
The Black Swan Summary PDF Cheatsheet —

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? 1. Black Swan Events: Black swan events are unprecedented, have a huge impact, but are later explained away as predictable

A black swan used to mean something impossible, until one day people discovered they actually existed. Now black swan is a term for events which are unprecedented, have a huge impact, yet most people later claim to know why they happened.

? 2. Extremistan: More and more, we live in Extremistan, an unequal world with unpredictable extreme outliers

Mediocristan is the world we came from, where differences between individuals are relatively small (e.g. human height and weight). Extremistan is the world we're moving into, where outliers have an enormous impact (e.g. human wealth or fame). Technology and globalization are speeding up this change.

? 3. Overvaluing Knowledge: We overvalue what we know, and are blind to what we don't know

We underestimate the importance of what we are ignorant of—those “unknown unknowns.” Events often happen without warning or precedent, so don't assume an absence of evidence is proof of anything. Invest energy shining light on silent evidence, by looking at examples of failure not only success.

? 4. Creating Stories: People construct narratives about why Black Swans happened, which later covers up how unexpected they were

Stories help us simplify the world, remember things more easily and feel more in control of our future. However, this can create a false illusion of understanding and make us less prepared for the next black swan. It's better to admit “we don't know” and test our knowledge with empirical predictions.

? 5. Expert Illusions: Most experts are overconfident in their predictive models and underestimate real-world complexity

Experts act as if their models work, even when they have failed countless times. The models can't take into account outlier black swan events which have a supersized impact. It is better to not forecast than drive according to a wrong map.

? 6. Mediocristan Careers: Many seemingly stable jobs may conceal underlying risks

Someone working a conventional career with a predictable path appears to have a very stable job, yet this may be an illusion. A self employed person is exposed to constant ups and downs, but this makes them more adaptable to big changes.

? 7. Extremistan Careers: Many high-risk careers offer potential for great rewards, but require working for years with no sure payoff

People working in Extremistan include artists and entrepreneurs. There's a potential big payoff, but most people don't get there. To avoid being discouraged, find a group of like-minded people to find esteem in.

? 8. Prioritize Experimentation: Entrepreneurs should rely more on trial-and-error and less on rigid planning to succeed

To find a successful business strategy, we should do less theoretical planning beforehand and much more trial-and-error and experimentation.

?? 9. Taleb's Financial Strategy: Nassim Taleb is very conservative with 90% of his money and very aggressive with 10%

Rather than seeking balance, Taleb put 90% of his money into extremely safe investments, to protect him from negative Black Swans. The other 10% went into very risky investments, to expose him to the potential explosive payoff of a positive Black Swan.

This is just a sample!

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