

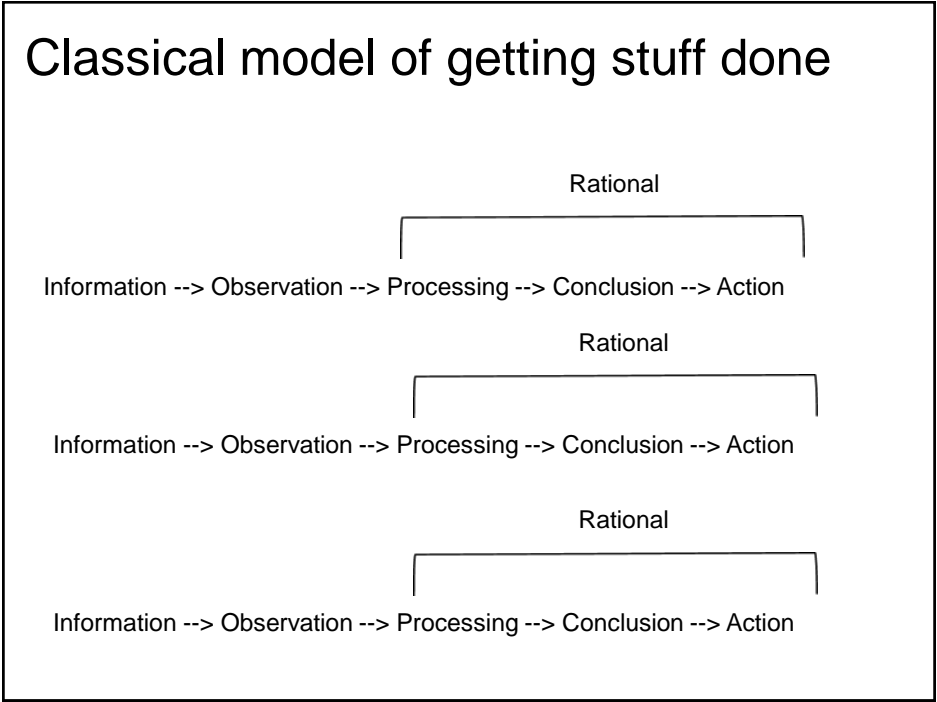
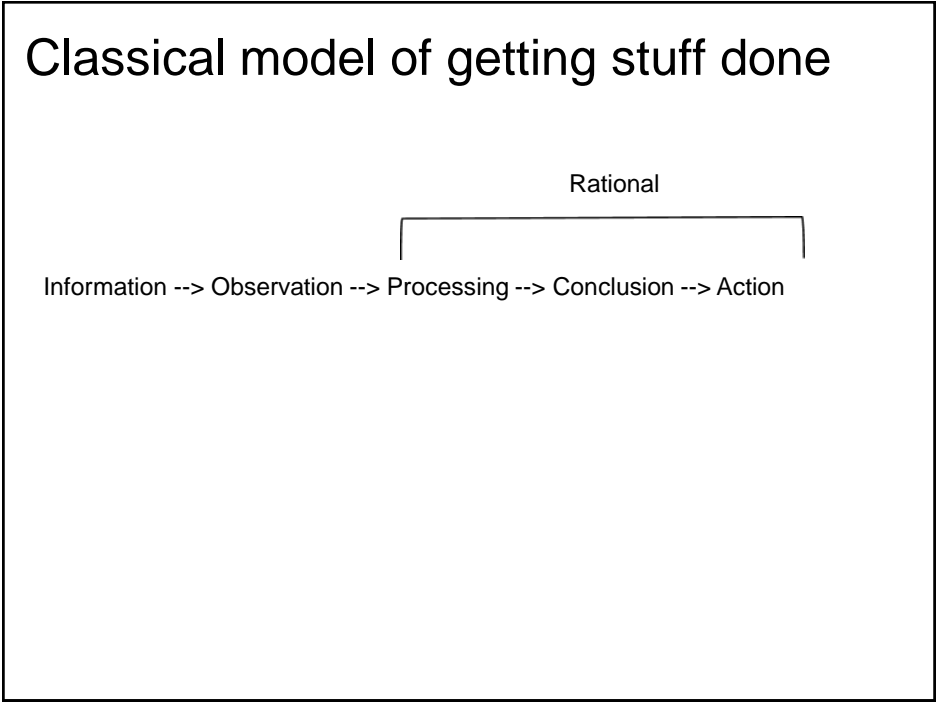
The Five Cognitive Distortions of People Who Get Stuff Done

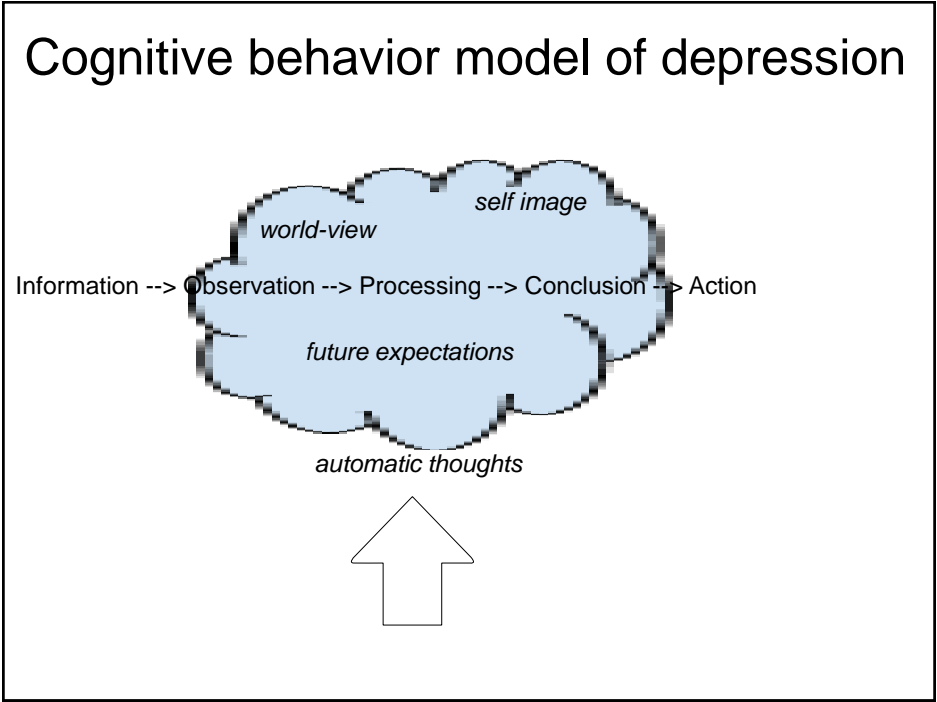
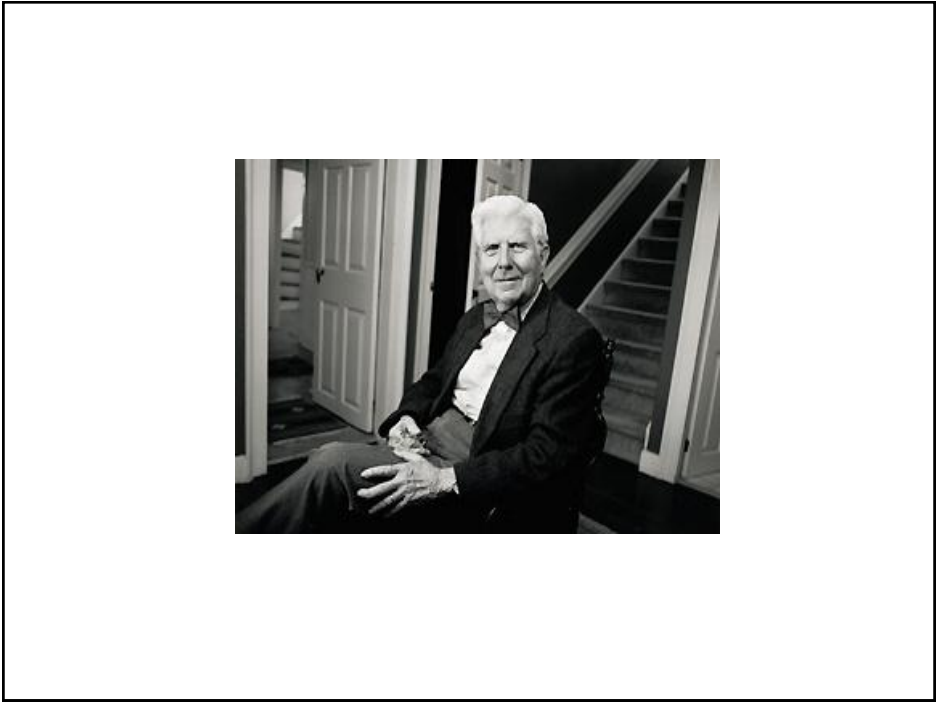
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Summary

- 2,190 days, 2,481 companies, 4,515 founders, 62 bets
- Some common patterns of automatic thought among those who get a lot of stuff done / create tons of value
- Strong patterns of automatic thoughts = cognitive distortions
- Cognitive distortions are filters or lenses that influence thinking, shape interpretation of reality, basis for action
- The Big Five
 - Personal exceptionalism
 - Dichotomous thinking
 - Correct overgeneralization
 - Blank canvas thinking
 - Schumpeterianism

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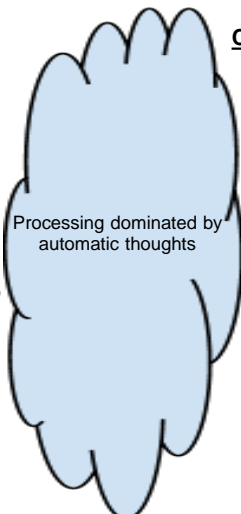




Context of depression

Observation distortions

- Selective abstraction: Only some information fragments are accepted for processing
- Magnification / minimization: zooming way in on some info or zooming out on other info

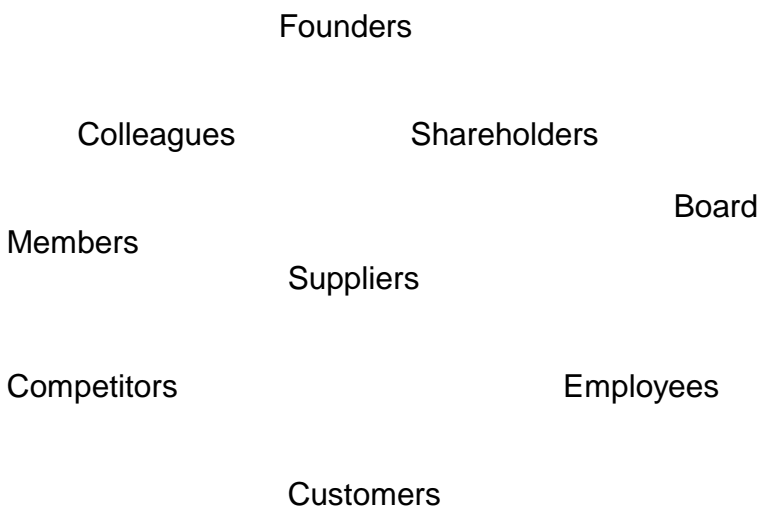


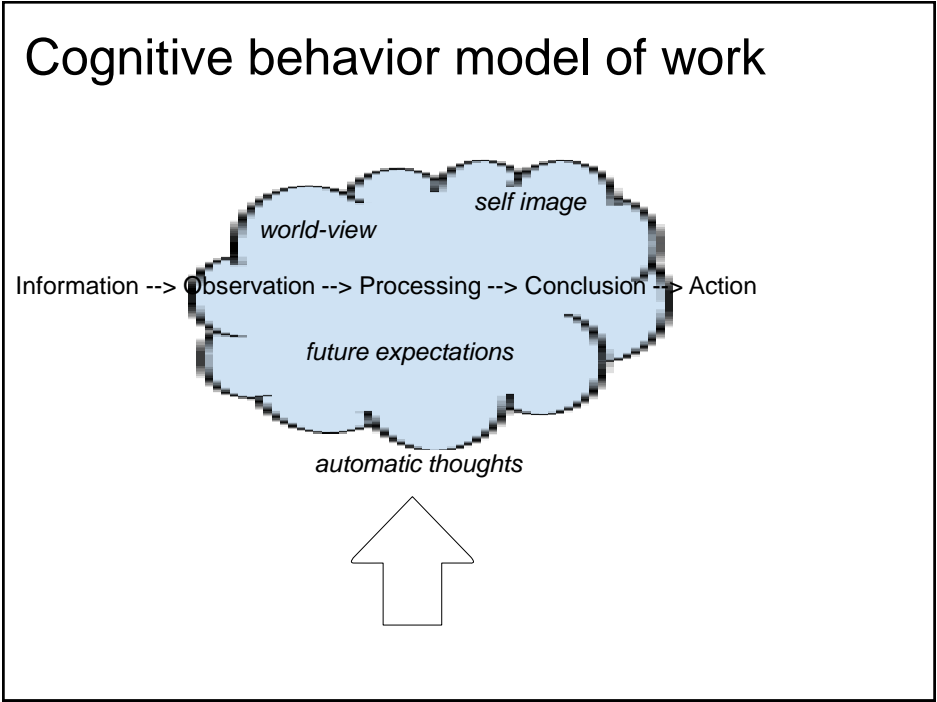
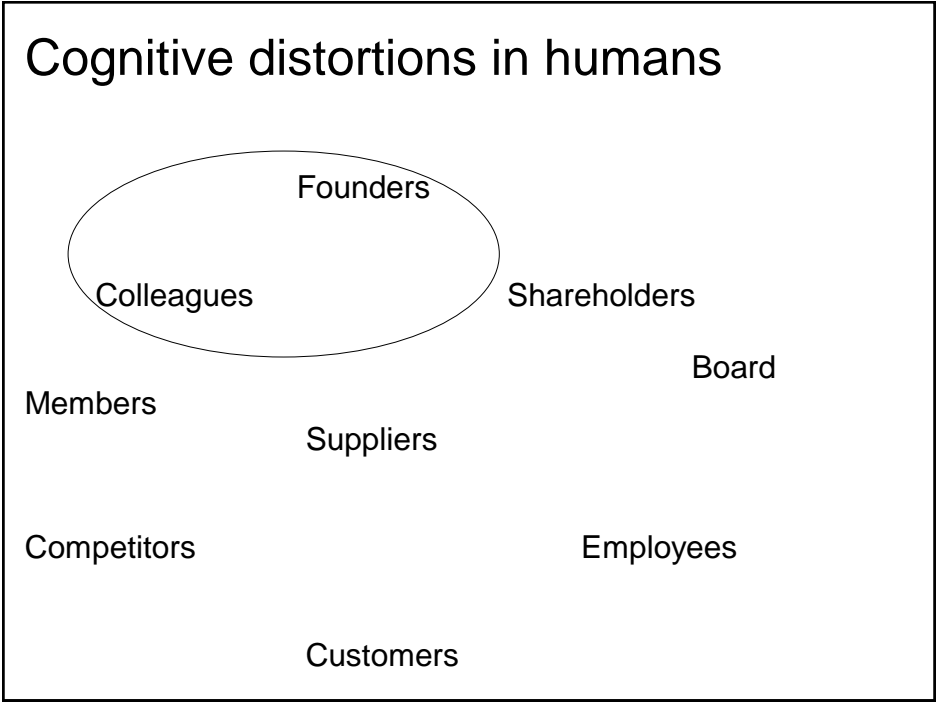
Conclusion distortions

- Arbitrary inference: a conclusion that is not supported by the evidence or for which there is no evidence
- Personalization: "it's something I did" or "it's about me"
- Dichotomous thinking: "it's complete sh*t" or "it's true genius"
- Overgeneralization: making a universal judgment from isolated incidents

Note: These types of cognitive distortions were described as "faulty information processing," in Aaron Beck, A. John Rush, Brian F. Shaw, Gary Emery, *Cognitive Therapy of Depression*, 1979, p. 14.

Cognitive distortions in humans





Five recurring, automatic patterns of thought (aka cognitive distortions) among people who get extraordinary stuff done in Silicon Valley

Personal Exceptionalism

"I am special."

Personal Exceptionalism

Definition - a macro sense that you are in the top of your cohort, your work is snowflake-special, or that you are destined to have experiences well outside the bounds of "normal;" not to be confused with arrogance or high self-esteem

Benefit -

Personal Exceptionalism

Definition - a macro sense that you are in the top of your cohort, your work is snowflake-special, or that you are destined to have experiences well outside the bounds of "normal;" not to be confused with arrogance or high self-esteem

Benefit - resilience, stamina, charisma

Deadly risk -

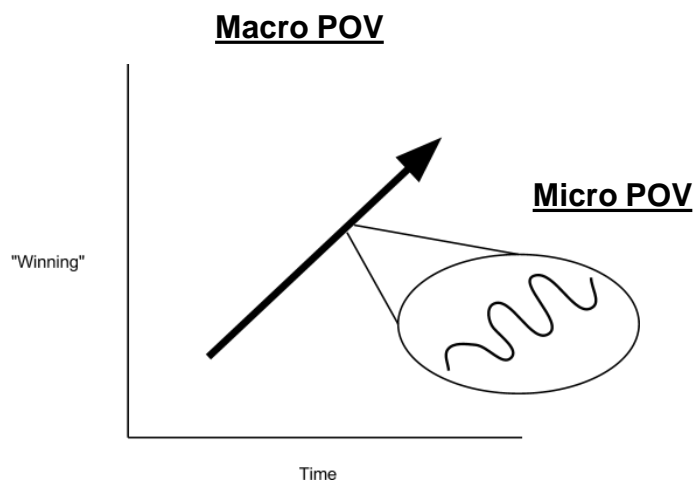
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Benefit - resilience, stamina, charisma

Deadly risk - assuming macro-exceptionalism means micro-exceptionalism, brittleness

Macro versus Micro



Dichotomous Thinking

"X is sh*t. Y is genius."

Dichotomous Thinking

Definition - being extremely judgmental of people, experiences, things; highly opinionated at the extremes; sees black and white, little grey

Benefit -

Dichotomous Thinking

Definition - being extremely judgmental of people, experiences, things; highly opinionated at the extremes; sees black and white, little grey

Benefit - achieves excellence frequently

Deadly risk -

Dichotomous Thinking

Definition - being extremely judgmental of people, experiences, things; highly opinionated at the extremes; sees black and white, little grey

Benefit - achieves excellence frequently

Deadly risk - perfectionism

Correct Overgeneralization

"I see two dots and draw the right line."

Correct Overgeneralization

Definition - making universal judgments from limited observations and being right a lot of the time

Benefits -

Correct Overgeneralization

Definition - making universal judgments from limited observations and being right a lot of the time

Benefits - saves time

Deadly risk -

Correct Overgeneralization

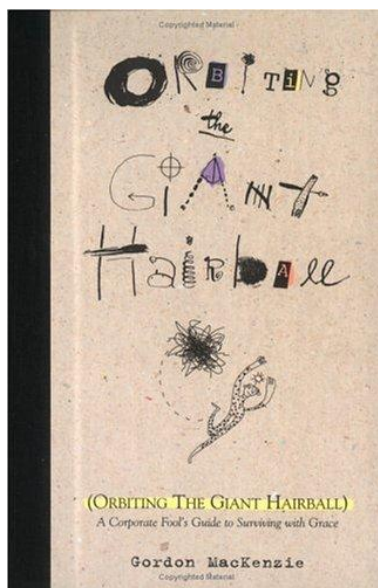
Definition - making universal judgments from limited observations and being right a lot of the time

Benefits - saves time

Deadly risk - addiction to instinct and indifference to data

Blank-Canvas Thinking

"Painting by numbers isn't art. And I want to make art."



Blank-Canvas Thinking

Definition - sees own life as a blank canvas, not a paint-by-numbers

Benefits -

Blank-Canvas Thinking

Definition - sees own life as a blank canvas, not a paint-by-numbers

Benefits - no sense of coloring outside the lines, creates surprises

Deadly risk -

Blank-Canvas Thinking

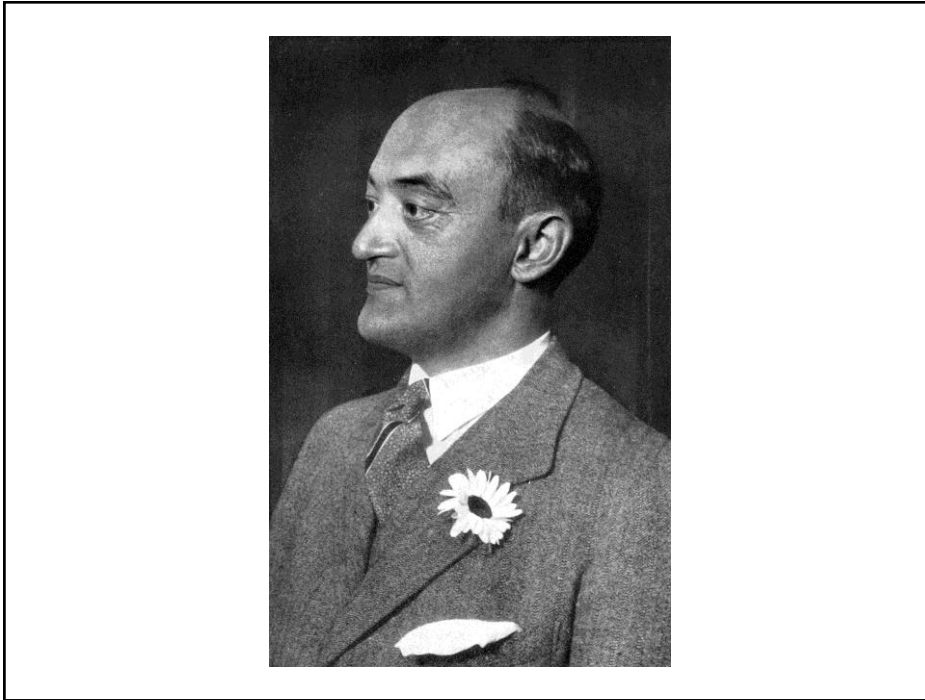
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Benefits - no sense of coloring outside the lines, creates surprises

Deadly risk - "Ars gratia artis," failure to launch, failure to scale

Schumpeterianism

"I am a creative destruction machine."



Schumpeter on Capitalism

- Capitalism matters - powers the miracle of productivity and wealth creation
- Creative destruction powers capitalism
- Creative destruction = foundational change (or as Clay Christensen might call it, disruptive innovation)

Creative destruction

“The opening up of new markets, foreign or domestic, and the organizational development from the craft shop and factory to such concerns as U.S. Steel illustrate the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in. . . .”

Joseph Schumpeter, *Capitalism, Socialism and Democracy* (New York: Harper, 1975) [orig. pub. 1942], pp. 82-85.

Schumpeterianism

Definition - sees creative destruction as natural, necessary, and as their vocation

Benefits -

Schumpeterianism

Definition - sees creative destruction as natural, necessary, and as their vocation

Benefits - fearlessness, tolerance for destruction and pain

Deadly risk -

Schumpeterianism

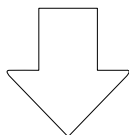
Definition - sees creative destruction as natural, necessary, and as their vocation

Benefits - fearlessness, tolerance for destruction and pain

Deadly risk - heartless ambition, alienation

Automatic Thought Patterns aka Cognitive Distortions

- Personal Exceptionalism
- Dichotomous Thinking
- Correct Overgeneralization
- Blank-Canvas Thinking
- Schumpeterianism



What is missing?
What resonates? What doesn't?
What would happen if you picked investments this way?

Thanks!

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