How to Get Rich without getting Lucky - by Naval Ravikant

In 2018, Naval Ravikant, a Silicon Valley entrepreneur and investor, created a tweet-storm called *How to Get Rich without getting Lucky*. It was read and shared by millions.

These tweets contained Naval’s philosophies for building wealth, creating businesses, and leading an intentional life.

The lessons behind these tweets have helped me immensely. In this blog post, I explore those life-changing lessons.

Lesson 1: Seek to Build Wealth

*Seek wealth, not money or status*

*Wealth is having assets that earn while you sleep*

*Money is how we transfer time and wealth*

*Status is your place in the social hierarchy.*
Assets

Assets can help you earn money passively. Examples include real estate, stocks, businesses, patents, brands, technology, and media.

Naval recommends owning assets to build wealth over time.

Assets help build wealth in many different ways. Some of the powerful ones are:

1. Its **appreciation** over time.
2. The **cashflow** it creates.
3. The massive **tax advantages** it provides, and
4. Profiting from **market inefficiencies** when buying or selling assets.

Money

**Money** is just a tool to transfer time or value. Use it to buy more time or things of value.

Use it as a tool. Do not hoard cash. Instead:

1. Buy assets that bring value to society in the form of jobs, homes, and education.
2. Hire people (or robots) to grow your assets
3. Buy leverage in the form of better machinery, marketing, partnerships, or loans to grow your assets.

*Understand that ethical wealth creation is possible. If you secretly despise wealth, it will elude you.*
The rich usually spend their resources on identifying ways of bringing value to society. They then take leveraged risks, and that helps them grow their assets & wealth.

Ironically, they are often despised by society. Their means of acquiring richness is often seen with skepticism and questioned.

Many spend their time loathing the rich without studying them or rationalizing the value they created. They forego their thinking to the assumption that wealthy people are notorious and secretly despise them while still trying every scheme to become rich.

Lesson 2: Own Equity in Assets

You’re not going to get rich by renting out your time. You must own equity - a piece of a business - to gain your financial freedom.

Owning equity in an asset is the single most vital tool to gain financial freedom. Consider owning assets that do not require you to trade your time for money.

You will get rich by giving society what it wants but does not yet know how to get. At scale.

Assets serve many needs of society. These could be the basics like food, shelter, and jobs. It could also be the unimaginable needs like clean energy, space travel, and saving humanity.

Chase tough problems. Build solutions that solve a significant need. When done at scale, it can prime you for massive success.
Lesson 3: Think Long Term

Many people sway towards short-term gratifications. This is almost always a mistake, especially in business.

_Pick an industry where you play long-term games with long-term people._

When you invest for the long-term;

1. your commitment is stronger
2. you can solve complex problems,
3. you’ll ride through choppy waters just fine, and,
4. Your returns are amplified by _compounding_

_Play iterated games. All returns in life, whether in wealth, relationships, or knowledge, come from compound interest._

Lesson 4: Acquire Specific Knowledge

_Specific knowledge_ is the knowledge that you cannot be trained for. If society can train you, it can train someone else & replace you.

_Specific knowledge_ is found by pursuing your genuine curiosity and passion rather than whatever is hot right now.
Building **specific knowledge** will feel like play to you but will look like work to others.

When **specific knowledge** is taught, it's through apprenticeships, not schools.

**Specific knowledge** is often highly technical or creative. It cannot be outsourced or automated.

Specific knowledge is acquired over the long-term through practice, seeking answers to your questions, rationalizing, and building perspectives.

Arm yourself with **specific knowledge, accountability & leverage**.

**Lesson 5: Be Accountable**

Being accountable teaches you to be

1. Conscious & thoughtful of your actions and,
2. Deeply committed to your projects.

*Embrace accountability*, and take business risks under your own name. Society will reward you with responsibility, equity & leverage.

The most accountable people have singular, public, and risky brands: Oprah, Trump, Kanye, Elon.
Lesson 6: Use Leverage

"Give me a lever long enough, and a place to stand, and I will move the earth" - Archimedes.

Leverage is a superpower that very few fathom & use. When applied correctly, it can amplify your impact in ways that can move the earth.

With this powerful tool, you can create enormous amounts of value, develop fortunes, and make massive waves in the world.

Leverage

Leverage is a tool to amplify resources for your projects.

Examples include:

1. Hiring people for their expertise.
2. Borrowing capital to fund the growth of your assets.
3. Creating media or software that can be easily replicated & distributed.

Fortunes require leverage. Business leverage comes from capital, people, and products with no marginal cost of replication (code and media).

Some other examples of powerful levers include:

4. Building partnerships to share resources like patents, customers & distribution channels.
5. Leasing assets like machinery.
6. Licensing media or technology.
7. Automation using software or robots.
8. Leveraging established brands or platforms.

Leverage can be permissioned or permissionless per Naval.

**Lesson 6.1: Persmissioned Leverage**

*Capital and labor are permissioned leverage. Everyone is chasing capital, but someone has to give it to you. Everyone is trying to lead, but someone has to follow you.*

Permissioned leverage is usually finite and requires that you qualify for it. This is the most primitive form of leverage. Labor & capital have been used for centuries. It is most sought out since there's a perception that it is of higher value. However, this is far from the truth.

**Lesson 6.2: Persmissionless Leverage**

Permissionless leverage is equally powerful, if not more. It is the tool of the newly rich. You can write software or media that brings value to millions from your garage and capture a portion of that value to make fortunes for yourself & your community.

*Code and media are permissionless leverage. They're the leverage behind the newly rich. You can create software and media that works for you while you sleep.*
Lesson 6.3: Get the Software Leverage

The cost of computing and storage has been reducing every year. You can also access them without actually buying the servers & hard drives. Amazon, Microsoft and Google all provide cloud infrastructure on a monthly subscription at a fraction of the total cost.

Leverage these resources. Marry it with your creativity to create solutions to big problems.

*An army of robots is freely available - it's just packed in data centers for heat and space efficiency. Use it.*

Ben Horowitz says, "Software is eating the world." Every area of human civilization is being overhauled & redone by software. It is changing transportation, communication, food, finance, education, and more. Participate in this change.

Lesson 6.4: Get the Media Leverage

Media also enjoys massive leverage through easy replication & an enormous scale of distribution.

*If you can’t code, write books and blogs, record videos and podcasts.*

In today’s world, the Internet has massively broadened our career choices. Doctors are producing Youtube videos, software engineers growing food, pastors teaching programming, and more.
The Internet has massively broadened the possible space of careers. Most people haven't figured this out yet.

This broadening of career choices is fueled by the massive reach of the Internet, and our innate desire to be creative.

Creativity brings immense joy. Applying leverage to your creative endeavors can return tremendous results.

Use judgment backed by your experience, intuition, and proper research to make the right leveraged investments in your creative endeavors.

Leverage is a force multiplier for your judgment.

Apply specific knowledge, with leverage, and eventually, you will get what you deserve.

Go on a creative journey today!

Design a new product, create software from scratch, produce videos or blogs. It is worth it!

**Lesson 6.5: Get the Money Leverage**

Capital means money. To raise money, apply your specific knowledge, with accountability, and show resulting good judgment.
Lesson 6.6: Get the Labor Leverage

Labor means people working for you. It's the oldest and most fought-over form of leverage. Labor leverage will impress your parents, but don't waste your life chasing it.

Lesson 7: Learn to Sell. Learn to Build

Learn to sell. Learn to build. If you can do both, you will be unstoppable.

Reading is faster than listening. Doing is faster than watching.

Creators can transform the world.

Create stuff and sell it. Have a bias for action. Your progress will be unstoppable.

Lesson 8: Choose the right People

Choosing the right people can make or break your business. Partner with people who are proactive, intelligent, empathetic, and have high integrity. A sense of purpose and alignment with your vision are great qualities to seek in your business partner.

Pick business partners with high intelligence, energy, and, above all, integrity.

It is also essential to ignore & avoid those who fall on the other end of the spectrum.
Ignore people playing status games. They gain status by attacking people playing wealth creation games.

Don’t partner with cynics and pessimists. Their beliefs are self-fulfilling.

It is wise to be aware of risks & take measures to mitigate it. However, pessimists focus on & see failure in most initiatives. Likewise, cynics tend to focus on the negatives. These can be detrimental to progress & innovation.

Lesson 9: Foundational Skills

Foundational skills help you think, ask questions, and hone your philosophical mind. It can help you build strong judgment & even supplant the need for experience.

Judgment requires experience, but can be built faster by learning foundational skills.

There is no skill called "business." Avoid business magazines and business classes.

Study microeconomics, game theory, psychology, persuasion, ethics, mathematics, and computers.
Lesson 10: Do First Things First

This is a vital concept from the book 7 Habits of Highly Effective People. It suggests that you always work on the critical things first, every day.

*You should be too busy to "do coffee," while still keeping an uncluttered calendar.*

Lesson 11: Automate & Delegate

*Set and enforce an aspirational personal hourly rate. If fixing a problem will save less than your hourly rate, ignore it. If outsourcing a task will cost less than your hourly rate, outsource it.*

The concept of a personal hourly rate was first introduced to me in the book 4 Hour Work Week by Tim Ferris. This concept indeed influenced my way of thinking about compensation & value.

*Your hourly rate should be aspirational & you must enforce it.* You can implement this by

- Outsourcing or Automating low-value tasks,
- Ignoring issues where fixing it will save less than your hourly rate.
- Not building if the value created is less than the sum of your hourly rate.

Work as hard as you can. Even though who you work with and what you work on are more important than how hard you work.

Leave your signature of excellence in every work you do. Work hard & always strive to be the best in your craft.

Become the best in the world at what you do. Keep redefining what you do until this is true.

Hold yourself to high standards and hold yourself accountable to commitments. Success comes with long-term commitments to projects that you are deeply invested in.

There are no get rich quick schemes. That's just someone else getting rich off you.

So, stay away from promises of instant gratification or get-rich-quick schemes. These schemes appeal to the greedy & incompetent, not to those with purpose.

Lesson 13: You are Wealthy. Were you really seeking that?

When you’re finally wealthy, you’ll realize that it wasn't what you were seeking in the first place. But that’s for another day.
If you enjoyed this blog post, please consider sharing it with your friends & family.

You may download a pdf transcript of Naval Ravikant's How to Get Rich without getting Lucky here

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