

**SKIN IN THE GAME:
THE HIDDEN ASYMMETRIES
IN DAILY LIFE**
by Nassim Nicholas Taleb

Summary & Worksheet

The Book In Three Or More Sentences:

This medium-sized read is full of Taleb's observations on what makes someone worthy of being called an expert. Why you shouldn't listen to academics and why getting the fanciest gear is not always the best choice. *Skin in the Game* is a provocative – rant included – book, that will help you detect bullshit. Nassim Nicholas Taleb explains that if you want answers, the right answers, you shouldn't talk to well-dressed limo driving specialists. Rather, have a chat with elderly people who walked the walk and talked the talk.

The Core Idea:

People are impressed by expensive equipment, complicated spreadsheets, fancy suits, overall, the aesthetics. But those who appear to have all the answers are usually frauds. While folks are drooling over the next “innovation,” what matters in life, as Nassim Nicholas Taleb writes is skin in the game – being a “doer,” living an honorable life, taking risks, lowering the risk for friends and family, and not transferring risk to other nothing suspecting individuals.

Highlights:

- *Avoid taking advice from people who talk a lot. Most experts don't boast about their achievements.*
- *If the packaging of a product is flawless, there is a high possibility that the actual product will be flawed.*
- *Taking risks should be an inseparable part of your daily life. Just make sure to consider all the downsides.*

5 Key Lessons from: Skin in the Game

- *Lesson #1: Skin In The Game Is Doing Things, Not Talking About Them*
- *Lesson #2: There Should be Symmetry Between Action and Consequences*
- *Lesson #3: Being Alive Means Taking Risks – Become A Wolf*
- *Lesson #4: Other People Suffer Too For Your Mistakes*
- *Lesson #5: Learn The Lessons and Ideas From Your Grandparents*

Lesson #1: Skin In The Game Is Doing Things, Not Talking About Them

The first question that naturally comes to your mind before even reading the book is, what is skin in the game?

Nope, it's not a sadistic game that involves your skin and rolling dice.

It's something simpler yet, unsafe.

Having skin in the game doesn't come from reading books or from talking about them, it comes from practice. From trials and error. From defeats. From bankruptcies. From not agreeing with others. From doing something that can be beneficial for society – which, unquestionably, is always hard and it involves a dose of risk.

So, the next time you're scheduling a conference call with your "flashy" group of entrepreneurs, where you're going to discuss "major" topics, stop for a moment and consider this: Are you living in accordance with what you're saying or you're simply trying to look smart in front of others?

Looking good on paper is easy. Especially today. You just need to pick the right set of quotes and publish them online. But that's unlikely to get you somewhere near success. You will only appear successful.

If you want to gain experience, and real results, you need to put yourself out there. To take risks. To make mistakes and to learn from them. This is the right way, the only way, you get skin in the game and make a difference in your life and in the lives of others.

“How much you truly “believe” in something can be manifested only through what you are willing to risk for it.” Nassim

Lesson #2: There Should be Symmetry Between Action and Consequences

The world is now full of fancy suit-wearing experts who are trying to take our money without offering much in return. To correct things, we should observe what the ancient philosophers said about ethics and about risk-sharing.

Fortunately, Nassim Nicholas Taleb already did the hard work for us in the book. He compared the universal life laws and come up with the so-called formula to guide the relationship between people in a transaction-oriented world like ours.

Or in simple terms, how we should behave with others if we want everyone to thrive, not just ourselves.

According to the author, to have a blooming society, ditching the Golden Rule which states: “Treat others the way you would like them to treat you,” is a must. Instead, we should practice the more robust Silver Rule that says, “Do not treat others the way you would not like them to treat you.”

Why silver is better than gold?

Because we don't know what's good for others. But we surely know what's bad for everyone – trying to cheat them, trying to rob them, being cruel, not telling the truth.

In practice, if you're a banker, for example, this will mean to offer some sort of insurance for your suggestions. Only by doing so, you'll ensure that your advice is not full of crap and actually helpful.

“Avoid taking advice from someone who gives advice for a living, unless there is a penalty for their advice.” Nassim Nicholas Taleb

Lesson #3: Being Alive Means Taking Risks – Become A Wolf

You love your cozy job and you laugh at people who start businesses?

Then you're surely overpaid white-collar doing ultra-boring things and you have a lot to lose if you leave the company you work for.

According to Nassim, being an employee is modern slavery. It gives you a false sense of freedom and fake security.

You might feel good and safe with your fancy title but if the worst happens – you get fired or you lose your job – you'll have a hard time surviving. Plus, you'll lose your sense of meaning because you'll no longer be this important dude doing office work.

Avoid being a trained puppy, become a wolf by taking risks.

“A dog’s life may appear smooth and secure, but in the absence of an owner, a dog does not survive. Most people prefer to adopt puppies, not grown-up dogs; in many countries, unwanted dogs are euthanized. A wolf is trained to survive”
Nassim Nicholas Taleb

And how do you stop worrying about your status and start howling like a wolf?

Three main things:

1. Become irreplaceable: If your absence can cause a loss of business for the company you work for, then you're more valuable there and it's unlikely for managers to show you the door.
2. Never own when you can rent: Owning a boat might feel good but it's way better to have a friend with a boat. You get all the perks of riding a boat and none of the downsides.
3. Take well-measured risks all the time: The higher your salary gets, the more you have to lose if you are working for a company. But this shouldn't comfort you. Rather, it should inspire you to do something on your own. And this always involves taking risks.

Lesson #4: Other People Suffer Too For Your Mistakes

“To be free of conflict you need to have no friends,” wrote Nassim in the book.

This means that if you have a family, friends, or another group of people is counting on you, when you fail, they will fail with you. When you win,

though, part of the gains are distributed amongst the people surrounding.

In the past, the mistakes of the father were passed on to the children. I mean, there was a law about it.

Hammurabi's code stated the following: "If the architect built a house and the house subsequently collapses, killing the firstborn son of the master, the firstborn son of the architect shall be put to death."

While the above is brutal and it definitely shouldn't be applied in the current times, there is a use of this liability transfer.

The author argues that the best way to stop terrorist acts is to convince current and potential future radicals that their actions have consequences. That it doesn't end when they blow themselves. That "making their families and loved ones bear a financial burden," will allow them to reconsider their actions before attempting something stupid and dangerous.

For the regular citizen, like you and me, one thing is important to note: There are always consequences of your actions.

Arguing with your boss or hitting a random dude on the street might seem like "your business." But it's not. Your actions transfer both the positives and the negatives to the family. If you commit a crime, being in jail will surely leave a mark on your spouse and kids.

Or in other words, think about your loved ones before attempting something, anything.

Lesson #5: Learn The Lessons and Ideas From Your Grandparents

There are two opposing ideas so far: To live a better life, you have to be a risk-taker. But taking risks will bruise your family if you fail.

What should we do?

The following ideas, rephrased by me in more graspable language, are the main points to follow. These concepts will prepare you for a badass life, help you get better at surviving, and improve your chances when taking risks.

The author calls them “Grandparents’ Wisdom.”

Why listen to your elders and not some suit-wearing dude giving a “classy” TED talk? Because the advice from your grandparents works 90 percent of the time. In contrast, what speakers mention in their pompous presentations is mostly facts and BS.

Your Grandparent’s Wisdom:

- Cognitive dissonance: If you can’t have something, to avoid feeling bad about yourself or looking like a fool, convince yourself that this thing is no good.
- Loss aversion: We prefer avoiding losses over the potential gains we might get. That’s why you feel bad if you lose part of your wealth if you’re rich. But feel great if you win a small sum of money if you’re considered poor.
- Skin in the game: You are tied to something when you invest time or money. For example, you’ll care more about Apple’s stocks if you invest in them. Also, you’ll care more about your kids than other people’s kids because you invested time and literally skin.
- Negative advice: Instead of recalling the positives, we focus more on the negative side of things. Also, we tend to add more stuff in our lives when we feel moody. However, a lot of times improving life is about removing things – ending a relationship and avoiding certain types of food can boost your life significantly.
- Antifragility: Our ability to overcome stress and handle harm is helpful, but not enough. To truly flourish, you need to get better when not-so-pleasant things happen to you. When fired, most people find a similar job. But if you want to become antifragile, you’ll prepare yourself for adversity and bounce back with better outcomes when the worst happens.
- Time discounting: In short, we praise instant gratification. We place more weight on receiving good things early, now even, compared to waiting and getting more at a later date. For us, as quoted in the book, “A bird in the hand is better than ten on the tree.” If you can “wait for it,” you’ll always gain more.
- Madness of crowds: Almost no one is mad when alone, but when amongst others? Different story. When a lot of people are put together, things are exaggerated and usually, something bad happens – riots, fights, etc. Avoid being influenced by the crowd to stay sane and out of jail.
- Less is more: When too many things get piled, the reason you started gets buried. Simplifying systems and removing the unnecessary is the preferred way of doing things.
- Overconfidence: There’s a fine line between confidence and overconfidence. Confidence is good. Overconfidence is evil. Confidence

can help you win the crowd. Overconfidence can literally kill you. Make sure to know the difference.

- The paradox of progress, and the paradox of choice: Not all progress is good. A large family, living in a one-bedroom apartment, moving to a larger house can be viewed as progress but also as a curse. Since the new house is bigger, the family will now spend more time and money maintaining the place.

*“The problem is never the problem; it is how people handle it.”
Nassim Nicholas Taleb*

Actionable Notes:

- DON'T LISTEN TO OTHERS: Or at least don't listen to others who simply talk. As the author states in the book, “those who lecture to large audiences don't work on lighting and light engineers don't lecture to large audiences.” If you end up listening to a trendy talk or reading a best-selling book, see what the author did. Read their resume. Check their site. Does he have skin in the game, or he's simply getting rich by teaching other people how to get rich?
- TAKE RISKS: Well measured, not life-threatening risks. Be prepared to fail. And take notes from the experience. Your experience and expertise won't come from reading or from thinking about doing things, it will come from getting your hands dirty. “There is no evolution without skin in the game,” Taleb writes. This means that what seems unsuccessful on the surface, makes you stronger and more resilient to future difficulties that will surely catch up with you at some point.
- DON'T OVERCOMPLICATE YOUR LIFE: People tend to overcomplicate their lives when they get richer. They start to visit fancy restaurants and order microscopic dishes that cost a fortune. But sophistication causes degradation. A great question mentioned in the book that describes this concept perfectly is the following: “Do you want society to get wealthy, or is there something else you prefer—avoidance of poverty?” Avoiding poverty is easy. Making everyone wealthy is hard. We should focus on the simple things.
- SUCCESS IS NOT SO PRETTY: Successful people don't look successful. Real geniuses are nothing like what we see in the movies or on stage – well-groomed and highly talkative. They are usually shy and nerdy. Don't go out much, and if they ever have the courage to go on stage, they tend to have ugly presentations. But people don't buy what's inside, they buy the packaging. If you are able to appear successful and pull up a gloomy presentation, even if you have zero skin in the game, you'll fool the audience. It's sad, but it's true.

- **BECOME ARTISAN:** “Primo, artisans do things for existential reasons first, financial and commercial ones later,” says Nassim Taleb in the book. If you want to leave your mark. If you want to make your contribution, put your soul in what you do. Combine art with business, passion with work, and don’t compromise on quality. By doing these things, you’ll have the perfect combination of profit and satisfaction from what you’re doing.

Commentary and My Personal Takeaway

It’s hard to distill the contents of *Skin in the Game* in just a few words. The book covers a lot of ground and jumps from one rarely discussed topic to another. The main theme though is this: don’t cut corners, don’t talk about things you don’t understand, do more, talk less.

While I can’t really call it practical, *Skin in the Game: The Hidden Asymmetries in Daily Life* is surely provocative. Throughout the pages, you’ll see how Taleb is picking fights with professors and other authors – mainly with Steven Pinker. Initially, it was funny, but after the 2nd and the 3rd time he’s mean to others, it started sounding like he’s in college, and he’s trying to impress the other kids – kind of sad for a grown man.

But let’s get back to the book...

So, according to the findings of the author, having skin in the game is your most valuable asset. This should be your credo. You should use every breathing moment to try different things, to take risks, to improve your craft.

But there is one important point to mention which is actually my key takeaway: Even though the author continuously mentions that the world is flooded with fake gurus and charlatans who are constantly trying to find a new way to rob you, you should learn from them. Also, no matter what is said, the world cares mostly about aesthetics. So, make sure to present yourself properly.

“I discovered that everything is in the presentation. So the criticism I’ve received has never been about the content, but rather the looks.” Nassim Nicholas Taleb

Notable Quotes:

“What matters isn’t what a person has or doesn’t have; it is what he or she is afraid of losing.” Nassim Nicholas Taleb

“I personally know rich horrible forecasters and poor “good” forecasters. Because what matters in life isn’t how frequently one is “right” about outcomes, but how much one makes when one is right. Being wrong, when it is not costly, doesn’t count—in a way that’s similar to trial-and-error mechanisms of research.” Nassim Nicholas Taleb

“The curse of modernity is that we are increasingly populated by a class of people who are better at explaining than understanding, or better at explaining than doing.” Nassim Nicholas Taleb

What to read next:

- Actionable [Book Summary: Fooled by Randomness](#) by Nassim Nicholas Taleb
- Actionable [Book Summary: The Obstacle Is the Way](#) by Ryan Holiday
- Actionable [Book Summary: Principles: Life and Work](#) by Ray Dalio

INTERACTIVE SHEET FOR NOTE-TAKING

Reading alone won't help you understand the actionable notes. You need to engage with the content. Answer the question below (just type inside the boxes) to outline your future steps:

1. Ask yourself this: "What is this person's end game in giving me this advice?"
2. What risk can you take that can help your future self? What are the downsides?
3. Which area in your life you're overcomplicating? How can you strip it?
4. How can you make your presentation, appearance, more appealing?
5. Don't cut corners. Focus on quality. In what field can you become a master?

Don't forget to save your changes.