

What's so special about a Black Swan anyway?

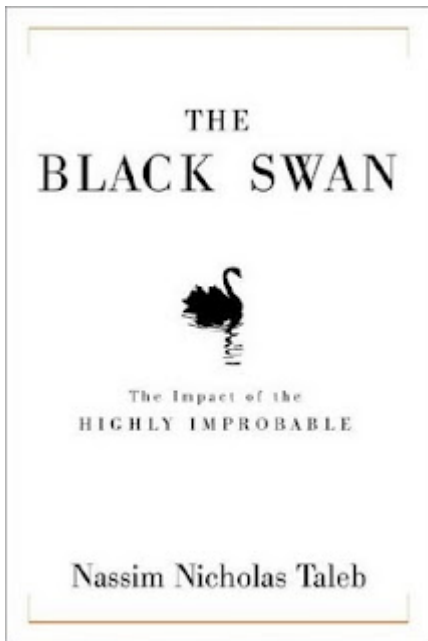
Something that I've wanted to write about for a long time is the understanding of what the [Black Swan Theory](#) is and why the book by [Nassim Taleb](#) is so relevant to both our personal and professional lives.

In my investment days I read [Nassim Taleb's](#) 1st book [Fooled by Randomness](#). I was blown away by how he analyzed risk as a former Wall Street trader. Being a regular in the book store, I saw another one of [Taleb's](#) books [The Black Swan](#) about 3 years ago and picked it up immediately. I was once more blown away, only this time at a new higher level.

So why does he call the book [The Black Swan](#)? The reason is that for years it was man's experience that swans only came in white. Then one day in Australia a black swan was discovered. This is significant because it illustrates how one event can change everything you ever thought you knew about something. It shows a limitation in our learning because we use observations that pile up over and over, then one event changes our entire reality. The impossible becomes possible.

Some examples of a [Black Swan Event](#) would be World War 1, the attack on Pearl Harbor, the October 87 stock market crash, the computer, Google, Harry Potter and the events of 9/11.

There are 3 attributes to a Black Swan:



First... It is an Outlier and is hard to predict

Second... It carries extreme impact, something that you might consider a game changer

Third... The event is made out to be explainable and predictable after the fact from our human need to be able to think there is a reason for everything

Both positive and negative Black Swans exist. It is important in our lives that we do our best to stay out of the way of the negative ones, while at the same time exposing ourselves to the positive ones. (I'll explain more on how to do this in the coming week...)

What you know doesn't really hurt you... it is what you don't know that changes things.

more on [The Black Swan](#) coming soon...