

[Transcript] The Tim Ferriss Show / #695: Shane Parrish on Wisdom from Warren Buffett, Rules for Better Thinking, How to Reduce Blind Spots, The Dangers of Mental Models, and More

This episode is brought to you by Momentus. Momentus offers high-quality supplements and products across a broad spectrum of categories, including sports performance, sleep, cognitive health, hormone support, and more. I've been testing their products for months now, and I have a few that I use constantly. One of the things I love about Momentus is that they offer many single ingredient in third-party tested formulations. I'll come back to the latter part of that a little bit later. Personally, I've been using Momentus Mag3n8, L-theanine, and Apigenin, all of which have helped me to improve the onset quality and duration of my sleep. Now, the Momentus Sleep Pack conveniently delivers single servings of all three of these ingredients. I've also been using Momentus creatine, which doesn't just help for physical performance, but also for cognitive performance. In fact, I've been taking it daily, typically before podcast recording, as there are various studies and reviews and meta-analyses pointing to improvements in short-term memory and performance under stress. So those are some of the products that I've been using very consistently, and to give you an idea, I'm packing right now for an international trip. I tend to be very minimalist, and I am taking these with me nonetheless. Now back to the bigger picture. Olympians, Tour de France winners, Tour de France winners, the US military and more than 175 college and professional sports teams rely on Momentus and their products. Momentus also partners with some of the best minds in human performance to bring world-class products to market, including a few you will recognize from this podcast, like Dr. Andrew Huberman and Dr. Kelly Starrat. They also work with Dr. Stacy Sims to assist Momentus in developing products

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specifically for women.

Their products contain high-quality ingredients that are third-party tested,

which in this case means informed sport end or NSF certified,

so you can trust that what is on the label

is in the bottle and nothing else.

And trust me, as someone who knows

the sports nutrition and supplement world very well,

that is a differentiator that you want

in anything that you consume in this entire sector.

So, good news.

For my non-US listeners,

more good news not to worry,

Momentum ships internationally,

so you have the same access that I do.

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That's livemomentum, L-I-V-E-M-O-M-E-N-T-O-U-S dot com slash Tim

and code TIM for 20% off.

This episode is brought to you by Eight Sleep.

Temperature is one of the main causes of poor sleep

and heat is my personal nemesis.

I've suffered for decades, tossing and turning,

throwing blankets off, pulling the back on,

putting one leg on top and repeating all of that ad nauseam.

But now I am falling asleep in record time.

Why? Because I'm using a device

that was recommended to me by friends

called the Pod Cover by Eight Sleep.

The Pod Cover fits on any mattress

and allows you to adjust the temperature

of your sleeping environment,

providing the optimal temperature

that gets you the best night's sleep.

With the Pod Cover's dual zone temperature control,

you and your partner can set your sides of the bed

to as cool as 55 degrees or as hot as 110 degrees.

I think generally in my experience,

my partners prefer the high side

and I like to sleep very, very cool.

So stop fighting, this helps.

Based on your biometrics, environment and sleep stages,

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the Pod Cover makes temperature adjustments throughout the night that limit wakeups and increase your percentage of deep sleep. In addition to its best in class temperature regulation, the Pod Cover sensors also track your health and sleep metrics without the need to use a wearable. So go to eightsleep.com slash Tim, all spelled out, eightsleep.com slash Tim and save \$250 on the Eight Sleep Pod Cover. That's eightsleep.com slash Tim. Eight Sleep currently ships within the US, Canada and the UK, select countries in the EU and Australia. Again, that's eightsleep.com slash Tim to save \$250 on the eightsleep Pod Cover. At this altitude, I can run flat out for a half mile before my hands start shaking. Can I answer your personal question? No, I just didn't have the perfect time. I'm a cybernetic organism, living this year over a metal endoskeleton. Me, Tim, Paris, Seoul. Hello boys and girls, ladies and germs. This is Tim Ferriss and welcome to another episode of the Tim Ferriss Show where it is my job, as always, to deconstruct world-class performers, including those who study world-class performers to tease out the habits, routines, favorite books, rituals, frameworks, whatever it might be that you can apply to your own lives. And my guest today is Shane Parrish. Shane Parrish is the entrepreneur and wisdom seeker behind Farnham Street and the host of the Knowledge Project podcast, where he focuses on mastering the best of what other people have already figured out. And he has many, many top investors and thinkers on his podcast. His popular online course, Decision by Design, has helped thousands of executives, leaders, and managers around the world learn the repeatable behaviors that improve results. Shane's work has been featured in The New York Times,

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The Wall Street Journal and Forbes,
among many other outlets.
He is the author of the brand new book, Clear Thinking,
turning ordinary moments into extraordinary results.
You can find him on Instagram at Farnham Street,
that's spelled F-A-R-N-A-M, street.
On Twitter at Shane A. Parrish, last name, P-A-R-R-I-S-H,
and all things Farnham Street,
including the Knowledge Project,
you can find at fs.blog.
And without further ado,
please enjoy a very wide-ranging conversation
with Shane Parrish.
So Shane, there are a million places we could start.
So my understanding is you are a straight D student
till grade 10, if I'm getting that right.
And maybe this is a segue, maybe it isn't,
but why was the book The Stopwatch Gang important to you?
And could you provide some context
for how that appeared in your life?
So my parents were in the military.
I live with my mom, my stepfather,
my biological father, live somewhere else.
And we moved every year.
So every year I had a new school.
I think the first school that I went to,
two years in a row, was grade 10 and 11,
to put things in context.
Same school, two years in a row.
For grade eight,
I decided I was gonna live with my biological father.
So I moved across the country, lived with him.
And for various reasons, this was a disaster.
Somebody who really didn't have a lot of experience,
parenting, me growing up,
all of a sudden has a teenager, my stepmother,
all of a sudden inheriting a teenager,
living in the middle of nowhere.
I'm already a borderline delinquent.
I almost got kicked out of school in grade seven
for skipping school.
Like I skipped school for like seven or eight weeks.

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I did go see a child psychologist to make sure,
as a condition of not being expelled,
that I was like,
there was nothing seriously wrong with me.
And so in grade eight,
I just started getting in more and more trouble.
I started to hang around the wrong people.
Your environment sort of determines your behavior a lot.
Not only your physical environment,
but the people you surround yourself with.
And it's just the slow escalation.
And if somebody said,
hey, you're gonna go break into somebody's house,
you'd never do it.
But if you start with vandalism
and you start staying out late
and you start doing things that you're not supposed to,
all of a sudden breaking into a house
is like the next logical step.
So we're doing this book report for grade eight.
And I go to the library
and I'm like not interested in reading.
I'm not even interested in doing my schoolwork at all.
And I just happened to land in this true crime section
at this elementary school, which is like four books long.
And there's one book called the stopwatch gang.
And I was like, what's this about?
I pick it up and it's about a bunch of bank robbers.
And I was like, oh, this is, this is awesome.
Like this is my kind of book.
Why has nobody shown me
that you can like read about this stuff?
So I get home and I'm like reading this book.
And a few days later,
my friends like knock on the door
and we all had like dirt bikes.
So we're all like living on 20 acres.
You're commuting by dirt bike to your friend says
they knock on the door.
Where are you at this point in time?
This is in Carp, Ontario, Canada.
Got it. Okay.

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Just to place it for people.
Yeah. So they knock on the door
and they're like come out with us and let's have some fun.
And I was like one chapter away from the end.
And I don't know.
You've probably read a really good book
and you want nothing to like interrupt you in that moment.
You're like, no, like the world doesn't exist.
I need to finish this book.
There's nothing more important.
So I like lied because if I told them I was reading a book
that would go over like a lead balloon.
But I was like, you know,
I'm not really feeling that well tonight.
I'm going to stay in.
I'm sorry about that.
And so they go out and they end up breaking me
into somebody's house and getting caught
and a whole bunch of bad things happened as a result of that.
And if I was there,
I probably would have been doing that with them.
But luckily I wasn't there.
I didn't do that with them.
I found out about what happened.
And this is a chance event.
This wasn't me like thinking about anything
and saying no to this thing.
It was just pure 100% luck.
But I sort of got a little bit scared straight after that.
Not in terms of like,
I'm going to devote myself to school work
and like get better grades,
but straight in the sense of I don't want to do this.
I don't want to get into this trouble.
And then from that moment on,
books sort of became an outlet for me
to live in an imaginary world
and to escape the world I was actually in
and to sort of be part of something else.
Have you ever had a book do that to you?
Oh, for sure.
I literally yesterday,

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this is not something I should probably advertise broadly.
I'm not proud of it,
but I was listening to these second of three books
in this trilogy by Joe Abercrombie.
And I had six minutes left in this very, very good chapter.
And my mom had arrived a little bit early to go to dinner.
And so I was banking on having that extra time
before the pickup to finish this chapter.
And it was, it bothered me so much that I got up,
I said, I really had to go to the bathroom
and I went to the bathroom
and I just walked around outside the restaurant
for six minutes and finished this chapter
in the audio book.
That was last night.
So yes, I definitely know the feeling.
That's awesome, right?
And you're like, how dare you show up early?
Yeah, which is not the tone I want to take with my mom,
but I was like, oh, okay.
Yeah, I forgot my OCD as it applies to time
should not be imposed on all other people.
So that's okay.
And took a little loitering meander
as a bathroom break at dinner.
That's okay.
Got it done.
And then in grade nine,
like my grade nine teacher wrote in my report card
that Shane would be lucky to graduate from high school.
So what happened?
I mean, a couple of observations.
Number one, if you had been convicted of,
I'm not sure what the legal equivalent is,
something like a felony or whatever that was,
with your friends that certainly I would imagine
would have complicated later work in government on some level.
Oh, totally.
Or it could have,
but what were the inflection points
that led to you being employable,
especially at an intelligence agency in 2001?

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Okay, so that is also like a crazy story
because intelligence agencies,
I mean, they vet people up, down.
They interviewed neighbors.
They interviewed teachers.
They interviewed the references that I put down.
They talked to people that I didn't put down.
Like they wanna know about your life.
And they wanna know who you are as a person,
especially for students and for people like me
who have a bit more of a,
I would say troubled background, right?
Like I'm not a straight A student.
I didn't go to the best schools in life.
I had a clean record, but I didn't,
if you look at the sort of supporting evidence,
it's like, well, this person's been in trouble
over the course of their life.
And they talked to my professors
and like one of my professors hated me.
And so that conversation was like, it was just so weird.
We had this, I don't know if other people had this,
but in physics, first year of physics,
they had this computer program
that generated your assignments for you.
So everybody in the class
literally had this different assignment.
And each question was different.
There was like 10 versions of question one.
Then all the numbers were different.
Even if you had the same version of question one
that you could find somebody else with it,
you had the same version, you would have different numbers.
So you couldn't just copy the answer.
And so all the kids in school, all the rich kids,
basically bought the same tutor
and this tutor for 20 bucks or whatever.
He just like, you gave him your sheet
and he spit out the answers for you
because he had all the 10 versions of the question.
He would just plug in your numbers and you'd go to school.
And the way to submit your assignment

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wasn't you actually submitted paper.
This is like the dawn of the internet, like 1998-ish.
And so you would submit your assignment almost like over telnet.
You would log in and it would say, what's your answer to question one?
And you would submit your answer.
And I was like, this takes a lot of time.
I got to work full time.
I don't know if I can spend the 20 hours a week, it actually takes to do this.
But I was in computer science.
I was like, I'll write a little program.
It just sort of like goes from negative 1,000 to positive 1,000 and guesses in increments of like 0.1.
And so I did this little program and it worked great.
I got 20 out of 20 on every assignment until March of my first year, the teacher comes in and he used one of those transparencies.
And I don't know if people remember transparencies, but like basically like-
Yeah, the overhead projectors.
So it's like a PowerPoint graph that he puts on this projector.
And it's like average guesses on the y-axis and student number on the x-axis.
And like the average number of guesses per question was, I don't know, like 17 or something.
And mine was like in the millions.
So it's like, I want to see this student after class.
And I was careful.
Like I had read all the policies and procedures and it says unlimited guesses.
So you're submitting like a million guesses via Telnet?
Yeah, like I'm not doing anything.
I just basically-
So there's no downside for number of guesses.
You're only rewarded for getting the answer right in one of those guesses.
Exactly, and I-
Oh, so why not?
Yeah.

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I read all the policies and procedures, right?

Like I was very careful about reading all the rules to make sure I wasn't violating any rules.

But I would go to bed

and I would just basically like hit run on this program

and I would wake up and I would have my full assignment submitted 20 out of 20.

So Shane gets retained after class.

Was it to discipline you and wag a finger at you

or was there something else that came with the conversation?

Oh, so he was like,

you're going to get zero on all your assignments.

And I was like, what?

That's not fair at all.

And he's like, well, we're sort of retroactively changing the rules.

And I was like, that doesn't make any sense.

That's not fair.

All the rich kids are like hiring tutors.

I can't do that.

Like it doesn't make sense.

Just go with my exam mark as my mark.

And he said no.

And basically the assignments were so heavily weighted that I ended up failing physics because of this.

It was so crazy.

And when I'm getting my job, they actually talk to this teacher.

Now, how did you come in touch with,

I understand why he would have an axe to grind

or at least it sounds like the kind of guy

who would have maybe something scornful and spiteful to say,

how did you even get connected with an intelligence agency?

Were they recruiting in certain centers nearby?

Do they canvass the whole country?

I don't know how it works.

Yeah, it was just sort of luck.

I was doing computer science at a time

when the rise of the internet,

I didn't wanna work for like Nortel

or any of these big companies.

I really wanted to work for an intelligence agency.

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I thought that would be really fun.
And coincidence that they happen to be at my school,
I like problems that are not really solvable, right?
That are intractable, that are big and gnarly
and that you can sort of like,
you can never quite solve, but you can get better at.
My parents were in the military.
So I had a patriotic sense of giving back to my country.
Like how fortunate am I to be born into a country
with freedom and good school system
and a good healthcare system.
And I was taught and brought up in a way
that you have an obligation to give back.
And for anybody that knows me, I mean,
I'm not gonna give back standing on the front lines
with the machine gun.
That's like just dangerous for everybody involved.
But if I could use my brain in a way
that was giving back to the people and the community
and the country in which I grew up,
I thought that that was a really good sort of win-win,
interesting problems, giving back at the same time.
They came to the school, I applied for a job.
And if I didn't get it, I was basically gonna go back
and do my MBA right away and do something else.
But I ended up getting it, ended up working
with an incredible group of talented people starting
what then went on to become the largest part
of the intelligence agency I think now
or the most valuable part of it.
And for people in the US, what would that agency
be comparable to, if you can say?
Would it be comparable to the NSA, comparable to CIA,
comparable to other three-letter acronym?
Yeah, that would be the NSA.
Okay, got it.
And I'm gonna take a heart left here to ask you
about maybe since you like intractable problems
to ask you about one that I know a lot
of my friends are contending with,
which is thinking about how moving around helps
or handicaps their kids.

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You moved around a ton.
You have kids.
How do you think that experience of moving
from place to place school to school
affected you positively and negatively?
Or in the pro and con columns, so to speak.
And how do you think about that?
Or how would you suggest other people think about that
if they currently have very mobile lives
and are wondering how that will affect their kids?
There's a couple different ways to think about that
as it relates to my experience,
which is I knew I was moving.
So I knew at the end of the year
I was gonna be in a different school.
I mean, that became apparent sort of
at least by grade six or seven.
And so every year I could experiment with myself
and not consciously,
but I could emphasize different parts of myself.
Do I fit in with the jocks?
Do I fit in with the nerds?
What is my group of people?
And I could play a role for a year.
The downside is I knew that I was moving in a year.
And so I knew all of these relationships
were sort of transitory.
So I think the biggest impact it had on me
is even in adulthood,
it took me a long time to develop
this person's gonna be in my life
for a long period of time.
This isn't like a transitory relationship.
And transitory means it's just gonna go.
And so you don't invest in it.
You don't invest in it the same way
that you would invest in your best friend
or somebody like that,
because you knew that closer you got to that person
at the end of the year,
the harder it would be to leave.
And so at that point in time,

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it was really difficult for me coming out of that,
becoming a university student,
and then joining the workforce
to not have this mental default of this is gonna go away
or I might not see this person.
But in flip side,
it's like I'm gonna work with this person
for the next 15 years.
And I think that was really hard for me
to sort of catch on to.
It took a few years for me to really start investing
in those friendships and those relationships
in the way that I wanted to.
If you were sitting at a dinner table
with some, let's say the relatively new parents,
they have kids under the age of two, right?
So the kids aren't going to school for a little bit,
but it's not the distant future.
And they have a life where they spend X number of months
in one place and Y number of months in another.
And maybe they're thinking about living
in a different state or a different country,
but they don't wanna screw their kids up.
Yeah.
In maybe indulging those explorations at the same time,
they're not sure if they wanna be in one place
in a fixed way.
What would you say to those people?
I mean, my advice for what it's worth is,
I don't think it really matters much
until they're sort of like grade seven and eight
and certainly in high school.
It matters a lot in high school,
the consistency, the friend group,
the sort of knowing what to expect.
If I map myself to just my kids and their age,
there's a lot of uncertainty in their life.
There's a lot of things going on that we don't see.
And then adding on to that,
sort of like you're gonna be in a different school
with a different system, with the different teachers,
you can't really thrive in that environment easily.

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That doesn't mean you can't thrive.
It just means you're making it harder than it has to be.
But before that, I would say up until grade six,
again, just going on my experience with my kids,
what they're really learning in school
and from friendships is like, how do we be social?
How do we interact with other people?
How do we get in the habit of going to school?
How do we learn to read and learn to do basic math?
And that you can sort of get anywhere in the world
really, really easily.
Grade seven, at least for my kids,
is when it started to change.
And that's in part because of the schools
that I sent them to.
I think it starts to matter in grade seven increasingly
and definitely in high school.
What type of schools did you send them to?
I'm a big believer that kids should be challenged.
And I don't think that the schools around my house
challenged the kids.
So I found a school in Ottawa
that I had to drive to and drop off my kids.
And I'm the type of parent that's like,
you can do things you don't believe you're capable of.
And so starting in grade seven,
my kids were getting 90 minutes of homework a night.
They were taking school in a different language
and they were pushed and challenged.
And the standards of this school,
and I take a lot of flak for this,
even from friends of mine,
but the standards of this school are unrelenting.
They don't care how you feel.
And that is very counter-cultural in today's message.
But if you go in there and you haven't done your homework,
it does not matter.
You get a zero.
And to put things in context,
we went to my grandmother's funeral in May
and they were one day late getting their essay in.
And they were one day late,

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they got 10% off their essay
because they were one day late.
And the school's approach to this is like,
look, we want to produce effective adults.
And that means you're going to fail in grade seven.
You're not going to fail academically
because everybody there is really smart.
You're going to fail at these little life things
that you should have taken that into account
when you planned your essay submission.
And they put it on the students
and they do it in such a way that the kids at first,
like my son was crying like every night
because he is naturally really, really smart.
And he goes to the school
and it's in a different language
and now it's 90 minutes of work a night.
Is it French?
What is the language? Yeah, it's French.
I don't speak French.
Like I didn't speak French to him at home.
He hasn't spoken French for like two and a half years
because of COVID basically.
And all of a sudden he's thrust into a French school
and they're unrelenting.
So he was so naturally smart
that he didn't have to work for anything.
And that school eliminates that.
They're like, no, you have to work.
And if you don't work, you can't get good grades.
And it was so hard on him.
And like I'm the parent who's like, hey, I love you.
I know this is really hard.
I know you can do it.
Let's shift our mindset around this.
And by the end of the, I would say December,
he was like loving it.
He's loved being challenged.
And when it came time to pick a high school,
he literally, his filter was
what school is going to challenge me the most?
And I was like, oh, that school did an awesome job.

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I'm so happy that that's the way he's thinking about this.
Cause it's not about grades.
I mean, I would rather him basically fail
at doing something hard
than really succeed at doing something easy
because I feel like we get wrapped up as parents.
Our kids' success is our success.
And so their grades become our success.
But really what we want to do
is produce independent adults
who are capable of handling the ups and downs of life.
And that means that they're going to fail.
They're going to struggle.
They're going to have teachers they don't like.
They're going to get grades
that maybe they do or don't deserve.
And so I think about all of these things.
I'm a, I would say an example of a similar experience
in the sense that I went to a very easy,
reasonably disorganized set of schools
up until the end of my freshman year in high school
and then was transferred.
And this was my idea,
but I transferred to a very difficult school,
for me at least in New Hampshire, a boarding school.
And I got absolutely crushed.
I was schooling six days a week,
mandatory sports every semester.
You had classes also, six period, I think it was,
after sports, and then you would have seeded meals
with code and tie and so on several times a week
and the whole nine.
And it was so challenging.
I went from being easily top of the pack
to maybe bottom of the middle of the pack,
maybe lower, right?
I was suddenly undistinguished
from any intellectual perspective
and kids who were at this school, St. Paul's,
knew how to work to a lot of them.
And I'm so grateful for it
because they were incredibly tough.

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Discipline was demanded and everything after that was relatively easy, even Princeton and so on. I mean, the workload was no problem. And I think in retrospect that it was really critical to my formation. That's also where I was introduced to Japanese and other languages and had my exchange experience which changed everything for me. But being taught early that the world will not conform to all of your unique needs and preferences is, like you said, it's very counter-cultural. I don't think if you train a child to expect, this is true for train anyone to expect, that they are going to drive decisions. What they want is always going to be taken into account. What they like is always going to be at the top of other priority lists. It's setting them up for a lifetime of disappointment and disorder and depression, probably all in one. So anyway, that's maybe a strong response but I agree with the approach. Pallas, I want to know, you said this was your decision. What made you decide that? Where did that come from? Yeah, it came from, I guess it was informed by a couple of other inputs. So one was, I was very lucky. I mean, luck plays into all of this so much. One friend of mine had escaped Long Island and he had gone to St. Paul's and he came back and he basically said, you got to get out of here. You have to escape. And it happened that around the same time, I think it was a math teacher and one other teacher effectively said the same thing. They're like, Tim, I can't go any faster but you're not gonna get what you need here. And there wasn't really a strong suggestion as to a solution in that case, but those things all combined to piquing my curiosity about these things called boarding school.

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I didn't know what boarding schools were really outside of a few stories from my friend's experience. So I went to the local library back when you had to do this and took out these really thick guides to boarding schools, tried to figure things out and ultimately got a few scholarships and then my whole extended family helped pay for this thing because it's expensive and my immediate family didn't have very much money. So I was very lucky that my grandparents and other people also chipped in to make it happen. And I think that fundamentally I had also been competing in sports and I recognized in sports like if you're not losing routinely, you're not training with the right people. Does that make sense? At least in wrestling. It's like if you were to train on a tennis team and your goal was to become the best tennis player possible, if you were just annihilating everyone on your team, you're kind of on the wrong team. If your goal is to compete in larger and larger arenas. So I appreciated that and enjoyed that with respect to competition. I was very competitive, but I couldn't really apply that to the academics in any meaningful way until I went to St. Paul's and then I got my ass kicked, but it was the beneficial adaptive ass kicking that I think I really needed. I think we missed that, right? School has become almost too easy. We're not challenging the kids and we're not holding them to a high enough standard and it's causing all these downstream problems later on in life. At least that's my view and I want my kids to be challenged. I want them to fail. I want them to learn how to overcome these obstacles and you must have gone through something similar, right? When you're going from sort of like lead dog

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to maybe bottom middle of the pack,
like where's my identity?
You're not just dealing with how do I develop the systems
to study and get the work done
and all these people already know it, so I'm behind,
but you're dealing with all these identity crisis
in terms of your ego and how you think about yourself.
Oh, totally.
It was for the first six months,
I felt like I was always behind.
I was always behind.
I was always having to choose what I wouldn't finish
because I just was not fast enough.
I was not organized enough.
I did not have the time management skills
and figuring out when I could take a 20 minute nap
so that I could then stay up an extra hour and a half
after dinner to finish A, B and C
and then manage to do this other thing in preparations
that I'd be well-prepared for athletic practice
the next day after a full day of coursework,
after chapel every morning just about,
I think it was six days a week, we had chapel,
so either five or six days,
which is mostly roll call of sorts and announcements,
but there are also hymns in this and the other thing.
It was a very, very full schedule
and I'm grateful for that.
People listening have probably heard the expression
if you want something done, give it to a busy man.
I mean, it could be woman of course,
but the idea being if someone is busy
and they have a full schedule,
they learn how to juggle that full schedule
and if you have an incomplete schedule,
I think especially in those formative years in high school,
you do not by necessity develop the time management skills
that if you really want to charge hard later in life,
you are going to need and feel lucky, very, very lucky.
I mean, if I hadn't had that friend
who was the proof of concept,
who knows where I would be, you know?

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Let's come back to your life story.
What was 68131, I think it was dot blogger.com
if I'm getting that right, what was that?
So when I was working at the intelligence agency,
I started two weeks before September 11,
literally two weeks later, the world changed
and everybody was thrust into roles and responsibilities
over the coming sort of like decade,
basically that they weren't ready for,
nobody could have prepared you for,
you just had to sort of do your best.
And I remember being put in charge of something
that I didn't feel like I could quite handle
and I'm making decisions that sort of impact
myself and impact my team and impact my country
and impact troops and theater.
And I have no idea what I'm doing.
And so I went to my boss one day
after a particularly challenging operation
and I said, you know, here's how I thought about it.
I don't think I'm ready for this job.
I don't think I can do this.
And he basically just looked at me
and he was like, you're all we got.
Like, what else are we gonna do?
Like we're all just doing the best we can, get back to work.
And I was like, that's the worst pep talk.
I've ever heard of my life.
So I was like, well, I think people deserve better than me
and what can I do if I can't sort of like get out of this role?
So I started following people around in the organization.
I was like, how do these people make decisions?
What can I learn from them?
And I went back and sort of did an MBA.
And when I was doing my MBA,
I just rediscovered Charlie Munger and Warren Buffett.
And part of my MBA, it was so useless
and I don't mean that in a negative way.
It just wasn't giving me what I needed
at that particular moment to get better
at the things that I wanted to get better at
but Charlie Munger and Warren Buffett were.

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And so I created this website,
which was 68131-1440.blogger.com,
which I don't own today.
Somebody else is like taking this over,
probably cause I talk about it a lot.
But the website was basically the zip code
for Berkshire Hathaway dash the unit number
of Berkshire Hathaway and Q at Plaza.
And it was my online journal.
Now, keep in mind, this is like,
I don't know what year it is,
but I'm not allowed to have a LinkedIn profile.
I'm not allowed to have any social,
you Google me, I do not exist.
The intelligence agency would be livid
if you had any sort of public profile,
any sort of anything at all.
And here I am, I'm like,
oh, I'm just gonna create this online journal
and this is how I'm gonna chronicle
my learning and development.
I'm just gonna take notes
and I'm gonna connect these ideas
and I'm gonna synthesize them
and I'm gonna compress them.
And that is the act of reflection.
So I'm gonna basically learn things on my own.
I'm gonna reflect on them
and then I'm gonna write about them.
And so I started this website
and then eventually I don't even know how at this point
we get to, I think it was like 25,000 readers or something.
And then all of a sudden I started getting these emails
which is like, I hate typing in the name of your website.
Can you basically like change the name?
And I was like, fine,
I'll just call it Furnham Street
which was the homage to Buffett and Munker
who I know have played like such a critical role
in your life too.
Yeah, yeah, they have.
I mean, I remember somebody, I can't recall who it was

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but dug up the video of my wavering voice
at the Berkshire Hathaway shareholder meeting
when I asked my question from the mic
from the nosebleed seats.
I had been informed by them for sure.
I mean, I have incredible respect for both of them.
Were you introduced to them by Buffett,
the making of an American capitalist
or how did you get introduced to them?
Yeah, so I read Buffett,
the making of an American capitalist,
I think at university,
but sort of like everything got put on the back burner
once I joined the intelligence agency
and like the world changed.
September 11th changed everything.
I didn't really come up.
I mean, I worked six days a week, 12 hours a day for years,
didn't really have a lot of vacations,
didn't have a lot of long weekends
and everybody else was doing the exact same thing.
And it was the best time of my life,
if that makes sense to you.
Not only you're working incredibly hard,
you're working on amazing problems
that you're really attracted to
and you're working with a group
of highly intelligent dedicated people.
Like it doesn't really get much better
than that from a quality of life point of view.
But everything sort of like all these outside interests
got put on hold.
I mean, I'm coming home,
I'm like sort of like spending a little bit of time
with the woman who was my girlfriend at the time
and then I'm going to bed and I'm waking up
and like just repeating on rents.
And then the MBA was sort of a way for me
to step back from that for a couple of years,
do a less intensive role there
while doing a full-time MBA.
And that was when I got reconnected.

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I was like, oh yeah, this Warren Buffett guy and Charlie Munger, but what are they doing? They're making decisions in the real world and they seem really good at it. So what can I learn from them? So when you had the somewhat awkward numerical string, right, when you had the zip code as the URL, what were some of the, if you remember, were there any particular pieces that struck a chord with folks? Those are non-trivial numbers you're talking about in terms of readership. Were there any particular threads or pieces that come to mind that really struck a chord in the early days? I have to go back to be sure, but I think there's stuff about, I was trying to figure out how Daniel Kahneman came up with cognitive biases and Warren Buffett and Charlie Munger didn't really talk about cognitive biases, but seemed to avoid them. And so I spent a lot of time trying to reconcile how cognitive biases can help you in the real world. And so what I sort of hit on, at least from my point of view, is like cognitive biases are really good at explaining why you made a mistake in the past, but they're really poor at preventing you from making mistakes in the future. They're intellectually very satisfying, but they don't really prevent you. Like if you create a checklist of cognitive biases and you're a smart person, you're just basically gonna outsmart yourself. Am I overconfident? No, I'm not overconfident. I got this, I did the work. And so the story you tell yourself, you sort of like talk yourself out of them in a lot of ways, which is a bit of an irony to them.

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Tell me more about that.

What do you mean by talking yourself out of them?

Well, you come up with a checklist.

A lot of people have tried this.

They come up with a checklist of cognitive biases and they're like, okay, I'm gonna see if this applies to me.

So sunk cost fallacy, this, that, and the other thing, expectancy bias or whatever it might be,

putting together a list of things

that one is intending to avoid.

Is that right?

Yeah, but consider sunk costs, right?

So you make a decision and then you pull out your checklist

and you're like, well, am I considering sunk cost

or am I just making this fresh?

And you've already decided at this moment, right?

So you're just justifying and rationalizing

the decision you already have.

I see what you're saying.

You tell yourself a story about why sunk cost

doesn't apply in this situation

or why you're not overconfident in this situation.

And the smarter you are.

Use confirmation bias to address your other biases.

Exactly, right?

And the smarter you are,

the better those stories get

and the more believable they get.

Just a quick thanks to one of our sponsors

and we'll be right back to the show.

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Check it out.
I'd love to get your help defining a phrase, just I suppose explaining a phrase, and then segueing into a conversation around mental models and cognitive biases and so on.
So ordinary moments determine your position and your position determines your results.
So what is meant by that line and what is meant by position?
So the counterintuitive insight that I had about decision-making from studying sort of Buffett and Munger and Peter Kaufman and a host of other people who've influenced my thinking is that they almost never find themselves out of position.
And if you want to think of it as position as your circumstances, they're never forced by circumstances into doing something that they don't want to do.
And often that means they look like an idiot in the short term, but in the long term, they win.
And if you consider Buffett, for example, we've talked about, he closes down his partnership during a bull market in the 60s because he doesn't know how to invest anymore.
He's lost touch.
He can't find what worked for him.
He reopens it later in terms of Berkshire Hathaway.
Time Magazine, I think it was 1999, he's on the cover as being out of touch.
2001 stock market burst.
Right now, today, I think as of last quarter, he's got \$150 billion on the balance sheet.

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And so what he's always doing is he's...
Everybody thinks he's out of touch
and he looks like an idiot, but he always wins
because no matter what the outcome is, he wins.
If the stock market goes up, he wins.
If the stock market crashes, he wins
because he's put himself in a position
where no matter what happens,
he can take advantage of circumstances
rather than having circumstances take advantage of him.
And I think that that's a key element we don't realize
if you put Warren Buffett in a bad position
where all of his options are bad,
it doesn't matter how smart he is.
It doesn't matter how Warren Buffett he is.
Everybody looks like an idiot when they're in a bad position
and everybody looks like a genius
when they're in a good position.
Do you then create that position
by having a handful of commandments?
And I'm making these up.
I'm not saying this is what Buffett does
because I haven't tracked him as closely as you have.
But for instance, I know someone who's of a similar...
Cut from a similar cloth
and he's like, no short positions, no leverage.
And he has four or five rules that he follows,
which means he doesn't always beat the S&P 500, let's say,
but he's very rarely in a position
where he's a distressed seller
or is forced into a bad position.
So he is able to play a very long game.
So I guess I'm wondering how you consistently create
that type of position.
So let me talk about it in terms of finance
and then apply it to something else
that's totally you would think it doesn't apply to.
So in finance, you can think of low debt,
you can think of saving money,
you can think of always having dry powder.
It doesn't matter if you have the best idea in the world,
if you can't take advantage of that idea,

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you might as well not have the idea.
You have to be in a position to take advantage
of the ideas that you have.
And you have to be in a position where somebody
can't call you in at the exact wrong moment
because that's really expensive
as everybody sort of learned
during the great financial crisis
and is now forgotten.
We seem to relearn these lessons over and over again.
But positioning applies to so many other things
that we don't think about.
You can think about it basically as in your sleep, right?
Did you work out?
Are you healthy?
Are you eating well?
Are you investing in your relationship with your partner?
What position am I in in the moment that I get into a fight
or argument or disagreement with my partner or my spouse?
And we don't think about the position we're in
at that moment, but if you imagine
that there's a patch of grass between you and them,
is that grass dry or is it wet?
Have I watered that for months
in which case the spark isn't gonna let it on fire
or is this smallest little spark gonna start this forest fire?
And the position that we bring into those arguments
matters a lot in terms of the quality
of the outcomes that we get.
I'll give you another example.
We were talking about kids earlier
and I assume a lot of people listening have kids.
One of my kids came home with an exam
and he got a really terrible mark and he hands it to me.
He's like a teenager, so he like hands it to me.
He's like, I did the best I could, walks away.
And normally the conversation ends there.
And I was like, okay, well, now is not the moment
that we're gonna talk about this
because I know that this teenage attitude thing going on,
but we're gonna circle back to this.
And so later that night, I was like,

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talk to me about what it means to do the best you can
and what he told me about the best he could was like,
when he sat down to write that test from 10 to 11,
he focused all of his energy and all of his effort on it.
He made the best decisions possible from 10 to 11.
But what he forgot or didn't really appreciate
is what position was he in at 10 a.m.
when he sat down to write that test?
Did he fight with his brother in the morning?
Yep, he did.
Did he eat a healthy breakfast?
Nope, he didn't.
Did he get a good night's sleep?
Nope, he was up late.
Did he study?
No, he sort of half-assed it.
And so what happened was he was in a bad position
at the moment he sat down to write that test.
He was ill-prepared to write the test,
but yes, he did the best he could in that moment.
And so often we think about life in terms of
how do I do the best I can in this particular moment
rather than how do I put myself in the best position?
And part of that is like, we're always predicting.
We're predicting creatures.
And so we're always trying to gauge what the outcome is
and maximize towards that outcome.
I want to go all in on Tesla.
I want to go all in on whatever
because I want to maximize my return.
And what we don't think about is like,
okay, well, what is the cost of doing that?
What if I'm wrong?
And how do I position myself for multiple possible futures
where what if my idea is not correct?
Can I still survive?
And can I thrive on that?
And if you look back and you sort of like look back
at Carnegie and Rockefeller
and all these historical people
who built these great businesses, including Buffett,
they always take advantage of a weakness

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in somebody else's position when their position is strong.
Who else would you, and I know you mentioned a few names,
but outside of Buffett Munger,
who else would you put on your shortlist
and not to make you pick favorites?
I'm sure that you could give a very long list,
but just off the cuff,
if you had to pick five to 10 people, let's just say,
could be four, but you know,
let's aim for five or slightly more people
who you really respect as incisive,
deliberate decision makers, who would make that list?
So we have a mutual friend, Naval Ravikon.
He would be up there.
Patrick Collison would sort of be up there.
Kat Cole, who works at Athletic Greens,
one of my favorite people.
She's always one step ahead.
She's amazing.
I think that there's very few people
who are well positioned in everything.
Like if you look at somebody who's extremely good
at one thing like Buffett,
that comes with extreme weaknesses.
You can have a list of exemplars in your head almost
of different people who are good at different positions,
but you have to pick what direction you're going,
and then what positions do you need to be good at
to be good in that direction?
And so for me, like I circle back to sort of like core things,
which people don't really think about,
but they're core to everything we do
in terms of like health and relationships and friendship
and purpose and community.
Am I working on something that I wanna be working on?
Am I moving closer to my destination?
And is my destination the place I wanna go?
And I think those questions are stuff
that we don't really ask ourselves.
We're always so focused on like,
how do we accomplish the outcome we want
rather than what are the key elements to this process

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that allow me to play for a long time?
Am I going in the right direction?
And do I wanna get to where I'm going?
So I am gonna come back to just the broad question
of how to incorporate thinking about cognitive biases
if I'm saying that correctly, end or mental models.
I'm not really, I guess those are different.
I'd love to have you, let's begin there.
How would you distinguish or define mental models?
Then I'm gonna go micro and then we'll zoom out.
So a great way to think about mental models
is the source of all bad decisions is blind spots.
Mental models allow you to see a problem
through a different lens.
You can adopt a different persona.
A great example of a mental model
is like, how would Tim Ferriss think about this?
And then I adapt what I know about you
and I try to see the problem from your perspective.
And if I can see the problem from your perspective,
and now I've done the one thing
that actually gets me out of cognitive biases,
which is the source of all cognitive biases
are basically we believe that what we see is all there is.
And we learned about this sort of in physics, right?
In grade nine, I think, where you're standing on this train
and you're carrying this ball
and the train is moving at 60 miles an hour
and how fast is the ball moving?
Well, relative to you, the ball's not moving,
but if you're watching the train go by,
the ball's moving at 60 miles an hour.
And so the source of all of our problems
is that we only see that we're this person on the train
holding this ball.
And we can't see that there's a person outside
who has a completely different view
into the exact same situation that we see.
So we can mentally use these tools to sort of accommodate
how we can look into the world from a different person's eyes
or through a different lens, be that biology
or through thinking or through,

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I mean, the most useful ones tend to be like,
and then what, just asking yourself that simple question,
I accomplished this, and then what happens?
Inversion, how do I avoid all these negative outcomes
that I don't want to get?
And the Stoics, you've talked about this in the past,
the Stoics have been doing this for a long time,
they call it a premortem.
I think that those are just really helpful ways
and what they're really doing is they're just allowing us
to put a different lens onto the problem
and see it through a different light.
And by seeing it through a different light,
we slightly reduce our blind spots into the problem.
Yeah, totally.
I've found, I haven't read these in decades,
so caveat lector for anyone who picks these up,
but some of Edward Debono's work,
I think he's originally Maltese,
but so Debono's two words,
but or actually he may just be a Maltese citizen.
I can't peg the nationality, it doesn't really matter.
He wrote a book called Lateral Thinking,
he has another one, I think it's called
The Six Thinking Hats or something along those lines,
which similarly, very helpful just for forcing yourself
as a portion of a practice to look at the same situation
with a different lens, a different set of questions,
a different perspective.
I'd love to talk to you about Farnham Street,
but more broadly building a business slash life
slash businesses on content, on advice, on writing
and also certainly audio.
But if you look back, post-intelligence agency
on what you have built,
what are some of the more important decisions
that you have made or more important experiments
that you have run, whether they turned out
as you had hoped or not?
I think building a business on content is really hard.
I think I never set out to build a media company.
What I set out to do was learn timeless ideas

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from other people and master the best
of what other people have figured out
and share that with the world as a means of giving back
and part of what I wanna do in life
is leave the world a better place than I found it.
And I believe in equal opportunity and not equal outcome,
but how can we have equal opportunity
if we don't share information with people
and make it accessible?
So that's how I stumbled into Farnham Street.
And there's been these pivotal moments along the way
and some are intentional and some are just completely random.
An example of which is I never had email.
I never got people to sign up for email until feed burner.
Remember when feed burner went away?
Oh, I do, I do.
Right.
So I lost like three quarters of my audience overnight
because Google decided to shut down this thing.
And then at that moment it dawned on me,
how can somebody else take away my audience from me?
No, that's not cool.
How do I solve for this problem?
So I started an email list.
And now we have like 600 or 700,000 people
on this email list and I send out an email every Sunday.
Basically what I'm learning, but that was the moment.
I never thought about how do I create an email list
or I need this.
It was like somebody took away my,
Facebook has done the same thing,
like Twitter to varying extents has done the same thing.
They basically take your audience away from you
and then you become platform dependent.
And I don't want to be platform dependent.
I don't want anybody to be between me
and the people who've chosen to read me and get my ideas.
What are the components of your business as it exists today?
And then I'm happy to have a conversation about this.
I'm just fascinated by different people approach things,
especially since we're talking about,
among other things, decision-making and so on.

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So I'd love to know how it breaks down currently because you've got online courses, you have the podcast, you have other things.

So how does the business, so to speak, break down as it stands right now?

So we do a few things.

You remember that diagram from Disney in the 60s and they have like theme parks and merchandise and how it all interconnects.

You can look this up on the internet.

I don't, but I would love to find it.

All right, I'll find it.

So with Farnham Street-

And we'll put in the show notes.

Yeah, so my idea with Farnham Street was sort of, how do I create more surface area for people to discover timeless content or that they master the best of what other people have figured out?

So it's literally not about me, it's about other people's ideas.

I don't really have any original ideas.

I sort of, if anything, maybe compress other people's ideas in an interesting way.

And so we started with a website and then we went to a podcast and then the podcast, interesting side note here, Naval Ravikant saved the podcast because I was like doing this podcast and I was like, nobody's listening to this podcast.

And I had just recorded with Naval and I was like, that's the last episode I'm gonna do.

And then of course that episode goes like parabolic.

And I'm like-

All roads lead to Naval.

Right?

And I was like, oh my God, I can't give up on this anymore.

Like, because I wasn't, at the time I wasn't having fun doing it.

Now I'm having a lot of fun doing it.

And then we created these series of books

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called The Great Mental Models.

And the idea behind The Great Mental Models was basically, what are the big ideas you would have learned in university and can you apply those outside of the context of the domain that they were learned in?

So I think that we've talked about one in terms of like the frame of reference that you're using to look at a problem matters a lot in terms of what you see.

So we wanted to make that accessible for people.

And then we branched into a course called Decision by Design.

We used to have an in-person workshop on decision-making and we learned a lot about how people make decisions in the real world but COVID shut down all of these online events.

And so we created Decision by Design as a means to not take the same material we were doing in person because what we were doing in person was very specific to being in person.

It was learning from the people at your table.

It was non-transferable in a way to online.

So we took a more prescriptive approach which are like, what are the things that practical tools that people use in the real world to make decisions?

And we share it with people.

And an example of that is separating problem definition from problem solution

and having two separate meetings for that.

And a lot of people go into these meetings and they have one meeting and they're like, what's the problem?

And then of course we work with incredibly intelligent people and most of them are type A.

And so you come in and the first statement that sounds reasonable, everybody jumps into, okay, here's how we solve for that.

Nobody like takes a step back and is like, wait, is this problem worth solving?

Is this problem the real problem?

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Because we jump into these solutions.
Could you give an example, could be hypothetical,
could be real life of scrutinizing the problem statement?
I think this is really important.
I don't do it nearly as much as I should.
Could you maybe walk through what that process looks like?
If you have an example, great.
Otherwise it could be in the more abstract.
My belief is that the person who makes the decision
has to come up with a problem statement for the decision.
And that does a couple of things.
That forces the person who's making the decision
to really understand the problem.
They can take input from everybody else,
but ultimately they're accountable
for taking the problem statement
and determining what that problem is
and then communicating what that problem is
and also identifying which solutions
sort of work and fit for that.
When we don't do that
and we just sort of throw a problem on the table,
it really backfires.
I'll give you one of my own.
Maybe we can workshop that.
So for instance, I have tons of legacy email addresses
in boxes and it's at least at face value.
The story that I tell is that it is a huge pain in the ass
and there are different maybe security vulnerabilities
and issues with having different platforms
and things scattered all over the place.
So the problem in a sense has not been that well defined.
It's just overall kind of angsty hand wringing
and a couple of identified risks.
Then we've jumped straight into solutions
and there are any host of different solutions
that I won't bore you with,
but it's going to take some time
and I think I have a pretty good bead
on what the right direction is for this,
but just for purposes of using the exercise,
how would you scrutinize that, right?

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I come in, I say, hey, this is a problem.
We don't have things centralized
in one modern inbox with all of the enterprise level security
that that would include.
Therefore, we should decommission these following inboxes
and blah, blah, blah.
But I'm taking for granted that that is
the right definition of the problem.
Right, exactly.
So it's like, who's the check and balance
on what are we solving for?
And it goes back to something we talked about earlier,
like what direction am I getting closer to the destination
and is the destination the one that I want to get to?
So in this case, is the problem that you're solving,
I want access to all of these materials through one inbox,
whereas the problem something different,
which is I don't feel these inboxes are really that secure
and I don't know how to manage them.
And the way that you frame that problem
will determine in a large part
what solutions you see is available.
And maybe it's something different.
I mean, we're just sort of like spitballing this
on the spot here.
Yeah, totally.
But your surface area is large.
So all these email addresses
increase your surface area of attack
if that's your sort of the way that you're thinking about it.
And if your goal is to reduce it,
one way of reducing it might be to consolidate it.
One way of reducing it might be to eliminate them.
One way of reducing it
might be something completely different.
Yeah, totally.
And this is timely for me because as I was walking through
recording a screen flow for my team related to this,
I realized about halfway through
because I was talking about next actions.
And I said, actually, wait a second,
my ultimate objective here

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is to spend substantially less time in email.
And I think maybe compared to a reference point
that would be say an average of my friends,
I do spend a lot less time in email,
but I would like to spend more time
on certain creative projects
and larger needle moving dedicated blocks of time,
three to four hours for fill in the blank project
or experiment.
I realized pretty quickly
that if my advice were implemented directly,
it would just be taking this burden
because it's not just attack vectors,
it's also just lots of unsolicited inbound.
It would be taking all of that
and just moving it to a different mailing address.
And I was like, okay, that sort of partially solves one issue,
but it does not at all address this separate issue,
which is maybe on some level, the bigger issue,
even though I tend to run a little paranoid,
the unsolicited inbound is probably a bigger problem
currently than the attack factor stuff.
Cause I have pretty good security as it stands,
probably excessive security in a lot of respects,
but I realized halfway through
trying to prescribe the solution,
I was like, wait a fucking second,
I might be giving the best advice possible
for solving the wrong thing.
Yeah, totally.
And that is in and of itself a good reason
to separate these things.
But also when you're the boss,
your suggestions become direction.
So you might be just thinking out loud,
but the people hearing that are like,
oh, Tim wants this here, here's how we solve for this.
And then in your head, you're like,
oh, that sounds like a good solution,
but you've solved the wrong problem.
And so this is why separating these meetings
between like, what is the problem?

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Like, can we get clear on what the problem is?
And you don't have to go first,
but like whatever your process is to get the information
out of people in terms of what they see as the problem,
you can take that mull it over and be like,
we'll have another meeting tomorrow
and we'll determine solutions
or maybe next week if it's not timely.
And people think this slows you down.
This is the biggest thing that I hear
when I talk to people about this is they're like,
well, that'll just slow us down
and prevent us from taking action.
Actually, the exact opposite is true
because it's sort of like,
you're thinking in terms of speed,
but speed doesn't have a direction.
So it doesn't matter how fast you're going,
if you're running in circles,
you really wanna get to the best outcome possible
in the shortest amount of time
with the least amount of effort.
And that means you're allowing your team
to maximize their thinking.
A lot of people don't think well on the spot.
So having these group meetings
where everybody is required to contribute,
a lot of people mull it over.
They go for a walk after
or they're walking home after work that night
and then they get this idea, this spark
and they're like, no, I don't see it that way.
And then they can't contribute at that point.
So you've tied one hand behind your back
in terms of maximizing the talent on your team
to figure out what the problem is and then to solve it.
And so it makes a lot more sense to be like,
hey, we're gonna have a 30 minute meeting here
and a 30 minute meeting here instead of 160 minute meeting.
And these meetings are gonna be highly structured
and we're just gonna talk about what the problem is.
Can we agree on what the problem is?

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What do you see as the problem?
What do you see into this lens that I don't see?
Cause I am not you, I can't see it.
That's a way also to get out of this, I don't know,
people like to posture in meetings, it drives me crazy.
They like basically repeat the executive summary
in their own words and like meetings go nowhere.
And so a good way to avoid that
is just to assume that everybody has read
the required material and ask them
what their unique contribution to this problem is
that they don't think anybody else sees.
And so now instead of rewarding just airtime,
now you're rewarding unique contribution to the problem
and you get social signal out of having a unique lens
into the problem, which is much more effective.
That makes perfect sense.
And are there other questions that you find useful
in the problem defining sessions?
For instance, I mean, I can imagine one of the questions
that I would wanna ask my team
in addition to emphasizing what you just emphasized,
individual perspective and contribution
over restating the executive summary that was sent
as reading for the meeting to begin with,
is this really a problem?
We're assuming this is a problem that needs to be solved,
but like is this significant enough
for us to allocate attention and resources to it
compared to other things?
I'm probably using very clumsy wording,
but what other types of,
are there any other questions that you've seen
be very helpful in these problem defining meetings?
And then what is a great question?
So if we switch to a new email platform and then what,
so you can imagine, you can do a thought experiment
on what your day would look like,
but we often neglect all of these other things,
which is like this software doesn't do this thing
that I actually do a lot.
So therefore now we have to develop a workaround

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or the software is completely different
and everybody has to be trained on it
or the software is not as supported
and doesn't update as much.
There's all these sort of lenses,
but I love the, and then what question
because it's like, okay, if we solve this problem,
what state are we in and what is the cost
in terms of time, money, effort, brain drain?
We don't think about brain drain very often
to solve this problem.
And the bigger your team is,
the more you tend to solve these problems
that aren't really problems
because you're sort of like creating busy work.
For you and I, I think we both run very small teams.
And so we think through like, okay,
if we solve this problem, then what happens?
How do we develop the most leverage possible?
But I think a lot of people don't tend to think through that.
I've seen this all the time where organizations
I've worked with have switched out software
and they switch out the software to solve one problem
and they're ignorant to the 67 other problems
they just created by solving that one problem.
And it feels good, it feels like you're doing work,
but at the end of the day,
you're in a worse position than you were in
because you didn't ask yourself and then what?
All right, so I'd love to segue for a minute
to automatic rules, because for myself at least,
especially running a small team where the default,
I suppose, flow of things is that a lot of decisions
flow to me and I try not to be an unnecessary bottleneck,
but I have a very small team, a few employees
and automatic rules and policies are very helpful here.
So for instance, I have a blog post, I put up,
it's like, I'm not reading any new books this year,
which solves a lot of issues as you might imagine.
And I have these blanket policies
for at least five to eight years,
I did no speaking engagements effectively.

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I've made a few exceptions recently,
but for a long period of time, I did none of that.
For another, I think, I wanna say,
probably three to four years, no angel investing.
And these were rules that prevented decision fatigue
and just allowed me a lot more cognitive bandwidth
and emotional and physical bandwidth.
So what are some of your automatic rules?
I've got a few here, work out every day, no days off,
invest in an index fund every month, no meetings before 12.
Do you wanna spend maybe a few minutes on those
and then any other examples that come to mind?
Before I get into a few more examples,
like let's back up for a second.
Automatic rules turn your desired behavior
into your default behavior
and they do it when you're at your best.
And so you can pre-decide a lot of things
and why are rules effective instead of just a pre-decision?
You need it to be a rule.
And the word rule is very specific and very useful.
And I got this idea from Daniel Kahneman
and we were talking and he said,
I have a rule, I never say yes on the phone.
He was explaining why he had just told somebody
that he'd talk to them again tomorrow
and follow up with them.
And they had asked him to do something.
And I was like, that's fairly interesting.
Why do you have that rule?
And he said that rule is so that I don't end up saying yes
because I feel social pressure to say yes to these things.
And I wanna please other people,
like all of us wanna please other people.
And he's like, I learned over years
and this is like fascinating,
will blow your mind, will change your life.
He's like, I learned over years,
people don't argue with rules and I follow them.
So we're taught our whole life to follow rules
but we've never thought of like,
how can we create rules for ourself

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that we just follow when we're at our worst,
when we're sort of like in the worst situation possible.
We all know no matter how bad our day is,
we shouldn't speed on the highway
because it's against the rules.
What we don't think about is,
how do we use rules to our advantage?
A great example, I had a friend who basically lost
a whole bunch of weight using this rule.
And he basically said, every time I go out for dinner
and he ate out for dinner a lot in his life for work,
my rule is I order the healthiest thing on the menu
and I don't drink.
Meaning no alcohol.
Meaning no alcohol.
And he didn't order dessert.
That was sort of like third rule.
And if you think about dessert,
dessert's an interesting one
because I think we can all relate to it.
You go out, you celebrate with your friends,
the wine comes out, the champagne comes out,
the dessert comes out.
And all of a sudden you're doing things
that maybe the best version of you doesn't want to do.
But you're in a social situation.
You feel pressure, you can tell people,
I'm not eating dessert, I don't want dessert tonight.
But that relies on willpower.
So every time you say, I don't want dessert tonight,
you're using willpower to get out of that situation.
And eventually everybody loses the battle with willpower.
So how can you create a system
to get out of this willpower thing
where it's like I'm not using willpower.
I create an automatic rule, I don't eat dessert.
That's my rule.
And when you say that to your friends,
you might have to say it twice,
but they definitely push back a lot less
as long as you're consistent with that rule.
But that rule puts you in the best position possible

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for success.

And so like I have a couple of these rules, right?

When I'm out after a talk with the people

who organized the talk, my rule is I stopped drinking at nine,
nothing could happen after nine.

And so like you just choose in advance.

And a great way to think about this again

is going back to what we talked about earlier,

direction destination.

What does a person who achieves this destination,

what do they behave like?

Can I create automatic rules in my life?

And they're so context specific,

they're so specific to you,

because they're also things you don't do naturally.

Like I hate working out, but I want to be healthy.

It's really important to me to be healthy.

And I was struggling,

and this is where the workout everyday rule came in,

I was struggling to go three times a week

because I would get into this negotiation with myself.

And that negotiation was like,

you know, I normally work out on Wednesdays,

but that little voice in my head is like,

you didn't sleep well last night,

you have a lot of work on your plate.

And then all of a sudden I'm like,

I'll do extra tomorrow.

I'll catch myself doing this sort of talk.

And I'm, why am I negotiating with myself?

Like who's in charge here?

I'm in charge of this situation.

And so I changed it and I'm like,

I am going to work out every day.

And it doesn't mean I go to the gym every day.

And it doesn't mean I go for 60 minutes.

I can reduce the scope or sort of like duration
of my workout,

but I'm going to work out every single day.

And that workout might be a five mile walk,

it might be something else, it doesn't matter.

But there's going to be some form of exercise involved.

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And that single rule has changed so many people's lives that I've shared it with, because you start exercising every day because the negotiation in your head now is like, what do I fit in today? How can I fit this in? It's not, should I work out? It's like, oh, I don't have a lot of time. Maybe I'll just do 20 minutes. Maybe I'll just go to the gym and do squats. And all of a sudden you get in this habit, you're consistently working out. Your health starts to get a lot better. It's mind blowing how this simple principle can have profound impact. Do you have any rules for yourself? Oh, I have so many. I want to hear some of yours. Yeah, well, I will say that as you're talking to my father, for instance, has, and the last, it's been very fast actually, maybe in the last two to three months has lost 50 pounds. And he's done that by following the slow carb diet in the four hour body, or as described by the four hour body. People can find it online, certainly without having to buy any book. But the key there, one of the keys is having a very straightforward rule. And the rule is, you don't have to give up your favorite foods the rest of your life. You just have to give up your favorite foods for six days at a time. And you have a set cheat day every week. And that also allows you to get off the hook or to successfully negotiate with yourself or with your friends because you say, it's my policy that I only have cheat day once a week on Saturday. So if you want to have dessert, booze, whatever it might be, not in my dad's case with those two, but I'm happy to do it,

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but it's got to be on a Saturday, right?
And then all of a sudden the negotiation is over.
There is no negotiation.
Yeah, so I would say when I am my best self,
which I am right now, let's see, another rule would be,
if I want to follow the slow carb diet,
have pre-made meals ready to go in the refrigerator
at least three to four days at a time.
So I did that today, for instance,
because if I start to run out of food
and I'm picking at the dregs of whatever I have
sitting around and I'm starting to starve,
but lo and behold, I have a podcast to do,
I'm going to go buy something fast
that is not going to conform to the diet.
So batch processing, buying or having bought food
so that it's ready to go.
I mean, I have a lot of policies.
So as it relates to inbound,
and I have an autoresponder that kicks back
a lot of this stuff,
I'll tell you some of the rules
that have existed for a while.
Generally speaking, no speaking engagements
and I could explain why that is.
That was a particularly hard one
when I made the decision
because speaking engagements for authors
who have bestselling books is very lucrative
and it is in fact the main source of income
for a lot of authors.
And I just realized categorically,
I had to say no because it was very hard
to moderate my commitments with speaking engagements.
Yeah, and it's addictive, right?
Like you hop on a plane, you get this big check
and then you could do it all over again.
And then you end up booking your life out
nine months in advance
and it crowds out a lot of other things.
So like the metaphor of this sort of apocryphal story
if the professor asks his students to fit the two rocks

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and a handful of pebbles and then the sand into the jar
and the lesson is you got to put in the big rocks first
and then the pebbles and then the sand,
but you can't do it the other way around.
You can't do it in any other order
or the big rocks won't fit.
And I realized for myself
that was true of speaking engagements.
What I did do as an interim for that
is when I would say yes to speaking engagements,
I had a complete barbell approach.
So it either do free,
so it had to be so incredibly compelling.
Maybe that's because it's cause-based
and I really aligned with a very narrow band
of things that I commit myself to on that side
or it had to be a paid gig matching
or above my previous high watermark.
So whatever the highest amount that I had been paid was,
it had to match or exceed that, never below.
And that automatically constrained the volume
of things that I could commit to and made it manageable.
And by the way, the people who are willing to do that
were always the easiest to deal with.
You would think maybe intuitively
that the people who pay the most
would be the most demanding and the most difficult.
That has not been my experience at all.
It's actually completely the opposite.
And I have many other rules.
So the no new books would be another one.
If anyone tries to rush me into a decision via email
or on the phone, the answer is no.
It's not just that I postpone giving an answer,
the answer is no.
If I feel like someone is rushing me into a decision,
the answer is no.
If someone's rushing me because they don't,
reading between the lines,
they don't want me to have enough time
for a proper legal review,
a lot of startups do this.

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It's very annoying.
Or they'll send you docs on like Friday afternoon
and say, well, we need to close this round
and like we need to get signatures back by 10 a.m. on Monday.
And I'm like, then it's a fucking no, I'm sorry.
I'm an adult and I don't play these games.
So there are a handful of things like that.
I'll give you another one for the podcast.
And I'm gonna ask you a similar question
for the business side of things for you
and the creative side, but I'd love to hear any.
So for instance, for the podcast, everything is prepaid.
All invoices are prepaid.
And that is something that very few podcasts can do.
It's something that very few podcasts,
I think can manage given the business norms.
Generally it's net 30 or net 60
or some type of net payment terms.
But to manage that, you either need to have
a reasonably large team.
You need to have someone fully dedicated
to chasing down payment.
Or you need to work with outside agencies
to pick up that burden.
I didn't want to deal with any of that.
And so I said, look, this is, I recognize a trade-off.
And with these rules, I think you would probably agree.
There are trade-offs.
There are always gonna be trade-offs.
But if decision is like decision,
kind of like incision, like the cutting away, that's fine.
So you're cutting away certain possible outcomes.
But if I make a rule that everyone has to prepay,
a few things happen.
Number one, the universe of possible sponsors
we need to consider goes down dramatically.
Secondly, the people who are willing to do that,
again, counterintuitively, are generally people
who are measuring twice cutting once
and are going to be the easiest to deal with later.
And we don't always bat 1,000, but we do pretty well.
So those would be some of the rules.

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I've got all sorts of other ones.
Dude, as you were saying that,
there's a couple of things that came to mind.
One is I can often determine
from an initial outreach of an investment
whether I want to do the deal
before I even know the specifics,
because it's like, how fair is this to me?
And if the deal is like one-sided towards you,
an example of which is like, hey, I need this.
You can't get it legally reviewed
or you have to get your lawyers working overtime.
I need it by Monday.
Well, I don't want to be a partner with that person.
And so that's an easy-
That's the honeymoon phase.
Should be easier.
I know it.
So that's an easy no, but like often,
like when we're investing in a lot of private businesses
that aren't necessarily startups
that are profitable businesses,
I can tell by the valuation, the pitch,
like what people are looking for,
what their optimal scenario is,
if I want to be a partner with that.
Because if you're presenting a deal
that isn't fair to me right now,
you're never going to be fair to me in the future.
So it has to be win-win.
And people don't understand.
Like there's literally four permutations of a relationship.
There's win-win, win-lose, lose-win and lose-lose.
And only one of those permutations can survive time.
And what do we want with time?
We want a compound relationship.
You want to invest in companies
where you don't have to review the legal documents
because you trust the people involved.
You've worked with them before.
They're consistent.
They show up.

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They do what they say they're going to do.
And maybe the investment doesn't work out,
but that's not what you're thinking.
But you're not worried about them stabbing you in the back.
And so, so often we do things
that just take us off this compounding train.
And I think it was Navallo who said,
one of the big lessons from compounding
is that all the gains come at the end.
They don't come at the start.
And so you have to stay on this timeline.
So every relationship has to be win-win.
And for the podcast, we do like no paid speaking,
which is so interesting.
I'm sure you get these pitches too.
It's like, here, I'll give you 100 grand
to come on your show.
I'll pay in advance, yada, yada.
And then I always look up these people and I'm like,
oh, now I know the podcast that accept money
for guest speakers.
But we do the same thing with this prepaid stuff.
And this came back to bite us
because I'm a high trust person.
I operate on trust.
I don't want to be in business with you.
If we need a contract, that's generally my motto.
It doesn't mean we don't have contracts,
but it means if I feel the need of a contract,
it's an easy no for me.
Yeah, if you need a contract to protect you
from someone you don't really trust,
you're playing a gambler's game.
But often, you don't even think that you don't trust them,
but you'll think of the contract
and then you'll need a contract.
And that's the first indication
that something's amiss in this relationship.
And so we've never used advertising contracts,
but during COVID, this came back to bite us
because we would invoice a lot of our advertisers
once a year and we invoice them on March 31st

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after we have delivered all of their advertising for the past year.
And we've worked with people for years and then all of a sudden we're delivering these invoices March 31st, 2020, and people are like, we're not paying that. And I'm like, what do you mean we're not paying this? Like that doesn't make any sense. We've worked together for four years. How is this even possible? Am I missing something? And they're like basically suing me. And I'm like, whoa, what is going on here? This is crazy. Interestingly enough, a few of them have come back and tried to advertise with us. They're like, we'll pay our old invoice. And I'm like, you should pay that and then we'll talk. But there's no way I'm going to sign up to work with you. Yeah, no thanks. And the speaking thing, again, that comes back to where do I want to get to in life. I do the exact same thing, except I sort of limit it. I'm like, here's the number of speaking engagements I can do this year. It's like six or 10, depending on the year, depending on what I want to do that year. And then we use price as a function to modulate that in the sense of I love your high watermark idea. I think that's really important. And that's a great way that I had never thought about doing it. And I just use, hey, I only do six a year. Here's the cost. And it just eliminates most people. And to your point, the people that say yes are the easiest freaking people to deal with in the world. And they want you there. And there's no 16 hours of pre-calls and all of this other stuff. They've decided they want you as a speaker. You're not one of 10. They will gladly accept. That's when you get into all sorts of comms overload and brain damage.

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If you had to double down on one or two things you are already doing, what would you double down on? Definitely the email list.

I think that that is the key, right?

If you can pick one primary focus for this, you need to be able to reach your audience. You need to be able to communicate with them. And however you do that, whether you do it building it through Twitter or Instagram, he wants all paths to lead back to your email list. And the person who does this the best is James Clear. Yeah, he has a machine. He's a machine, right?

Like Instagram points back to his website, Facebook points back to his website, Twitter. He's just really, really smart at this. So if you're going to model yourself off somebody and you want to build an email list, he's the person to think about it. You also have a huge audience for email. I do. Yes, I'm very grateful. Very methodical too. I mean, I've thought about it. Although like you didn't think about it at all until a few things happened, including Feed Burner, sending a notification we were about to turn off everything. And then began emailing however long ago it was. Yeah. Which has been a great, actually really fun process for me because Five Bullet Friday serves as my diary, effectively. I don't have a separate diary. Yes, totally. It's fun to look back two years ago. It's like there's one that comes out every week. And I can look back two years and go, oh yeah, I remember that exact week locked in the amber. It's like some prehistoric mosquito or something. And I can revisit. And you also realized how stupid you were, or at least I do, when I look back at some of my old newsletters. I was like, oh, what was I thinking?

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But that's also a really positive sign because you're growing.

But going back to the question, I would focus on email

and I would ditch podcast at this point

and just double down on email and long form content

counter-intuitively on the web.

Let's just say, I was like, wish granted, boom, poof.

Podcast just dissolves into the ether with a rainbow

and some whinnying of unicorns.

And it's all wonderful, but that has come to a close.

And then you're doubling down on email.

And what was the phrasing that you just used?

But it was sort of online long form content.

Long form content.

How would you do that?

What might things look like in the next three months

if you were doubling down on those things?

Just for context, I was operating

under the guise of starting from scratch.

So I would pick a vector and that vector

would be sort of creating content

that people find useful and timeless.

And it's super important the word timeless

is really important there

because you want the compounding effect.

You want the cumulative effect to work to your advantage.

So if you're creating content that is easily consumed

but no longer relevant in a week, a month, even a year,

then that content can't work for you when you're not working.

But a lot of the stuff that you do on your blog

and definitely the stuff that we do on fs.blog is

it's always relevant.

It's evergreen.

We just re-erred that interview with Naval Ravikant.

We recorded it six years ago.

People thought it was recorded yesterday.

We don't talk politics.

We avoid these certain subjects.

So I think what I would do is like,

I would focus on creating the best content I could.

I would get people who come to the website

to give me their email address.

And I would think about not expanding that surface area,

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like just creating better,
how do I write the next article?
How do I make it useful?
And then spending a lot of time thinking about,
how do I share that?
Where do people who are like me,
who will find this interesting?
Where do they hang out?
How can I let them know about it?
What people tend to do is the two mistakes I see in,
I guess, if people are trying to do sort of like
what we've done or we're doing
is they spread themselves too thin.
So they're like, oh, I'm gonna start a blog.
I'm gonna create a podcast.
I'm gonna just do an email newsletter.
And it's like, man, you have no idea how much work
all that stuff is.
Like good luck.
And the other thing that I see a lot of people doing
is just sort of like thinking it's gonna be easy.
And so they get into this trap of like,
oh, I said something that's really popular
or a wrote an article that's really popular.
And now I'm gonna write another one on the same thing
and another one on the same thing.
By the end of the year,
you're just posting the same stuff.
And whether that's aggressive sort of like tweets
or something like you just become something
you wouldn't read.
And so I don't look at stats on the website.
I look at the email stats sort of like once a week,
but I never look at like what's the most popular article
because I never want that to guide the next article.
I just really wanna follow what I'm interested in,
what I'm curious about and where my energy is.
And I feel like that a cohort of people will find that
and be like, oh, I found my tribe.
Like this is my person.
I'm so glad that there's somebody else interested
in this other than me.

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And that's sort of like how I think about building it,
but you have to find that thing for you.
And I think it's really, really critical
that you don't spread yourself too thin
and try to do everything.
And then you can sort of like create these systems
in your life that allow you to do that,
which is let's say you wanna do that
and you wanna work full time at the same time,
but you wanna slowly build up this body of content
that works for you while you're working.
Well, one way to do that is write every morning
from five until six.
And so you just block off the best hour of your day.
For most people do it the other way.
They block off the worst hour of their day,
which might be at night.
And so they come home after all this baggage
and all this work,
and then they spend all their time and effort
sort of like trying to focus
instead of like actually just letting it flow and writing.
I mean, as far as rules go, right?
I mean, the evergreen slash timeless piece
has always been important to me
for all the reasons that you're mentioning,
including the energy giving,
because if we were to look at it from a different perspective,
if you are competing for attention,
and I don't wanna make it seem zero sum,
but if you are trying to draw people
to what you are producing in some capacity,
if you choose timely news driven topics or people
or stuff that's getting sensationalized
or stuff that's really controversial and polarizing,
you are stepping into the bloodiest,
most crowded arena imaginable.
The timeless stuff or the evergreen stuff is hard to do.
You're also capping, I think,
a lot of your growth, frankly, but that's okay.
You grow slower, but you increase the timeline
you have for growth, right?

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Like the runway becomes longer,
even if you're growing slower in the short term.
Exactly, you have compounding gains
in the form of audience growth and so on
that will be more sustained
as opposed to fair weather readers or listeners
who are just chasing whatever the algorithm serves them
on any given day and any given minute.
So question, just on the compounding thing,
because of Naval, of course, is an incredible investor.
I'd love to know a bit
about how you personally think about investing,
because it seems like you do some private deals,
also seems like you invest in an index fund or index funds.
Could you say more about that?
Could you also speak to whether or not
you think investing in disease, I guess it is,
has substantially changed now that, as I understand it,
big tech factors very heavily into
at least some of the indices or indexes,
I'm not sure which the proper word is to use here.
But how do you personally think about investing?
So I use the cash flows from Farnab Street to invest.
And one of the advantages to being you or me
that a lot of people don't have is deal flow.
So you get deal flow,
that the best VCs in the world would be envious of.
And to some extent, so do I.
And so you've created this vehicle
that wasn't primarily for investing,
but has this big benefit to it,
where you're able to get deal flow
because of all the other things you do,
not because you're focused on deal flow every day.
And so I wanted to use that to my advantage
in terms of how do we get into good deals?
How do I create something sustainable?
How do I create something longterm?
And how do I apply this knowledge
that I'm having fun applying?
I like investing.
I don't do a ton of VC investing.

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I try to invest mostly in terms of check size.
It's almost all allocated to companies
that are making money or something
that I really understand the path of.
I occasionally invest with friends.
When I invest with friends,
my rule is go back to rules.
I write that investment off to zero
the minute I write the check
because I never want my investment with friends
to affect our friendship.
So in my head, it's just a zero.
The donation.
The check comes out.
Yeah, it's a donation to them.
And I'd rather be wrong supporting a friend
than write not supporting them.
Like it doesn't do anything for our friendship.
And so I think about like the things that I understand
and then diversifying, I don't use outside money.
There's no outside investors, there's shame.
And so I think about like, how do I survive?
Not how do I maximize my returns in the short term?
How do I maximize my returns in the long term?
Rule number one, for Warren Buffett, don't lose money.
Rule number two is like, see rule number one.
So I want to diversify when it makes sense,
but I also want to be in a position
where I can flow to whatever makes sense.
Like we have a real estate company
where we invest in real estate,
but we'll wait until there's a lot of distress
until we put more money into that.
And then I can be patient.
I can go years without making an investment.
Is that mostly residential, commercial?
All residential.
Yeah.
So it's multifilming at scale.
And so like, I just want to do things
where there's a long runway.
I'm working with people I trust.

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The financial returns are sort of like
justifying the investment,
but also the advantage to being you or I
or this one person sort of team
is you can put yourself in a position
where like you said, you stopped VC investing for years.
You don't have to make an investment.
Nobody's emailing you going, Tim,
why haven't you made an investment?
Nobody's emailing you going,
what are you doing with my money?
All of a sudden, you can just let cash pile up
on the balance sheet.
You can just let it accumulate in the bank account.
And then when you see an opportunity
where the risks and rewards sort of indicate
that this is favorable
and you have an edge in this particular investment,
then you can write a large check in like 12 hours.
There's no investment committee to go through.
There's nothing to do.
It's just you making a decision.
And so I like that aspect of it.
And I think about it that way.
I like to do the index fund thing.
It's sort of outside all of that,
which is I like fail safes.
I don't know about you,
but I hide money from myself at times.
So like the real estate company,
when I log into my bank,
it doesn't even show up on the list of companies we have.
It's just like the separate entity
that I log into once a year
to get the financial statements for the accountants.
But mentally, I've convinced myself it doesn't exist,
which I think is like a really powerful way for me
because I don't want to convince myself
that I'm smarter than I am at any of this stuff.
And I also always want to think
that I'm in a worse position than I am
because I really want to increase and improve my position.

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Has your thinking on index investing changed over the years or is it a little bit?

Like I see oftentimes, you know, people saying, it's not timing the markets time in the market.

So just keep buying, right?

Just keep buying with respect to an index or any number of different index funds.

How has your thinking remained the same or changed with respect to index investing?

The weighting of the top companies has definitely caused me a little bit of hesitation.

What I do with indexing is while I invest in an index fund every month,

I don't always invest the same amount of money in the index fund.

So if you want to think of this sort of very simplistically, when there's panic and nobody wants to invest, I tend to put more money in.

And when everybody's investing or reaching all-time highs, I tend to put less in.

I don't know if that's an effective strategy for everybody else.

It's just sort of what I do to regulate money going into index funds.

But what we haven't seen with index funds that worries me is with the rise of index funds,

we haven't seen massive force selling of index funds and how that impacts the funds.

And so I'm actually sort of counterintuitively thinking the rise of activists investors,

they just went through this 10-year spell where they didn't outperform and they're really smart.

I'm kind of thinking like,

oh, now might be the time to allocate more money into that pocket.

Because I think that there might be an opportunity when index funds are no longer what we're thinking of

as index funds and they always go up

and all of a sudden stock picking comes back in vogue.

And you can buy some of them,

like you can buy perishing square.

I don't know what today's price is,

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but like a 30% discount to its net asset value.
And I remember doing this during COVID.
So March, 2020, Bill Ackman got on TV
and he's like, I have these like asymmetric bets.
And I was like, oh, Bill's a really smart guy.
I know him.
So I started looking at the net asset value
of perishing square and it's like the market's tanking
at the same time the net asset value is like going parabolic.
So I was just buying all the shares I could
and that's all publicly available information.
But you have to be in a position
to take advantage of that information with cash.
Otherwise you're force selling something to do it.
How do you think about index fund investment?
What do you do with your money?
I'm in the process of tremendously,
I don't wanna say de-risking
because that would presume that I accurately
can identify and understand all the various risks out there
which is kind of ridiculous,
would be a ridiculous thing for me to claim.
But I have realized that many, many, many
of my investments are highly correlated
and I've always been growth first.
And I have friends, I'm not gonna name names,
but friends are like, look,
there is no role for bonds in your portfolio.
You don't need the cash, like you should be 100% go, go, go.
And these are very smart people who've done very, very well
over long periods of time.
And intellectually, let's first of all say,
I'm not a financial advisor,
I do not recommend anyone take that advice,
but this is advice that a few of my friends
were giving to me based on their understanding of my life.
And what I came to realize is that
while academically that might be true,
it actually makes it harder for me to sleep.
So I am making a number of decisions right now
that for anyone who is type A super driven, successful,
growth-minded investor would look at a scant

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and consider probably pretty stupid.
But for me, I'm realizing number one,
I don't need to chase extra gains necessarily.
I mean, I have areas where I feel like
I have informational advantage with early stage stuff.
If I decided two years from now,
I want double tripled down or 10x down on that sector,
I could do that pretty easily.
So I'm gonna try and experiment for a few years.
I'm in the process of doing this right now
where I'm going to be moving a lot of my cash
from growth positions.
I can't do that in all cases
because a lot of my stuff is locked up in privates,
but I'll be moving a lot from areas that are high growth,
but that are high complexity and difficult for me
to understand.
And that applies to a bunch of stuff overseas
where I don't think the world is as siloed as it once was.
I mean, Nassim Taleb and I were talking about this recently
where the idea that you're protected
from the ups and downs of say the US
by being in Western Europe is kind of ridiculous.
And that's true even further afield.
So I'm trying to, I suppose at this point,
optimize for sleep, that's it.
Yeah.
And I'm sure I'm gonna look back a few years from now
and say, fuck man, the opportunity cost was so high,
but there are periods of time where I've been red hot
and I've been able to strike.
Most notably when I had much less cash
in sort of 2008 to 2012, let's say,
which was an incredible vintage
and a period for startup investing.
If someone were to give me my starting capital
that I had then now, even adjusted for inflation,
say go get them tiger, I would not succeed.
I really don't think I would be able to do what I did then.
The world has just changed, the valuations
and the deal structuring, all of these things have changed.
However, there have been these pockets

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where I've been able to make good decisions
only because I have extra powder.
And right now I feel like I'm,
or at least over the last handful of years,
pretty fully deployed where I could get into position
if I screw up my planning where I'm a forced seller
or at least a distressed seller.
Not in any kind of bet the farm way, but it adds stress.
And I think that after so long
and really focusing so hard
and for periods of time working so hard
to get to a point where I don't need to, fortunately,
and there's a lot of luck involved,
but worry about my expenses,
like to manufacture complicated strategies for life
that add that stress back in is kind of ridiculous.
It's completely absurd.
So I'm trying not to do that.
And I noticed among my friends,
like almost all of them do this and we laugh about it.
It's like, oh yeah, I managed to remove this stress.
Let me figure out a really sophisticated,
like self-sabotaging subconscious way
to add all that stress right back in.
So that's a long answer to a short question,
but it's so interesting
because you hit on a couple of things there
that really resonate with me and how I approach things.
The first was you were like,
the opportunity cost is huge.
Well, no, because you're only considering
the measurable opportunity cost.
You can't measure your sleep at night as easily, right?
And so that decision makes perfect sense.
Like why risk what you have and don't need for,
like what you don't have and don't want to begin with.
But it doesn't make sense to take those risks.
When you're young,
it makes sense to take a lot of risk
in order to sort of get ahead.
But as you get older and you have more to lose,
sure, you can keep pushing that button as long as you want.

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But at some point,
it doesn't always have to be a pure financial decision.
An example of that is when I left
sort of working for the intelligence agency,
I had this amazing pension and they're like,
well, starting at 55,
we're going to pay you this much money every year.
And it's a pretty big sum of money.
Like I worked a lot of years there
and got a really decent salary.
And I was like, no, cash it in.
And my accountant was like,
what do you mean cash it in?
Like that is the worst financial decision you can make.
And I'm like, it's the worst financial decision,
but it's the best psychological decision.
Cause if I know somebody's coming to save me,
I'm going to behave differently.
I need all the chips on the table in front of me
and I need to know it's on me.
And I know that doesn't make sense to you.
But for me, that's the only way
that I'm going to have a shot at being successful at this.
Also, may not to state the obvious, but let's go for it.
Past shelter, food, all the basics.
And then a couple of extracurricular fun things here
and there beyond that, even for that, the extracurriculars,
I mean, presumably the money is used
to improve your quality of life.
So if you're doing things to make money
that are decreasing your quality of life,
it's sort of antithetical to the whole name of the game.
100%.
In some respect, which I'm saying in part
to remind myself of it.
Cause I'm making a lot of decisions right now,
which for me, provoke a visceral angst
because I have been so, during periods,
I've made some terrible decisions too.
Let's be very clear.
I've made some very terrible, very expensive decisions,
but there have been these sprints of say four or five years

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where I've made a series of very good decisions that tend to be opportunistic.
The podcast is a great example.
That was nowhere in a three, five or 10 year plan.
It was very opportunistic and the timing was really fortunate.
And therefore when I start moving as I am right now, quite a bit into let's just call it safer stuff.
That's up for debate, but let's just call it safer stuff.
It's very counter to my conditioned way of being in the world.
You know what I mean?
Totally.
So it's an experiment.
I'm also viewing it like, look, yeah, I'm gonna pay a bunch of hits here and there and I'm blah, blah, blah, tax this, tax that.
Let's not let that tail wag the dog if we can avoid it.
But I'm gonna do it for, let's just call it two years and see how I feel, right?
If I'm happy I did it, great.
And if I'm sleeping better, great.
And if I'm like, okay, that was an interesting experiment, but actually I wanna get back in the fray and roll up my sleeves and like really go at it in this full contact sport known as all this early stage stuff.
You know, then fine.
It's not a permanent decision.
I think that's an interesting way to think about it.
I mean, you could also, if you feel the need to keep going, you've accomplished so much and you've done really well, you could also just put money aside, enough money aside that if everything else went to zero, you'd be okay.
Hide that bank account from yourself, basically invest it in sort of like safe, reliable stuff and then pretend it doesn't exist and then go nuts, right?
And then like with all the other stuff, you can sort of like play these little mind games on yourself where it's like, all of a sudden I'm worthless.
I gotta make more, right?
And if that's your goal is to do that, but I'm totally with you and like money should improve the quality of life that you're living.

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And a lot of things that that looks like
it's counterintuitive to most people
because it looks like time.
It looks like you buying time.
I know we were winding to close shortly,
but I wanna ask you, perhaps just broad strokes,
how should people think about becoming better
at making decisions?
And here's the backdrop for that.
In the room next door, I have poor Charlie's Almanac.
I love reading about mental models.
However, I sometimes run into this cognitive indigestion
when I try to force feed myself too many rules,
cognitive biases fill in the blank.
I get to a point where I fail from too much information,
not too little information.
Just like if a friend of mine, and this has happened a lot,
who has no exercise habit, no controlled diet to speak of,
comes to me and says,
hey, give me an index card with like the 20 things I should do
to get whatever six pack abs by the end of the year.
It never works.
It works exactly 0% of the time.
And I have found that sometimes I try to take on
too much at once.
Sometimes I find looking at decisions retroactively
to be helpful, but I'm not sure.
There are people who would say,
well, we don't actually learn that much from our failures.
I think Peter Thiel would probably underscore that.
How would you suggest people go about getting better
at making decisions?
What are some of the approaches or tools in the toolkit?
I think we hit on a couple of things during this episode,
and I'll tie this in in a second.
So most of the time when we know we're making a decision,
we tend to do fairly well in that moment,
given the information we have,
because we're rational about the sense
that we're mostly rational.
We don't get a perfect, but we're directionally correct.
If you're thinking about marrying your partner,

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you know you're making a decision.
If you're thinking about buying a house,
you know you're making a decision.
In those moments, we tend to be more rational.
We might be wrong in the end, but we're not really wrong,
especially given the information we have at the time.
We're generally correct.
So when it comes back to general decision-making,
like here's how you undo yourself.
You can marry the best person in the world for you,
but if you don't invest in that relationship,
it all multiplies by zero,
and investing in that relationship becomes not a decision,
because you're not thinking about it as a decision.
You start living with somebody,
and then all of a sudden, you know,
you're arguing over how you loaded the dishwasher,
and it turns into not talking to each other.
Well, if I tap you on the shoulder in that moment,
and I say, hey, Tim, you're about to put gas or water
onto this situation,
what would you like to choose?
And this is what I do with my kids,
and they're always like, oh, water.
But what I'm really doing is like,
hey, you're making a decision to escalate here.
Is that the decision you wanna be making?
No judgment on my part,
but I'm just gonna alert you
to the fact you're making a decision,
and that tends to help a lot
in terms of making better decisions.
So how are the moments that happen in everyday life,
how do we recognize that they're decisions?
And I would say the biggest aid to judgment
in decision making is the position you're in
at the time you're making a decision.
It comes back to a lot of what we talked about today.
There's three sort of aspects to decision making
that I think about that are very counterintuitive,
which is the position you're in at the time
you make the decision.

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Can you manage your emotions?
Not eliminate them, manage them.
You're temperament, right?
You don't wanna be making a decision
when you're hungry, angry, lonely, tired.
You don't wanna be making a decision
when you're focused on proving yourself right
rather than getting the best outcome.
I have this phrase I remind myself with,
which is outcome over ego.
Am I focused on getting the best outcome,
or am I focused on satisfying myself,
improving myself right?
Because the minute I'm proving myself right,
what tends to happen is I ignore all this information
that says that I'm not right,
and then all of a sudden I'm not focused on the outcome.
So by reminding yourself to focus on the outcome,
you sort of like open your idea,
and you get this when you run a business.
It tends to be a little easier in some ways
because you're so tied and wed to this outcome
that you're looking for ideas
no matter where they come from.
You're looking for the best idea
to get you to the outcome you want.
And the third aspect is sort of thinking independently.
Are you thinking independent of the circumstances
or the circumstances thinking for you?
Are you thinking independently of what the crowd is doing?
Or is the crowd thinking for you?
Because if those are happening,
if circumstances or the crowd are thinking for you,
you're not really thinking at all.
But what do you have to do to think independently?
You have to be well positioned
so that you can think independently.
All right, one last question before we land the plane,
and that is if it's possible,
what is the short explanation
for why we should write in the age of AI?
Writing is the process by which we realize

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we don't understand what we're talking about.
And it's only when you sit down and put pen to paper
or even type out an idea that you have,
a decision you're making,
an idea you're wrestling with
that you sort of see where you don't understand it.
And the process of writing is not only refining that idea
and helping you reflect on it,
but you actually generate new ideas
in the process of writing.
And I think it's so easy, my kids do this, right?
They're just like, oh, insert these little variables
into that GPD, outcomes and essay.
And I'm like, you can't use that.
You can feed it your essay and ask it
like where the weak points are.
That's a different way of using it
than sort of getting it to write these essays for you.
But the question they have is like, why would I write?
Like this doesn't make sense.
This thing will do it for me and I'll get a good grade.
And the other aspect I would say
that's important to writing is you learn humility.
You learn to give up on an idea that you have.
Like you keep trying to fit this idea in
and you've probably experienced this too
and you really want this idea to work.
Maybe you have a great opening sentence to a paragraph,
but it just doesn't make sense
and you can't make it make sense.
So you have to give up on it, you have to delete it.
You literally have to delete something from your mind
and be like, no, that doesn't make sense.
No, that's not good enough.
And I feel like there's a certain humility to that
that we're almost lacking in today.
Yeah, you're not gonna be able to examine your own thinking
if the source material is produced by chat GPD.
Yeah, well, what you're really doing
is like you have all these thoughts, right?
And you're making the invisible visible.
And by making the invisible visible,

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now I can see it, now I can play with it.
Now I can see where it's weak and where it's strong
and how it interacts with other ideas I have.
But when it's just in your head, then you can't see it.
So you can't reason with it, you can't play with it.
You just end up playing these mental games with yourself
where you trick yourself into thinking something
that you don't actually think.
Yeah, I mean, I'm bullish on so many facets of AI.
So I'm not a Luddite who's trying to keep the horse and buggy
at its pinnacle or anything like that.
However, I do think there's a risk of us
subjugating our own faculties in the same way
that most of us have lost the ability to navigate
without Google Maps or some equivalent.
If you remove your long form thinking
and remove the habit of putting that down in some forms
such that you can cross-examine it and identify
where you're just not making any sense.
Or maybe there's a shred of something
that comes out spontaneously that makes a whole lot of sense.
But if you hadn't captured it,
you would never would have noticed it
as it passed through your mind.
I can't help but think that you will be incredibly weakened
over time.
And if we're either getting stronger or weaker,
I'd say directionally we want to go towards the former
when possible.
Yeah, definitely.
One of the crazy things is like writing is often
the process by which we learn to think.
Yeah, yeah, for sure.
Yeah, you're not writing down what you think.
You're writing in order to think.
Right.
I was just journaling this morning, in fact.
And one of my lines, which was borrowed from some of my friends
in the military, super simple.
I mean, this is not a incredibly granular rule,
but just as a guiding philosophy,
slow is smooth and smooth is fast.

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Do not fucking rush.

In other words, like when I rush, I make mistakes.

Those mistakes cost me more time in the long run,

just like trying to make decisions quickly

before defining the problem correctly.

If you want to be fast in the long term,

it's like, for me at least,

slow is smooth and smooth is fast.

Shane, the new book is, yeah, it's a good one.

Clear thinking, turning ordinary moments

into extraordinary results.

People can find that wherever fine books are sold.

And people can find the Farnham Street website

at fs.blog, if I'm not mistaken.

Anything else that you would like to mention,

anything you would like to add,

maybe recommendations or requests of the audience

before we come to a close?

I'd love to, if you want to email me at Shane at fs.blog,

I read everything, but I don't respond to everything.

I would love to know about sort of the ideas from this episode

that connect to ideas that you have

in terms of decision-making and positioning

and what your best ideas are for how you position yourself

to sort of survive in different environments

and adapt to whatever the situation requires.

I dig it.

All right, folks, you got it.

God be with you, Shane, in your inbox.

Shane at fs.blog.

And really nice to spend some time together, Shane.

Thank you for blocking it out

and making the time to get together.

I really appreciate it.

This was awesome,

looking forward to getting together in person soon.

Yeah, definitely.

And for people listening, as always, thank you for tuning in.

You can find the show notes,

including the Disney diagram we'll hunt down

and everything else we refer to at tim.blog slash podcast.

And until next time, just be a bit kinder than is necessary,

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not only to others, but to yourself.
And thanks for tuning in.
Hey, guys, this is Tim again.
There's just one more thing before you take off,
and that is Five Bullet Friday.
Would you enjoy getting a short email from me
every Friday that provides a little fun before the weekend?
Between one and a half and two million people subscribe
to my free newsletter, my super short newsletter
called Five Bullet Friday.
Easy to sign up, easy to cancel.
It is basically a half page that I send out every Friday
to share the coolest things I've found or discovered
or have started exploring over that week.
It's kind of like my diary of cool things.
It often includes articles I'm reading,
books I'm reading, albums, perhaps, gadgets, gizmos,
all sorts of tech tricks and so on.
They get sent to me by my friends,
including a lot of podcast guests.
And these strange esoteric things end up in my field
and then I test them and then I share them with you.
So if that sounds fun, again, it's very short,
a little tiny bite of goodness before you head off
for the weekend, something to think about.
If you'd like to try it out,
just go to tim.blog/friday, type that into your browser,
tim.blog@friday, drop in your email
and you'll get the very next one.
Thanks for listening.
This episode is brought to you by Eight Sleep.
Temperature is one of the main causes of poor sleep
and heat is my personal nemesis.
I've suffered for decades, tossing and turning,
throwing blankets off, pulling the back down,
putting one leg on top and repeating all of that ad nauseam.
But now I am falling asleep in record time.
Why? Because I'm using a device is recommended to me
by friends called the Pod Cover by Eight Sleep.
The Pod Cover fits on any mattress
and allows you to adjust the temperature
of your sleeping environment,

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providing the optimal temperature
that gets you the best night's sleep.
With the Pod Cover's dual zone temperature control,
you and your partner can set your sides of the bed
to as cool as 55 degrees or as hot as 110 degrees.
I think generally in my experience,
my partners prefer the high side
and I like to sleep very, very cool.
So stop fighting, this helps.
Based on your biometrics, environment and sleep stages,
the Pod Cover makes temperature adjustments
throughout the night that limit wakeups
and increase your percentage of deep sleep.
In addition to its best in class temperature regulation,
the Pod Cover sensors also track your health and sleep metrics
without the need to use a wearable.
So go to eightsleep.com slash Tim,
all spelled out, eightsleep.com slash Tim
and save \$250 on the Eight Sleep Pod Cover.
That's eightsleep.com slash Tim.
Eight Sleep currently ships within the US, Canada and the UK,
select countries in the EU and Australia.
Again, that's eightsleep.com slash Tim
to save \$250 on the Eight Sleep Pod Cover.
This episode is brought to you by Mementis.
Mementis offers high quality supplements
and products across a broad spectrum of categories,
including sports performance, sleep, cognitive health,
hormone support and more.
I've been testing their products for months now
and I have a few that I use constantly.
One of the things I love about Mementis
is that they offer many single ingredient
and third-party tested formulations.
I'll come back to the latter part of that a little bit later.
Personally, I've been using Mementis Mag-3 and 8,
L-Theanine and Apigenin,
all of which have helped me to improve the onset quality
and duration of my sleep.
Now, the Mementis Sleep Pack conveniently delivers
single servings of all three of these ingredients.
I've also been using Mementis Creatine,

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which doesn't just help for physical performance,
but also for cognitive performance.
In fact, I've been taking it daily,
typically before podcast recording,
as there are various studies and reviews and meta-analyses
pointing to improvements in short-term memory
and performance under stress.
So those are some of the products
that I've been using very consistently
and to give you an idea,
I'm packing right now for an international trip.
I tend to be very minimalist
and I'm taking these with me nonetheless.
Now back to the bigger picture.
Olympians, Tour de France winners,
Tour de France winners,
the U.S. military and more than 175
college and professional sports teams
rely on Mementis and their products.
Mementis also partners with some of the best minds
in human performance to bring world-class products to market,
including a few you will recognize from this podcast,
like Dr. Andrew Huberman and Dr. Kelly Starrant.
They also work with Dr. Stacy Sims,
who assists Mementis in developing products
specifically for women.
Their products contain high-quality ingredients
that are third-party tested,
which in this case means informed sport end
or NSF certified,
so you can trust that what is on the label
is in the bottle and nothing else.
And trust me, as someone who knows
the sports nutrition and supplement world very well,
that is a differentiator that you want
in anything that you consume in this entire sector.
So, good news.
For my non-U.S. listeners,
more good news not to worry,
Mementis ships internationally,
so you have the same access that I do.
So, check it out.

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