Building Your Mental Database

I am a big fan of Sachin Tendulkar. One of my favorite shots of Sachin is a full blooded drive, second boundary in the video. He would score a boundary of Brett Lee without moving an inch. Brett Lee delivered the ball at 152.5 kilometers per hour. At that speed the ball would reach Sachin in less than two seconds. In that short span of time, Sachin calculated the speed of the ball, its trajectory, decided on the shot to play, moved his feet, and struck the ball in the middle of his bat. Clearly this is an act of Sachin’s powerful subconscious mind.

Take a look at another video given below. How is Ronaldo able to score a goal in the dark? In less than 500 milliseconds, Ronaldo's subconscious mind has interpreted in which direction the ball would go in, calculated its speed and trajectory, and programmed his body to reach the ball in the optimal moment to score a goal. Ronaldo is able to perform such an impossible task because of the actions of his powerful subconscious mind.

From the world of sports let's jump into the world of business. Buffett and Munger acquired several businesses for Berkshire. Do you know how much time they spend in deciding on the acquisitions? They decide on the deal within five minutes. Buffett and Munger are able to do the deals within five minutes because of their powerful subconscious mind.

We will not engage in unfriendly takeovers. We can promise complete confidentiality and a very fast answer— customarily within five minutes— as to whether we’re interested. We prefer to buy for cash, but will consider issuing stock when we receive as much in intrinsic business value as we give. - Warren Buffett
What is common in all three examples are the powerful subconscious mind of the protagonists. Before digging into the details on how they developed their subconscious mind, let’s understand the difference between hard and soft skills. The first two examples, Sachin and Ronaldo, belong to the hard skill. The last example, Buffett and Munger, belong to the soft skill. What is the difference?

**HARD, HIGH-PRECISION SKILLS** are actions that are performed as correctly and consistently as possible, every time. They are skills that have one path to an ideal result; skills that you could imagine being performed by a reliable robot. Hard skills are about repeatable precision, and tend to be found in specialized pursuits, particularly physical ones. Some examples: a golfer swinging a club, a tennis player serving, or any precise, repeating athletic move ... **SOFT, HIGH-FLEXIBILITY SKILLS**, on the other hand, are those that have many paths to a good result, not just one. These skills aren’t about doing the same thing perfectly every time, but rather about being agile and interactive; about instantly recognizing patterns as they unfold and making smart, timely choices. Soft skills tend to be found in broader, less-specialized pursuits, especially those that involve communication, such as: a CEO “reading a room” in a tense meeting or negotiation. - *The Little Book Of Talent*

Most of us are not chosen to be become another Sachin or Ronaldo. So I am going to focus more on developing soft skills. All of us, including myself, have a subconscious mind. But if I use it to do deals like Buffett and Munger then I would be bankrupt within five minutes. This is because my subconscious mind doesn’t have enough patterns like Buffett and Munger. The next question is how did Buffett and Munger develop such a powerful subconscious mind?
What Buffett and Munger have been doing is that they have dumping content into their brain at a very intense rate. They had been doing this for the last 60+ years. What we need to do is to start dumping a lot of content into our brain. But we need a proper system in place to organize those contents. This is the reason why I wrote the post yesterday On Note Taking.

This dumping of contents can also be called as Building Your Mental Database. In a recent talk to MBA students, Mohnish Pabrai explained how to build our mental database like Buffett and Munger. In the video given below watch from 1:16:00 to 1:23:00 minutes to see Mohnish Pabrai explain this concept. Read, Reread, and Reflect on what he wrote.

The beautiful thing about investing is that all knowledge is cumulative. You sit down for lunch with Charlie and he beats you over the head for buying Sears and it hurts at that time. But then you get a little better next time when you see one of those. And you are that much faster for saying no to that. You start seeing more things. One of the best things about investing is that we all start of with this brain which has horsepower but doesn’t have any content. We start with horse power but no content.

What Warren and Charlie have been doing is that they have dumping content into that brain at a very intense rate. Even if we don’t do it at the rate they have done it with. As long as you keep pumping content in and synthesizing that content and you know latticework of mental models you are going to keep getting better over time with how you look at the world. The best thing you can do is to never stop learning, always keep reading, turn off the iphones and focus on just dumping as much stuff into your brain.
Ideally dump into your brain, as Munger said, from publications like Forbes, Fortune, Businessweek, and Economist have encapsulated a lot of stuff to few pages. That’s concentrated input into your brain. Read all of those. Read the Wall Street Journal, New York Times, and Financial Times. Put all those in. Then look for great authors because they spend 2 to 3 years in writing a book and you can put all those contents into your brain in one week. The idea is to keep pumping content in, learning from other people’s mistakes that is even cheaper than your own. If you make your own mistakes those get seared in more. Over time what is going to happen is you are going to keep getting better because you know more, seen more, and understood more. Munger said about Buffett is that he is still learning and he is still getting better. - Mohnish Pabrai

I came across the term building-your-mental-database in the fantastic book Curious, which is authored by Ian Leslie. In it, Leslie gives a five step process to build our mental database. Leslie borrowed these five steps from the book A Technique for Producing Ideas, which is authored by James Webb Young. Given below are those five steps. Read, Reread, and Reflect on what he wrote.

**Step 1:**

The first is to “gather raw material.” By this Young meant knowledge about the product and its consumers. You might think there is nothing new to say about your product or the people who buy it, he says, but persist: look harder, and you will see. Young quotes Guy de Maupassant, who was told by an older writer to “go out into the streets of Paris and pick out a cab driver. He will look to you very much like every other cab driver. But study him until you can describe him so that he is seen in your description to be an individual, different from every other cab driver in the world.” This was gathering of knowledge specific to the product and its consumers. Of equal importance, says Young, is “the continual process of gathering of general materials”: “Every really good creative person in advertising whom I have ever known has always had two noticeable characteristics. First, there was no subject under the sun in which he could not easily get interested—interested—from, say, Egyptian burial customs to modern art. Every facet of life had fascination for him. Second, he was an extensive browser in all sorts of fields of information. . . . In advertising, an idea results from a new combination of specific knowledge about products and people with general knowledge about life and events.”

Young’s formulation is simple but powerful. Any task or project that requires creative thought will be better addressed by someone who has deep knowledge of the task at hand and general background knowledge of the culture in which it and its users (or readers, or viewers) live. A mind well stocked with these two types of knowledge is much more likely to be a fertile source of the serendipitous collisions that lead to brilliant ideas. Leo Burnett, founder of the global ad agency network that still bears his name and a near contemporary of Young’s, said, “Curiosity about life in all its aspects, I think, is still the secret of great creative people.”

Great ideas don’t just spring from the moment of the mental effort involved in trying to come up with one. Their roots extend back months, years, decades into their author’s life; they are products of
long-formed habits of mind as much as they are of flashes of brilliance. As Young puts it, “To some minds each fact is a separate bit of knowledge. To others it is a link in a chain of knowledge.” It’s clear that he intuitively understood the principle we examined earlier— that new knowledge is assimilated better, and has more creative possibility, the bigger the store of existing knowledge it is joining. Knowledge love’s knowledge.

Step 2:

The second step is “the working over.” This involves taking the facts you have gathered and looking at them again from different angles, bringing them into unusual combinations with other facts, constantly seeking interesting new relationships, new syntheses. This won’t necessarily yield any good ideas; in fact, Young predicts that you will hit a wall of hopelessness, where nothing fits, no insights present themselves, and everything you’ve learned is in a meaningless jumble in your mind. Your arrival at this hopeless point, says Young, is actually good news; it means this stage is over and the next one can begin.

Step 3:

This one involves, reassuringly, “absolutely no effort of a direct nature.” It is the stage at which the unconscious is allowed to go to work, assisted only by the stimulation of something completely irrelevant to the task at hand. Young reminds the reader that Sherlock Holmes often drags Watson off to a concert in the middle of a case, overruling the objections of his literal-minded partner, knowing that, having done the hard work of thinking, insight is now more likely to be discovered while the conscious mind is occupied by something else entirely.

Step 4:

The fourth and most magical stage takes place in the mind’s subterranean chambers. After the concert, advises Young, retire to bed and “turn the problem over to your unconscious mind and let it work while you sleep.” Now that the conscious mind has prepared the ground, insight will take you unawares, “while shaving, or bathing, or most often when you are half awake in the morning.”

Step 5:

In the fifth and final stage, the idea is prodded, tested, tweaked, and massaged into reality.

People like Sachin and Ronaldo built their mental database by focusing their skills in a single domain. They are specialists (hedgehogs) who know a lot about a little. On the other hand people like Buffett and Munger build their mental database by specializing (hedgehogs) in some fields like microeconomics, business, and finance, but at the same time being a generalist (foxes) who can synthesize ideas from multiple disciplines. Buffett and Munger can also be called as foxhogs. A person like Munger is a rarity who can also be called as a polymath as he is a specialist in several other fields like law and architecture.
Should we be a specialist, generalist, or both? The world we live in today rewards the specialists more than the generalists. For most of the people extreme specialization is the way to succeed in today’s world. If you are a software engineer then specializing in iOS or Android might earn you more rewards than trying to understand a little bit of all the disciplines. Someone asked this question to Munger in the DJCO annual meeting. His advice is to be a specialist and then use synthesis as your second line of attack.

I don’t want a chiropodist that’s trying to be a poet. I want somebody that really knows a lot about feet. The rest of the world is that way. This model of being good at synthesis across a lot of disciplines is very helpful to some people. But it’s not the correct career advice for most people. For most people the correct career advice is, “Figure out some clever specialty and get very, very good at it. Get the labels the world rewards.”. The trouble with it is if that’s all you do, you make terrible mistakes everywhere else. The synthesis should be your second attack on the world, and it’s really defensive. Without synthesis you’ll be blindsided in all the other parts of your life that aren’t chiropody. - Charlie Munger; DJCO 2016

The image shown above gives you an idea of different types of mental databases one can construct. For 99 percent of the people sticking with option A is the best choice. How do you manage your finances then? All you need to do is to buy a low cost index fund and dollar cost average. If you want to be a great value investor then you should choose option C.

What if you earn your bread-and-butter from A, but you are passionate about C? In that case you need to merge option A and C and you will end up with option D. This is not an easy choice though, as it’s very difficult to be great at too many things. All I can tell you is to tread with caution.

Author : Jana Vembunarayanan
Website : https://janav.wordpress.com