Duration: 1:56:34
URL: https://www.youtube.com/watch?v=7BfKEkEkKlk

KEYPOINTS

• Three rules for the 'great game' of life: connect, delight, expect magic.

In December 2016, on stage at the 92nd Street Y before about a thousand people, Tim Ferriss asked Robinson what lessons he had learned that year. He blurted out 'three things' with no idea what they were, then improvised them. First, connect with others above all. Second, create fun and delight for the other person in any situation. Third, lean into every moment and encounter expecting magic or miracles. A lifelong introvert who had lived in the world of ideas, he was surprised to find that he believed every word. They became the core of his novella An Invitation to the Great Game, drafted in 10 days.

• Don't chase happiness—point your attention at the task or at other people.

Happiness, love and success are found by not looking for them: hunt for love and you stop being lovable. Citing Viktor Frankl, Robinson calls happiness a byproduct of full engagement. Asked whether he was happy mid-interview, he said he had no idea; he was too absorbed. Attention belongs in only two places: the task at hand or other people. Doubt, fear or loneliness signals that it needs redirecting. His complaint about self-help is that it fixes attention on the one thing it shouldn't be on: yourself.

• Technology hijacks attention by reflecting your views or provoking outrage.

Platforms make money once your attention is captured, and only two levers make you click. They mirror what you already believe, making the internet 'one big confirmation bias engine,' or they show what infuriates you. Robinson sees a loneliness epidemic. He typed 'How can I learn' into Google: after English and Spanish, singing and coding, the top five included 'to love myself.' Friends got the same result—a question too private to ask even a best friend.

• To change minds, change the questions people ask or offer more inspired answers.

Every institution answers a question. Democracy answers how everyone can have a say. Slavery answered how to extract value without paying people—a horrific answer, not the question itself, since Wikipedia answers the same question by offering people intrinsic reward. New questions are hard to plant, so offering better answers is usually easier. Useful personal questions: 'How can I create fun and delight for this person?' turns a job interview into a game. 'Who do I need to be here?' beats 'What do I need to do?'

• Surprise means your model of the world is wrong—so 'it makes no sense' is a signal.

Robinson treats surprise as a learning opportunity and a way to find opportunities. When a pundit says it makes no sense that 10-year yields stay below 3% or that gold keeps falling, that person has a dozen logical reasons contradicted by reality. A stronger force is at work, and many investors are still on the wrong side of the trade. 'If you want to find gold, it's where things don't make sense.' His own insights arrive unbidden, and he works out the logic afterward. As Chesterton put it, you discover truth by logic only if you found it first without it.

• Investing means anticipating the anticipation of others—watch which group of traders is right.

Robinson calls intrinsic value 'a fraud' because Graham never defines it beyond 'value justified by the facts.' Even a true value is useless if nobody else believes it. He sees technical analysis as confirmation bias. Following Keynes, who multiplied a Cambridge college portfolio through the Depression, he waits for groups of traders to disagree and asks who is usually right. When bond and stock traders split, bond traders are 'right and early' almost every time; he watches the LQD/IEF ratio. Metal traders rank highest for simple models, physical goods and long horizons. Economists and central bankers rank last. He stresses this isn't investment advice.

• A trend is the spread of an idea, and trend changes start in three ways.

Drawing on Everett Rogers's Diffusion of Innovations (innovators, early adopters, early and late majority, laggards) and Schopenhauer's three stages of truth, Robinson sees trends begin in three ways. A long uptrend suffers a sudden 'air pocket' drop, then a bounce that fails. A parabolic rise collapses without a bounce. Or a long sideways stretch shifts shares from bored holders to patient ones before a big move, as with Bitcoin. A stock knocked down that doesn't get up, like an injured football player, is telling you something.

• When results stall, change what you're doing, not how hard you do it.

Most people double down: more effort, more money, more of the same. Follow Emerson—life is an experiment if you conduct it like one. Comedians like Chris Rock tweak one line a night and cut what doesn't get laughs. McDonald's 'Would you like fries with that?' reportedly came from a teenage employee's experiment. If unsure, step in the opposite direction: a runner whose times stall despite more mileage could try less. Robinson once spent two years testing ways to explain one concept; once something works, stick to the script.

EXAMPLES

• Joe Bloggs and the SAT.

Robinson's first tutoring student got every hard question wrong after narrowing it to two choices. He realized hard questions are hard because the plausible answer is a trap: 'pick the one you think is wrong.' He invented Joe Bloggs, the average test-taker, and taught students to do the opposite on hard questions—say, average speed from Toronto at 60 mph and back at 40 can't be 50. This became The Princeton Review; the test makers later dropped sections he cracked.

• The Stuyvesant program.

Volunteering in 1995, Robinson took students averaging about 29 out of 100 and got two-thirds into elite high schools needing 65–85. A 150-question survey found the biggest predictor of improvement was a father born abroad and a mother born in the U.S.; race dropped out. Kids who doubted they'd pass, but whose teacher believed in them, improved most.

• $500 for the charity canvassers.

Three young fundraisers used the same failing line on every passer-by. Robinson paid them $500 for two minutes to urge them to test different lines and share what worked.

• Copper divided by gold.
When recorded, 10-year yields were near one-year highs while copper/gold sat near one-year lows. Robinson says metal traders hadn't missed the direction of rates once since 2000.

OTHER RELEVANT

• Model struggle for kids.
Tell children learning is hard so they don't blame themselves, and let them watch you persist. Teachers who move on when a child hesitates 'don't let them think.'

• There's always a 'yet.'
'I'm no good at math' means your techniques aren't working. Worshipping intelligence undermines effort.

• Know your edge.
Echoing Steve Cohen: an edge is a definable, repeatable, testable process, not a gut feel or a summer job in a restaurant.

• Aim to fail at the highest level.
Standardized tests, like the high jump, are built to make you fail. Less-prepared boys expect difficulty and move on; conscientious girls are rattled.

Ray Dalio: Principles for a Life Well Lived | Knowledge Project Podcast Archive

Guest: Ray Dalio
Date: 2022-09-27 · Duration: 1:27:17
URL: https://www.youtube.com/watch?v=pl2_6KP2HpY

KEYPOINTS

• Going broke in 1982 swapped 'I'm right' for 'How do I know I'm right?'

Dalio started Bridgewater in 1975 after being fired. He punched his boss on a drunken New Year's Eve and kept that job, but a later incident ended it. In 1982 he calculated that countries owed American banks about 250% of the banks' capital and couldn't repay. When Mexico defaulted that August, he was on Wall Street Week and testified to Congress predicting a depression. Instead, August 1982 was the exact bottom of the stock market, as the Fed eased. He lost clients, let his whole team go ('like losing extended family') and borrowed $4,000 from his dad. He calls it one of the most valuable experiences of his life, because it 'gave me the humility I needed to balance with my audacity'.

• Three lessons came from that failure: stress-test ideas, balance your bets, and study history beyond your lifetime.

The greatest tragedy of mankind, he says, is holding wrong opinions you're attached to and never stress-test. He learned to cut risk without cutting returns by diversifying. Most surprises are events that never happened in your lifetime but happened before, like a debt crisis that comes roughly once every 75 years. Studying the 1930s helped Bridgewater anticipate 2008 when almost everyone thought it implausible. 'Everything is another one of those': identify the species and use principles for dealing with it.

• Write down your decision criteria, then turn them into principles and algorithms.

For important decisions, Dalio writes out the cause-and-effect criteria he's using. That is essentially what Principles is. Writing them down lets others stress-test them ('if this came along, would you do this?') and refine them. About 30 years ago he began coding those rules ('if this happens, do that') so the computer became a partner. At Bridgewater, teams argue about criteria rather than actions. If you agree on the criteria, 'the decision basically makes itself'.

• An idea meritocracy needs honest thoughts, thoughtful disagreement, and a fair way to settle what's left.

Autocratic decisions leave no ownership and risk arrogance. Democratic ones wrongly give everyone equal weight. Bridgewater uses believability-weighted voting, scoring people on track records and tests. If three people more believable than Dalio disagree with him, he switches into learner mode. He offers a medical analogy: your own believability is low, so find three highly believable doctors willing to disagree with each other, and listen until you either agree or understand the disagreement. Ask whether you're the teacher, student or peer in a conversation, and be most curious when a smart, respected person disagrees with you.

• Expect a fight between your 'two yous'. Getting to the other side takes about 18 months.

The thoughtful prefrontal cortex wants to know its weaknesses, but the amygdala experiences frankness as an attack. Recruits are warned about this struggle in advance. People who make it, like those who stick with a new diet and exercise habit, don't want to return to offices full of politics and hidden agendas. Success depends on balancing assertiveness with open-mindedness, the ability to 'look down on oneself'. Recent graduates adapt more easily if they get past their arrogance. Mid-career hires see the culture as an oasis from bureaucracy.

• Thoughtful disagreement is tough love, not meanness, and the principles are the opposite of dogma.

Those are the two most misunderstood ideas, Dalio says. Ground rules for challenging each other are what make very different views possible. The best gift you can give someone is strength, which means critical feedback and room to make mistakes. Mistakes are fine; not learning from them isn't. Spoiling people isn't love. He cites Vince Lombardi. Meaningful work and meaningful relationships are equal priorities that reinforce each other.

• Radical transparency means you can see things firsthand. Most meetings are recorded.

Except for highly personal or proprietary matters, Bridgewater records discussions so people can take part in the idea meritocracy and nobody talks about you behind your back. He says it's not for every organization, but the three core questions apply even to a two-person relationship or a marriage. Do the principles that bind you outweigh those that divide you? The main risk is people distorting information to do harm. Transparency is coming regardless, because the data you leave behind lets systems know you better than your spouse does.

• Pain plus reflection equals progress, run through a five-step loop.

Set audacious goals. Identify problems and don't tolerate them. Diagnose them to the root cause, whether that's your weakness, someone else's or a mistake. Design what you'll do differently. Then follow through, and repeat. Dalio sees each mistake as a puzzle, and solving it yields a 'gem': a written principle. Of the five steps, he considers reflection the most important. Watch second-order consequences too: life 'tricks' you, so food that tastes good is often bad for you and painful exercise is good.

EXAMPLES

• Bridgewater's tools

A 'dispute resolver' app guides people through structured resolution, including agreeing on a moderator. A 'pain button' logs emotional pain in the moment and later prompts reflection and tracks repeats. There's a meeting tracker, people profiles, and a 'coach' that suggests relevant principles. He also mentions the 'dot collector' from his 16-minute TED Talk.

• Meditating since 1969

After the Beatles went to India, he paid a small fee and learned Transcendental Meditation. A mantra carries the mind between the conscious and subconscious, which gives him equanimity to stay 'above the blizzard' and reconcile intuition with logic.

• Training new hires

A two- to three-week boot camp, then apprenticeship, about three hours of skills training, and continuous data to recalibrate where people fit best. David Ferrucci, who created IBM's Watson, works on the data side.

• The restaurant dilemma

If an owner asks how dinner was and it was bad, Dalio treats honesty almost as an ethical question and prefaces criticism

with 'I'm trying to be helpful, take it or leave it.' In relationships he asks for two things: be reasonable and be considerate.

- **Disengaged students**

  His wife's work in distressed Connecticut school districts found that about 22% of high school students were disengaged or disconnected. He argues equal opportunity, not equal outcomes, must start early with nutrition, education and family circumstances.

OTHER RELEVANT

- **The third stage of life**

  First you depend on others, then they depend on you. In your 60s, success means helping others succeed. 2017 was his handoff year and the reason for the book.

- **Happiness is relationships**

  Past the basics, money barely correlates with happiness, while community does. Chasing status rarely satisfies.

- **Advice for high schoolers**

  Love your mistakes, value what you don't know more than what you do, be radically open-minded, and go for the adventure.

Insights for Making Better Decisions | Gary Klein | Knowledge Project 144

Guest: Gary Klein
Date: 2022-08-09 · Duration: 1:39:38
URL: https://www.youtube.com/watch?v=UbXIugEQQsI

KEYPOINTS

• Performance has two arrows: fewer errors and more insights. Organizations watch only the first.

Klein used to show a slide with a down arrow (reduce errors) and an up arrow (increase insights). After a talk in Singapore, someone asked what he knew about insights, and he had to admit he knew nothing. He stewed on it for a 17-hour flight home, then collected 120 examples of real insights. The incentives are lopsided. A bad idea is a public mistake, but a missed insight is invisible. Insights are disorganizing and disruptive, so even organizations that sincerely say they want innovation tend to stifle it. It only takes one person in a chain of approvals to kill a fragile good idea, and experienced leaders carry 'scar tissue' that makes them say 'we tried that and it didn't work', even when technology or circumstances have changed.

• Insights come by three paths: connection, contradiction and correction.

In the connection path, ideas combine: Darwin knew species changed, then read Malthus on competition for scarce resources and saw what drove evolution. In the contradiction path, something doesn't fit: a rookie cop at a red light saw a driver flick cigarette ash inside a brand-new BMW, thought 'who does that?', and pulled over what turned out to be a stolen car. In the correction path, a flawed belief has you stuck, and in about 27 such cases a hint made people investigate instead of dismissing the anomaly. Across all three, the 'secret sauce' is getting curious about things that don't make sense. He also advises noticing and celebrating your small daily insights, not just beating yourself up over mistakes.

• Experience isn't expertise. Experts know their mistakes, and the mistakes 'eat at them'.

Klein has about seven or eight criteria for spotting an expert, and none is foolproof. Years of experience, track record (an investor right five times may just be lucky), peer opinion and scenario performance all help. His favorite test is 'Tell me the last mistake you made.' Someone who can't think of one may be competent but isn't an expert. Journeymen often plateau because they move on and forget their errors. To break through, people must unlearn conventions and beliefs that are wrong or narrower than they thought.

• Confidence is a poor guide to who knows what they're doing.

At a petrochemical plant, two newly promoted operators went through decision-making exercises. Everyone loved the confident one, who carried himself well. The tentative one, full of caveats, worried people. The exercises showed the confident operator didn't grasp the plant's critical dynamics and wasn't safe at a panel that could blow up, so he went back outside for another year. The hesitant one understood the causal relationships. The unhappy postscript was that once results were used for evaluation, nobody wanted to do the training anymore.

• A rich mental model has four parts, not one.

Studying petrochemical operators with colleagues, Klein expected a mental model to mean 'how it works'. Experts also knew its limitations and boundary conditions, the workarounds for when those limits hit, and where other people are likely to get confused. Because words are ambiguous, abstractions transfer poorly. Ask for the story behind someone's lesson instead: what surprised you, how did you notice it, what did you make of it? Good stories have a mystery, real change, and an insight at the end. Different listeners take different lessons from them, which shows how their mental models differ.

• Fixation comes from explaining away anomalies. Quick first impressions are fine.

Snap judgments based on experience usually work, so telling people not to form them is 'ridiculous'. The danger is protecting the story with 'knowledge shields', which even scientists use, by questioning how inconvenient data was collected. In project reviews, ask 'What surprised you in the last three months?' If the answer is 'nothing' on a complex problem, that's when to worry. A decision journal can log your read of the situation and each piece of inconsistent data, so you can see when you should have lost faith in it.

• Run a real pre-mortem: assume the project has already failed and explain why.

Klein invented it in the late 1980s by moving the after-action review to the kickoff meeting. With 20 minutes left, the leader says an infallible crystal ball shows the project failed six months from now. Everyone spends two minutes writing reasons, then goes around the room one item at a time, with the leader going first with something real. Finish with two more minutes on what each person will do to prevent those failures. It reverses the usual 'any problems?' dynamic, where nobody wants to spoil the go-mode. Now people show they're smart by finding issues nobody else raised, which builds candor and trust. Common mistakes are framing it as 'what could go wrong?', letting people ramble, and a leader who holds back his own items.

• He dissents on biases: most heuristics serve us well, and emotion is essential.

He stresses that the heuristics-and-biases view is dominant and well respected. Still, he argues debiasing has had little success, and rightly so. Availability, representativeness and anchoring are how expertise gets used, and they look like biases only in lab traps or hindsight. Kahneman and Tversky themselves said heuristics are generally useful. He cites Damasio's patients with brain lesions that cut emotion off from decisions. Their IQs were intact, but they took 45 minutes to choose a restaurant and lost jobs and marriages. He offers to pay for such surgery for any researcher who thinks emotion corrupts judgment. Nobody has taken him up on it.

EXAMPLES

• The turbulent year

Of two new hires, the one whose year was full of crises learned far more. Give the smooth-year worker those crises as stories or scenarios, so they gain the experience vicariously.

• ShadowBox

Trainees work through a hard scenario, rank options, goals or information at each decision point, and write their reasons. Then they compare against a panel of experts' rankings and reasoning. A half-day raises their match with the experts by about 25%. The approach grew from a New York Fire Department battalion chief's post-9/11 scenarios.

• Decision scorecard

Instead of grading year-old objectives, Klein and an employee each list the past year's major decisions and discuss the reasoning, separating good decisions with bad luck from lucky bad ones. He finds it far less stressful.

- **The Martian's public consensus**

  Deciding together and in public whether to go back for the stranded astronaut created pressure to agree, much like backcountry skiers deciding whether to cross avalanche terrain. A secret vote would reveal who's afraid.

- **The officer's golden words**

  A huge, strong policeman who 'almost always won' fights grew tired of the accumulating damage. He began collecting phrases from colleagues who won voluntary compliance. His rule: the person should trust me more at the end of the encounter than at the beginning.

OTHER RELEVANT

- **Groups advise, individuals decide**

  Consensus tends to be risk-averse and buries bold ideas. Have people form their views privately before sharing; research shows group brainstorming doesn't produce more or better ideas.

- **The zone of indifference**

  When two options are almost perfectly balanced, the choice barely matters. Recognize it and pick, even by coin flip.

- **Recognition-primed decisions**

  His 1985 model of intuition plus mental simulation explained almost 90% of firefighters' tough calls, and it has held up for over 35 years.

Core Human Motivations | Kunal Shah | Knowledge Project 141

Guest: Kunal Shah
Date: 2022-06-28 · Duration: 2:25:53
URL: https://www.youtube.com/watch?v=nl1PIagzgUo

KEYPOINTS

• His business community taught him three things: low shame, an instinct for value, and constant trend-spotting.

Shah grew up in the Gujarati trading community. He says these traders tolerate mockery as long as they win the commercial side of the deal, and treat unit economics as small talk. When invited to speak at an MBA school, he only wanted to understand the school's economics. Their greeting asks 'what's new, what's trending?', and they go wherever competition is thin, which is why a Gujarati family may have run a shop in a remote African country for generations. They lend to each other at nominal rates and offer a soft landing after failure. Families go all in, get wiped out and rise again with little stigma. He estimates this community holds most of India's serious investment assets.

• Shame-based upbringing leaves a lasting bug: you can't risk your reputation.

Indian kids are often told everyone will laugh at them if they score badly. It works short term, but it leaves people forever watching what others think. Shah argues you can't build substance, wealth or experience unless you're willing to risk perhaps 30–40% of your reputation. Many won't risk 1%. People who were mocked early sometimes develop a superpower of not caring. He applies this himself by posting rough conjectures publicly so others will 'bash me and correct me', which sharpens his insights. One corollary: whatever you list as proud of in your bio is a 'handle' others can use to manipulate you, so his profile says nothing.

• Margins live where products move people up in status. Utilities race to zero.

Picture everyone and everything with a status level: fueling a car is low, Louis Vuitton is high, Harvard Business School is higher. The brain's 'CFO' switches utility providers for any cheaper price. Its 'CMO' will spend years and fortunes on anything that promises, or merely offers hope of, a jump: Ivy League admissions, Las Vegas, lottery-like crypto. He notes that most coins traded weren't even in the top ten. As a teenager he learned this firsthand. His personalized mixtapes sold for three to four times the usual price. His black henna, which helped wedding guests stand out and was rationed to two a day through artificial scarcity, sold at ten times regular henna. Increasingly, internet businesses give the utility away and earn on cross-sold lending, ads and services.

• India's 'Maslow' is about status and belonging, and nobody there knows their hourly wage.

Almost no Indian is paid hourly, so few can value their time. Wealthy travelers spend flights deleting WhatsApp photos rather than pay a dollar for cloud storage. Netflix's pricing stumbled, and Indian businesses rarely pay for software. Shah says he can't name one company earning $10 million a year selling software to Indian businesses, even though India is a top SaaS exporter. Instead, money goes to visible status. A retail buyer, at his request, found living-room products carried about three times the margin of bedroom products, and a renovation firm that relaunched as 'living room renovation' now gets most of its revenue from it. His staff typically spend about six times their annual salary on their weddings, and 80–83% of suitcases are bought for weddings.

• Build where the rivers of motivation already flow, not dams in the desert.

Many brilliant Indian founders copied Western models, including ten funded laundry startups in a country where maids come to your home. Meanwhile mediocre founders in the right markets thrived. 'If you meet the bad market you will die.' Core motivations don't change across cultures: status, mating success, success for your children. What would you give half your net worth for? That reveals them. Shah, a philosophy graduate who took 7–9 a.m. classes while working full time from about 15, believes he's the only humanities founder among India's roughly 100 unicorns.

• The Delta 4 test: a jump of four or more points in efficiency makes behavior irreversible.

Nothing was more efficient 20 years ago than today; humans move one way, toward efficiency. Score the old way and the new way out of ten, like hailing a cab versus Uber. When the gap is four or more, three things happen. People won't go back. They tolerate flaws ('you'll hate Uber but won't delete it'). And they brag about it, which he calls the 'unique brag-worthy proposition'. Buying shirts online often fails the test because of sizing. He says he was told Sequoia's US team adopted the framework in analyst onboarding.

• Insight is 'the smallest unit of truth that is actionable'. Collect dots widely and ask why.

Like Sanskrit verses condensed for memory, insights are irreducible building blocks. Insight compounds faster when your friends come from many fields and are collecting dots too. Shah talks to comedians, music directors and influencers because education, gambling and luxury share principles. He hunts origin stories. Shampoo comes from 'champi', an Indian head massage, and an opium trader's fortune connects to the founding of Hong Kong. His 'WhyFi' game for kids asks one why-question at dinner and has them bring the answer the next day.

• Envy is hyper-local, like Wi-Fi, so change your network and copy journeys, not end states.

Shah isn't envious of Elon Musk, who isn't in range. People envy those just above them, like 40-somethings still comparing themselves with their college batch at reunions. He scored poorly on memorization exams and thought he was dumb until his first exit. His fix is an inner scorecard: am I better than six months ago? People imitate Musk's or Jobs's end state without the journey. Shane adds that the most useful mentor is someone who recently did your exact job.

EXAMPLES

• FreeCharge

He built India's mobile top-up platform with retailer vouchers as rewards and sold it in what he calls the largest Indian exit at the time. He ignored Sequoia's emails for months and didn't know what 'CAC' meant. The lesson: the mass market couldn't be monetized, so CRED serves only India's top 25 million customers.

• The dinner-table pitch test

He asks founders to explain their product in Hindi, or without slides. Then: 'I'm a user telling a friend at dinner, no jargon, what do I say?' About 90% fail. If it doesn't spread, acquisition costs explode.

• Expensive headphones

Good founders know both the functional and emotional reasons people buy. Premium headphones signal affluence and taste more than they improve sound.

- **Tourist-trap water**

  In Vienna, Shane's family paid 18 euros for water next to a 3-euro cake. Scams cluster where there are no repeat customers. All bad behavior, Shah says, is rooted in short-term thinking.

- **Public predictions**

  He tweets predictions and people reply 'remind me in 24 months'. Being proven right or wrong in public works as a crowdsourced decision journal for someone who loses his own to-do lists.

OTHER RELEVANT

- **Reputation is a bank account**

  An investor told him you can deposit a dollar a day, but one mistake withdraws almost everything. You can't hack it.

- **Emotions detect, logic decides**

  Like a mother sensing something is wrong with her child, gut feelings spot problems well but make poor tools for fixing them.

- **Experiences per year, not years of experience**

  A company becomes 'big' when its concentration of high-slope people falls. High performers leave when surrounded by mediocrity.

How to Decide When You Don't Have All the Facts | Good to Great Author Jim Collins (Audio)

Guest: Jim Collins
Date: 2021-05-04 · Duration: 1:52:38
URL: https://www.youtube.com/watch?v=-Dot-Uf1dkE

KEYPOINTS

• A real mentor invests in your character and expects nothing back.

Collins's biological father was so absent that, visiting him in an adobe hut with a dirt floor, Collins realized 'there is no dad here'. Bill Lazier, a successful entrepreneur teaching his first class at Stanford, took a genuine interest in Collins with no agenda. He didn't want a company to invest in or research help. Over dinners with his wife, Dorothy, he talked about values, commitments and what you'll serve. Collins saw himself as 'a super high-energy propulsion machine' with no guidance system, and Lazier helped him build one. Collins re-released Beyond Entrepreneurship (BE 2.0), which they wrote together, with a new chapter to share Lazier, who died in 2004, with the world.

• Build your own 'father': 100 biographies, a personal board of directors and mentor moments.

In his 20s Collins set out to read 100 biographies, because each gives the full arc of a life. Churchill's six-volume war memoirs shaped how he leads through turbulent times. Driving down Alma Street in Palo Alto, he heard Truman say in the audiobook Plain Speaking that if you don't know right from wrong by 30, you never will. He pulled over, realizing he had about five years. He drew a board table with seven seats, chosen for character rather than success, with his wife Joanne and Lazier among them, and hung it above his desk as a moral compass. Most of those members have died, so in his 60s he keeps a 'personal band of brothers', some much younger, whom he wouldn't want to let down.

• The test of a great relationship: each person thinks they benefit more.

Lazier divided people into those who treat life as transactions and those who build relationships. You can have a successful life through transactions, he said, but a great life only through relationships. When Collins asked what makes a great relationship, Lazier said that if you ask each person separately who benefits more, both answer 'I do', because both are giving rather than taking. Collins counts curiosity and relationships as his two core values. He distrusts assigned mentors and 'mentoring' that is really networking for doors to open. Discipline, he adds, is more about a stop-doing list than a to-do list.

• Decide your opening bid: trust by default, and guard against catastrophe.

After leaving Stanford, Collins was shocked when people abused his trust. Lazier, who had been burned financially by someone close, called the choice one of life's most important forks: start with trust that can be lost, or with mistrust that must be earned. He chose trust, as a hard-headed bet. The best people are drawn to trust and repelled by 'earn it' suspicion, and trusting people makes them more likely to act in trustworthy ways. Losses are 'part of the cost of living', but you never trust your CFO without watching the cash. Collins notes that game theory points the same way: open with cooperation.

• Don't confuse a long life with a great life. 'Put the butter on your waffles.'

Collins was throwing pages away while writing their first book. Instead of a lecture on grit, Lazier said: 'If this isn't fun, we should stop doing it.' The day after they handed in the manuscript, Lazier had a quintuple bypass. Months later, at their Saturday waffle fest at Peninsula Creamery in Palo Alto, he buttered his waffle while Collins watched in horror. Lazier explained that being wheeled into surgery, he'd smiled, because he knew he'd had a great life and everything after was gravy. Time speeds up ('Christmas will come as fast as garbage day'), so a life is the sum of the quality of its moments. Lazier died in 2004, and Dorothy said he had a smile on his face.

• The first decision question isn't fast or slow. It's how much time you have before your risks change.

The 10X leaders in Great by Choice made some big decisions fast and others slowly. Comparison companies often rushed just to do something. Diagnosed with prostate cancer, Andy Grove had months, not days, before his risk changed, so he did a self-directed 'second PhD' and then made a clear, decisive choice. When a 2009 fire came over the hill, the time was minutes. Jorge Paulo Lemann told Collins that people act prematurely to make uncertainty go away, but in Latin America 'the uncertainty never goes away', so let events unfold until you must act. Consensus doesn't correlate with good decisions. The pattern is debate and table-pounding, then an executive decision and unified commitment, plus 'autopsies without blame'.

• Great companies change about 20% of their recipe and understand why the rest works.

Southwest Airlines began as a near photocopy of Pacific Southwest Airlines; drop 'Pacific' and you get the name. The difference was that Southwest's people could explain the recipe: only 737s means one set of parts, manuals and simulators; fast turns because planes earn money only in the air. PSA's version became rote, and after deregulation and fuel shocks it panicked into wholesale changes and a doom loop. Over about 30 years, the winners changed roughly 20% of their recipe and the comparison companies about 80%. Buffett's move from cigar butts to great companies at fair prices is the 20%. Pair the recipe with trusted people, like Nordstrom's one rule: 'Use your best judgment in all situations.'

• Real understanding shows up as the ability to teach it.

Asked how to tell genuine masters from imitators, Collins says the real ones are great teachers. Buffett's annual letters are seminars. Herb Kelleher would explain, sometimes in tears, why Southwest didn't serve meals. Jack Bogle, at 88 and after a heart transplant, gave Collins almost a full day ('It's Jack, not Mr. Bogle'), his eyes 'burning with an 18-year-old's intensity'. He was still teaching why high fees are a wealth tax.

EXAMPLES

• A job is an undiversified bet

A job puts all your eggs in one basket that you don't control, with political risk on top. Collins's students took on more risk to avoid ambiguity, preferring a paint-by-numbers kit to a blank canvas. The swing variable is the probability that you'll start at all, which falls as obligations pile up.

• Seeing the hat

A car swerves into your lane and you curse the driver. Then you see a hat blown into the road. Lazier warned that what looks like betrayal may be misunderstanding or incompetence.

- **Forgiving the dead**
  Collins carried anger toward his father, who died when Collins was 23. He had to learn to forgive someone no longer here, and found it 'enormously liberating'.
- **Create forward**
  When he wakes at 4 a.m. replaying a missed 'wide-open three-pointer' in a conversation, he gets up after 20 minutes and works on something new. His Create Forward Manifesto says: retire from worry, not from work.
- **Stockdale's optimists**
  In the Hanoi Hilton, the prisoners who expected to be 'out by Christmas' died of broken hearts. Stockdale kept unwavering faith he'd prevail while confronting the brutal facts.

OTHER RELEVANT

- **The two sides of the flywheel**
  12 to 6 o'clock is what you contribute to the world. 6 to 12 turns that into fuel, like Vanguard's assets under management becoming economies of scale and lower costs.
- **Built to last or built to flip**
  The existential question is where the fuel goes: siphoned off for a sale, or reinvested to spin the flywheel for billions of turns.
- **Self-renewal next**
  Now 62, Collins is turning to why some people stay renewed across a long life.

Daniel Kahneman | The Knowledge Project #68

Guest: Daniel Kahneman
Date: 2019-10-12 · Duration: 1:06:40
URL: https://www.youtube.com/watch?v=-10cairWi10

KEYPOINTS

• Happiness and life satisfaction are different things, and people want the second.

Kahneman separates happiness, the emotional tone of daily life, from life satisfaction, how you feel when you step back and think about your life. Happiness is mostly social: being with people you love who love you back. Satisfaction is more conventional and tracks success, money, education and prestige. He began by assuming happiness in the moment was what was real and that satisfaction was just 'stories people tell themselves.' But the research showed people care less about how happy they'll be than about having a good story of their life. A definition of well-being that people don't care about was untenable, so he admits he no longer knows how to define it.

• Above a threshold, money stops adding happiness but keeps adding satisfaction.

With economist Angus Deaton, Kahneman found that in the US, above roughly $70,000 a year, extra income didn't improve day-to-day emotional happiness, though poverty clearly makes people miserable. Life satisfaction never leveled off: more was always better. He reads money as a proxy for success. Billionaires working flat out don't need more money; they want proof they're good at what they do. Both feeling happy and being satisfied appear to be good for health and longevity.

• To change behavior, weaken the restraining forces rather than push harder.

Kahneman calls this the best psychological idea ever. It comes from Kurt Lewin, who saw behavior as a balance between forces pushing one way and forces pushing back, like how fast you drive. Our instinct is to push: arguments, incentives, pressure. Lewin's insight was to ask, 'Why aren't they doing it already?' and reduce those obstacles. Kahneman pictures a plank held between springs. Add a spring to push it and it moves, but the system ends up under more tension. Remove a spring holding it back and it moves with less tension. Even so, he's skeptical about changing behavior at all, including your own; spouses trying to change each other are 'not on their way to a good marriage.'

• Look at the situation before blaming the person.

His second lesson is the fundamental attribution error: we assume people act from personality when the situation is often driving them. Motives are mixed, too; people do good things for good and bad reasons, and bad things for both. The point of teaching psychology is to make people less judgmental and more patient. Perspective matters in policy as well. The endowment effect means giving something up hurts more than getting it pleases, yet government reformers, like agents acting for others, don't feel that pain. They underestimate how hard potential losers will fight, which is why reforms often fail or cost far more than planned to compensate the losers.

• We mostly don't reason our way to beliefs; we adopt them from people we trust.

Ask Kahneman for reasons and he'll always find some, but reasons aren't the causes of beliefs. He believes in climate change because he trusts the people who tell him it's real, and skeptics trust other people. He's more likely to believe fake news from his own side. Even scientists are swayed by commitment to their earlier views and by bruised egos. He calls independent clear thinking 'to a first approximation impossible,' and links the decline in public debate partly to polarization and people choosing their own news sources.

• Break judgments into independent parts and hold off on intuition.

At 22, as a psychologist in the Israeli army, Kahneman replaced free-form 'overall impression' interviews with ratings of six traits, scored one at a time. Interviewers protested, 'you're turning us into robots.' As a compromise, he let them close their eyes at the end and give an intuitive overall score. Both the trait scores and that final intuition predicted performance, and the method lasted over 50 years; a commander still told him, 'then we tell them, close your eyes.' The lesson: treat options like job candidates, score each dimension separately, stop only for a deal-breaker, and form your overall view once you see the full profile. Otherwise you form an impression fast and spend the rest of your time confirming it, like witnesses comparing notes.

• Organizations can fix judgment more easily than individuals can.

After a lifetime studying biases, Kahneman says he's not much better at avoiding them. Individuals rarely improve just by deciding to, and checking a list of biases mostly invites clever rationalizations. Organizations think more slowly and follow procedures, so they can change those procedures. Where possible, use algorithms or rules; they beat human judgment, though at a social cost. Otherwise, slow down, especially when you feel instantly sure. Protect dissenters, because dissent is painful and costly. Keep information-gathering independent of what decision-makers want. Have people write down their positions before a meeting, because groups converge fast. People resist it because it means work.

• Societies reward confident, fast intuition, even when waiting would be wiser.

Everyone knows not to rewrite road-safety law right after a terrible crash, yet leaders are expected to respond immediately. Kahneman says people prefer intuitive, overconfident leaders and are suspicious of those who deliberate. He thinks Obama was at a disadvantage against George W. Bush because careful deliberation can look like not knowing what you're doing. He also has a theory of expert overconfidence. Philosophers and psychologists judge ideas side by side, where differences look obvious, but people live one situation at a time, where countless other factors drown out each effect. So researchers' clear intuitions turn into misplaced confidence.

EXAMPLES

• Julie read fluently at age four. What's her GPA?

Everyone instantly guesses a GPA as extreme as the impression, roughly the 90th percentile. But reading age says little about grades, so the sensible guess is just above the average of about 3.1–3.2. Our predictions ignore regression to the mean, and Kahneman says he resists this 'never when it's important.'

• The pre-mortem.

This idea comes from Gary Klein. Before a decision, imagine it's two years later and the plan has been a disaster, then have everyone write the history of what went wrong. It makes raising doubts legitimate, even rewarded, just when groups push to close.

• Noise in insurance.
Executives expected two underwriters quoting the same case to differ by about 10%. The actual gap was about 50%. Wherever there is judgment, there is noise, and more than you think.

• The lovely talk.
At Berkeley, a job candidate with teaching awards gave a weak talk, and colleagues concluded ‘he can’t teach.’ Even after the error was pointed out, they still didn’t want to hire him.

OTHER RELEVANT

• Resist anchors.
The first number shapes what seems plausible. When faced with an absurd opening offer, Kahneman advises: make a scene and refuse to start from it.

• Negotiation is about understanding.
Arguments, promises and threats are all pressure. Instead, find what makes it easy for the other side to move your way.

• Keep a decision journal.
Record the arguments for and against, the alternatives and your confidence. Leaders hate this because hindsight can make them look foolish.

• He changed his mind on priming.
Some priming findings he presented in Thinking, Fast and Slow failed to replicate. He blames himself for being gullible and is now wary of spectacular findings.